

# INDIVIDUAL INCOME TAX RETURNS 2004

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Individual Income Tax Returns 2

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**STATISTICS OF INCOME DIVISION**



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Department  
Of the  
Treasury  
Internal  
Revenue  
Service

# Individual Income Tax Returns 2004

Publication 1304 (Rev. 08-2006)

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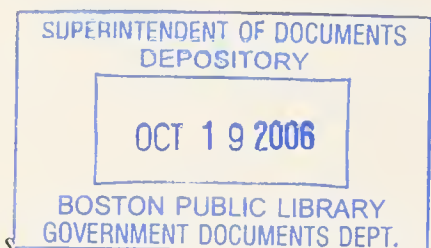
This report contains data on sources of income, adjusted gross income, exemptions, deductions, taxable income, income tax, modified income tax, tax credits, self-employment tax, and tax payments. Classifications are by tax status, size of adjusted gross income, marital status, and type of tax computation.

Additional unpublished information from individual income tax returns is available on a reimbursable basis. The Statistics of Income Division also makes the results of its studies available on the Internet. You can sample our products by contacting our Internet site at <http://www.irs.gov/taxstats>. Most of the tables included in this publication are available on the Internet site in Microsoft Excel format.

The Statistics of Income Division's Statistical Information Services (SIS) staff provides data, statistical analysis, and information in response to requests from customers. In addition, the SIS staff provides data referral services, acts as liaison between requesters and IRS analysts on technical questions, and arranges for sales and transmittals of publications and published tables. The SIS staff can be reached by telephone on (202) 874-0410, or by fax on (202) 874-0922.

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# Section 1

# Introduction and Changes in Law

## Introduction

This report contains complete individual income tax data for Tax Year 2004. The statistics are based on a stratified probability sample of individual income tax returns, selected before audit, which represents a population of over 132 million Forms 1040, 1040A, and 1040EZ, including electronic returns, filed for Tax Year 2004.

Table A on the following pages presents selected income and tax items for Tax Years 2000, 2001, 2002, 2003, and 2004 as they appear on the forms and provides the percentage change for each item between 2003 and 2004. When comparing income and tax items from different years, it is important to consider any changes in the tax law, which may have affected the data. These tax law changes are explained below. To assist year-to-year comparisons, Table A includes the items in both current dollars and constant 1990 dollars, as adjusted by the U.S. Department of Labor's consumer price index (CPI-U).

For Tax Year 2004, the number of individual tax returns filed increased by just over 1.8 million, or 1.4 percent. Adjusted gross income (AGI) rose \$581.7 billion, or 9.4 percent from 2003 to 2004, compared to the 2.9 percent increase recorded from 2002 to 2003. Total tax liability increased 11.0 percent to \$880.0 billion. Several components of AGI showed large increases between 2003 and 2004, notably net capital gains less loss increased 60.4 percent and ordinary dividends increased 27.5 percent.

This report is divided into six sections. Section 1 explains the requirements for filing, changes in the law for 2004, and the 1979 Income Concept. Section 2 describes the sample of individual income tax returns upon which the statistics are based. Section 3 contains tables of detailed aggregate statistics on individual tax returns. Section 4 provides explanations of the terms used in the tables. The tax forms appear in Section 5, and Section 6 contains a subject index.

**Table A--Selected Income and Tax Items for Selected Years, 2000-2004, in Current and Constant 1990 Dollars<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Current dollars					Percent change, 2003 to 2004
	2000	2001	2002	2003	2004	
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All returns</b> .....	<b>129,373,500</b>	<b>130,255,237</b>	<b>130,076,443</b>	<b>130,423,626</b>	<b>132,226,042</b>	<b>1.4</b>
Electronically filed returns *.....	40,078,595	46,861,487	52,798,823	61,154,815	68,380,152	11.8
Form 1040 returns.....	78,846,102	80,500,011	80,748,948	80,420,043	80,603,689	0.2
Electronically filed returns.....	16,018,213	20,811,215	24,843,419	30,472,170	34,900,171	14.5
Form 1040A returns.....	28,826,589	28,293,817	28,714,328	29,631,494	30,572,631	3.2
Electronically filed returns.....	13,889,642	15,007,182	16,839,599	18,910,697	20,771,324	9.8
Form 1040EZ returns.....	21,700,809	21,461,409	20,613,167	20,372,089	21,049,722	3.3
Electronically filed returns *.....	10,170,740	11,043,091	11,115,806	11,771,948	12,708,657	8.0
Salaries & wages						
Number of returns.....	110,168,714	111,227,450	110,938,441	110,890,993	112,369,812	1.3
Amount.....	4,456,167,438	4,565,229,218	4,559,690,903	4,649,900,493	4,921,806,344	5.8
Taxable interest received						
Number of returns.....	68,046,458	67,479,816	63,584,806	59,459,344	57,605,888	-3.1
Amount.....	199,321,670	198,177,814	149,024,899	127,159,692	125,474,158	-1.3
Tax-exempt interest						
Number of returns.....	4,658,345	4,557,381	4,453,829	4,524,955	4,416,851	-2.4
Amount.....	53,951,877	55,582,376	54,564,456	53,750,230	52,031,763	-3.2
Ordinary dividends in AGI						
Number of returns.....	34,140,604	32,621,151	31,409,759	30,475,097	30,687,178	0.7
Amount.....	146,987,679	119,533,324	103,241,332	115,141,232	146,838,808	27.5
Qualified dividends in AGI						
Number of returns.....	N/A	N/A	N/A	22,449,379	24,549,867	9.4
Amount.....	N/A	N/A	N/A	80,994,736	110,500,411	36.4
State income tax refund						
Number of returns.....	20,921,057	22,132,023	23,838,529	24,655,907	23,621,296	-4.2
Amount.....	18,309,835	21,219,499	23,875,813	23,425,623	22,735,928	-2.9
Alimony received						
Number of returns.....	442,335	437,859	425,963	431,368	439,608	1.9
Amount.....	6,192,307	6,685,857	6,523,019	6,470,712	7,262,338	12.2
Business or profession net income, less loss						
Number of returns.....	17,600,010	18,018,349	18,597,305	19,415,648	20,252,079	4.3
Amount.....	213,865,353	216,772,496	220,783,572	229,655,285	247,217,287	7.6
Net capital gain in AGI less loss						
Number of returns.....	22,875,460	23,470,401	23,249,625	21,889,687	22,388,659	2.3
Amount.....	614,739,612	325,168,963	238,368,458	294,021,717	471,735,648	60.4
Capital gain distributions reported on Form 1040						
Number of returns.....	6,645,305	2,486,027	939,523	1,095,371	2,878,263	162.8
Amount.....	15,802,819	1,358,488	420,312	332,293	1,925,990	479.6
Sales of property other than capital assets, net gain less loss						
Number of returns.....	1,700,051	1,615,884	1,728,377	1,753,860	1,749,934	-0.2
Amount.....	-919,134	-1,896,996	-2,386,530	-330,359	2,502,516	N/A
Total IRA distributions						
Number of returns.....	9,381,311	9,363,959	8,889,787	9,240,253	9,516,936	3.0
Amount.....	138,323,846	118,565,053	120,418,135	120,948,781	131,491,539	8.7
Taxable IRA distributions in AGI						
Number of returns.....	8,732,291	8,834,138	8,291,357	8,611,702	8,913,846	3.5
Amount.....	98,966,627	94,327,585	88,219,481	88,335,605	101,672,181	15.1
Total pensions & annuities						
Number of returns.....	23,793,404	24,317,375	24,857,470	24,767,067	25,130,018	1.5
Amount.....	552,009,667	532,924,324	561,031,602	565,420,626	627,664,241	11.0
Taxable pensions & annuities in AGI						
Number of returns.....	21,765,211	22,262,775	22,794,417	22,822,842	23,123,390	1.3
Amount.....	325,827,702	338,745,409	357,840,960	372,931,442	394,285,849	5.7
Rents, royalties, partnerships, estates, trusts, etc.						
Number of returns.....	14,332,632	14,542,983	14,683,765	14,824,475	15,191,999	2.5
Amount.....	252,085,403	268,224,205	278,192,647	295,698,600	357,378,135	20.9
Farm net income less loss						
Number of returns.....	2,061,784	2,006,871	1,995,073	1,997,116	2,004,898	0.4
Amount.....	-9,034,178	-11,004,781	-14,419,719	-12,371,492	-13,239,205	-7.0
Unemployment compensation in AGI						
Number of returns.....	6,478,292	8,799,885	10,334,639	10,065,230	9,094,911	-9.6
Amount.....	16,913,305	26,890,925	43,129,155	44,007,879	32,740,272	-25.6

Footnotes at end of table.



**Table A--Selected Income and Tax Items for Selected Years, 2000-2004, in Current and Constant 1990 Dollars--Continued<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Current dollars					Percent change, 2003 to 2004
	2000	2001	2002	2003	2004	
	(1)	(2)	(3)	(4)	(5)	(6)
Social security benefits (received)						
Number of returns.....	13,627,723	13,753,080	13,869,265	14,120,202	14,759,589	4.5
Amount.....	186,586,863	196,524,465	205,658,281	214,011,279	231,873,220	8.3
Taxable social security benefits in AGI						
Number of returns.....	10,608,572	10,779,279	10,702,502	10,975,002	11,691,859	6.5
Amount.....	89,964,021	93,559,363	93,459,494	97,768,201	110,462,387	13.0
Foreign earned income exclusion <sup>2</sup>						
Number of returns.....	358,391	292,006	316,931	306,393	295,313	-3.6
Amount.....	15,239,672	13,944,765	14,936,779	15,076,406	15,446,376	2.5
Net operating loss <sup>2</sup>						
Number of returns.....	527,417	611,473	670,081	712,076	829,838	16.5
Amount.....	48,096,275	54,475,064	58,126,147	62,824,777	75,011,556	19.4
Other income, net gain less loss <sup>2</sup>						
Number of returns.....	5,815,404	5,610,987	5,467,631	5,703,893	5,891,550	3.3
Amount.....	25,370,158	19,508,967	19,100,950	21,289,227	23,197,673	9.0
Total income						
Number of returns.....	129,148,570	130,014,403	129,837,130	130,171,008	131,924,074	1.3
Amount.....	6,423,986,106	6,231,176,710	6,110,746,964	6,294,684,470	6,886,851,809	9.4
Educator expenses						
Number of returns.....	N/A	N/A	2,884,403	3,240,673	3,402,468	5.0
Amount.....	N/A	N/A	712,505	805,734	858,457	6.5
Certain business expenses of reservists, performing artists, and fee-basis government officials						
Number of returns.....	N/A	N/A	N/A	N/A	105,135	( X )
Amount.....	N/A	N/A	N/A	N/A	252,597	( X )
Total taxpayer IRA adjustment						
Number of returns.....	3,505,032	3,448,457	3,277,671	3,418,494	3,330,763	-2.6
Amount.....	7,477,074	7,406,866	9,462,404	10,006,814	10,028,607	0.2
Student loan interest deduction						
Number of returns.....	4,477,986	4,405,667	6,640,784	6,953,370	7,527,249	8.3
Amount.....	2,639,472	2,711,733	4,659,546	4,409,816	4,398,734	-0.3
Tuition and fees deduction						
Number of returns.....	N/A	N/A	3,444,941	3,571,154	4,710,253	31.9
Amount.....	N/A	N/A	6,154,145	6,683,631	10,589,279	58.4
Health savings account deduction						
Number of returns.....	N/A	N/A	N/A	N/A	90,857	( X )
Amount.....	N/A	N/A	N/A	N/A	190,732	( X )
Moving expenses						
Number of returns.....	956,586	944,791	947,470	1,023,888	1,096,436	7.1
Amount.....	2,137,803	2,180,570	2,215,391	2,439,835	2,952,043	21.0
One-half of self-employment tax						
Number of returns.....	14,300,140	14,574,036	14,664,473	15,373,279	15,920,203	3.6
Amount.....	17,392,967	18,134,959	18,687,162	19,791,285	21,109,366	6.7
Self-employed health insurance						
Number of returns.....	3,564,624	3,559,792	3,571,152	3,802,277	3,883,687	2.1
Amount.....	7,569,198	8,177,397	10,494,247	16,454,211	18,457,063	12.2
Keogh retirement plan						
Number of returns.....	1,287,706	1,290,496	1,186,947	1,208,801	1,201,332	-0.6
Amount.....	12,475,396	13,114,412	16,349,738	17,795,957	19,295,952	8.4
Penalty on early withdrawal of savings						
Number of returns.....	863,436	890,649	804,926	736,121	780,327	6.0
Amount.....	286,507	197,533	192,750	150,214	209,833	39.7
Alimony paid adjustment						
Number of returns.....	656,724	656,635	587,219	587,368	574,001	-2.3
Amount.....	7,460,164	7,472,718	7,183,522	7,520,335	8,470,128	12.6
Foreign housing deductions						
Number of returns.....	4,411	4,122	2,074	1,491	3,352	124.8
Amount.....	42,400	92,074	54,614	51,765	59,899	15.7
Other adjustments						
Number of returns.....	170,106	183,906	208,348	272,647	188,210	-31.0
Amount.....	1,008,208	961,209	1,064,125	1,314,285	1,107,387	-15.7
Total statutory adjustments						
Number of returns.....	23,197,425	23,497,092	28,911,078	30,382,069	32,153,965	5.8
Amount.....	58,609,518	60,572,768	77,161,432	87,575,677	98,046,679	12.0
Adjusted gross income or loss (AGI)						
Amount.....	6,365,376,648	6,170,603,942	6,033,585,532	6,207,108,793	6,788,805,130	9.4
Total itemized deductions						
Number of returns.....	42,534,320	44,562,307	45,647,551	43,949,591	46,335,237	5.4
Amount.....	822,360,510	884,528,260	898,047,320	901,864,834	998,238,457	10.7

Footnotes at end of table.

**Table A--Selected Income and Tax Items for Selected Years, 2000-2004, in Current and Constant 1990 Dollars--Continued<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Current dollars					Percent change, 2003 to 2004
	2000	2001	2002	2003	2004	
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total standard deduction</b>						
Number of returns .....	85,670,504	84,238,232	82,655,191	84,643,281	84,016,753	-0.7
Amount.....	470,820,881	481,907,591	492,067,532	555,780,052	560,932,618	0.9
<b>Basic standard deduction</b>						
Number of returns.....	85,670,504	84,238,232	82,655,191	84,643,281	84,016,753	-0.7
Amount.....	456,084,883	466,971,032	477,170,045	539,921,089	545,082,218	1.0
<b>Additional standard deduction</b>						
Number of returns .....	11,330,554	11,116,629	10,857,098	11,200,647	10,985,079	-1.9
Amount.....	14,735,998	14,936,559	14,897,487	15,858,963	15,850,401	-0.1
<b>AGI less deductions</b>						
Number of returns .....	116,391,403	115,862,109	114,976,167	114,402,877	116,042,570	1.4
Amount.....	5,157,822,794	4,910,329,307	4,760,885,833	4,873,784,147	5,360,753,836	10.0
Number of exemptions.....	252,332,427	256,186,046	258,716,374	261,126,373	263,896,304	1.1
Exemption amount.....	690,109,474	727,554,990	761,440,430	781,305,067	800,690,043	2.5
<b>Taxable income</b>						
Number of returns.....	105,259,292	104,174,655	102,275,969	101,392,812	102,737,959	1.3
Amount.....	4,544,242,424	4,268,506,425	4,096,127,651	4,200,218,439	4,670,165,637	11.2
<b>Tax from table, rate schedules, etc.</b>						
Number of returns.....	405,254,144	404,163,693	402,266,930	401,386,201	402,721,593	1.3
Amount.....	1,008,626,180	926,642,321	829,839,121	780,315,781	871,227,853	11.7
<b>Additional taxes</b>						
Number of returns.....	23,487	25,334	13,291	21,370	9,884	-53.7
Amount.....	126,524	198,998	153,564	222,088	85,611	-61.5
<b>Alternative minimum tax</b>						
Number of returns.....	1,304,198	1,120,047	1,910,789	2,357,975	3,096,299	31.3
Amount.....	9,600,840	6,756,705	6,853,901	9,469,803	13,029,239	37.6
<b>Income tax before credits</b>						
Number of returns.....	105,277,966	104,195,834	102,293,722	101,412,777	102,740,921	1.3
Amount.....	1,018,218,948	933,567,474	836,842,718	790,005,881	884,342,703	11.9
<b>Foreign tax credit</b>						
Number of returns.....	3,935,699	3,942,604	3,748,974	4,145,174	4,700,259	13.4
Amount.....	5,990,360	6,254,559	5,933,600	5,805,555	6,757,994	16.4
<b>Child care credit</b>						
Number of returns.....	6,368,101	6,184,508	6,185,855	6,313,297	6,316,649	0.1
Amount.....	2,793,860	2,721,061	2,706,539	3,206,890	3,337,984	4.1
<b>Credit for elderly or disabled</b>						
Number of returns.....	155,796	139,097	133,538	123,147	107,914	-12.4
Amount.....	32,608	30,496	21,119	20,257	18,740	-7.5
<b>Education credits</b>						
Number of returns.....	6,815,316	7,212,554	6,544,536	7,298,227	7,180,884	-1.6
Amount.....	4,851,178	5,156,254	5,012,744	5,843,029	6,016,805	3.0
<b>Retirement savings contributions credit</b>						
Number of returns.....	N/A	N/A	5,307,176	5,296,688	5,288,732	-0.2
Amount.....	N/A	N/A	1,058,219	1,034,394	1,011,506	-2.2
<b>Child tax credit</b>						
Number of returns.....	26,404,521	26,452,875	25,939,801	25,672,254	25,988,711	1.2
Amount.....	19,689,359	22,427,229	21,520,271	22,788,025	32,300,455	41.7
<b>Adoption credit</b>						
Number of returns.....	42,681	47,737	55,905	63,980	71,136	11.2
Amount.....	91,866	88,781	234,109	348,793	301,890	-13.4
<b>General business credit</b>						
Number of returns.....	275,115	269,648	284,720	262,738	248,506	-5.4
Amount.....	764,253	713,974	750,855	612,744	635,391	3.7
<b>Prior year minimum tax credit</b>						
Number of returns.....	199,554	248,255	193,776	250,605	274,596	9.6
Amount.....	1,287,661	1,438,041	976,398	916,538	902,000	-1.6
<b>Total credits<sup>3</sup></b>						
Number of returns.....	36,028,685	49,066,700	38,846,217	39,247,449	39,841,978	1.5
Amount.....	35,753,613	44,160,998	38,747,463	41,069,375	51,599,346	25.6
<b>Income tax less credits<sup>1</sup></b>						
Number of returns.....	100,163,625	97,389,985	93,565,243	91,109,363	90,876,672	-0.3
Amount.....	982,465,335	889,406,476	798,095,255	748,936,506	832,743,358	11.2
<b>Self-employment tax</b>						
Number of returns.....	14,300,140	14,575,011	14,664,473	15,373,279	15,920,203	3.6
Amount.....	34,778,824	36,262,878	37,367,003	39,574,991	42,210,737	6.7
<b>Recapture taxes</b>						
Number of returns.....	14,144	11,686	14,684	15,797	41,161	160.6
Amount.....	298,862	286,974	117,943	87,939	173,122	96.9

Footnotes at end of table.

**Table A--Selected Income and Tax Items for Selected Years, 2000-2004, in Current and Constant 1990 Dollars--Continued<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Current dollars					Percent change, 2003 to 2004
	2000	2001	2002	2003	2004	
	(1)	(2)	(3)	(4)	(5)	(6)
Social security, Medicare tax on tip income not reported						
Number of returns.....	265,007	288,275	238,185	557,717	517,609	-7.2
Amount.....	35,753	35,879	31,446	148,746	107,929	-27.4
Tax on qualified retirement plans						
Number of returns.....	4,334,527	4,571,187	4,896,938	4,877,670	4,924,584	1.0
Amount.....	3,414,692	3,259,975	3,498,067	3,407,940	3,640,374	6.8
Advanced earned income credit payments						
Number of returns.....	174,967	135,554	156,376	142,694	142,639	-0.0
Amount.....	72,958	51,492	73,904	66,986	62,360	-6.9
Household employment taxes						
Number of returns.....	259,906	250,622	229,722	240,601	243,702	1.3
Amount.....	795,638	804,086	703,931	810,442	885,832	9.3
Total tax liability <sup>1,4</sup>						
Number of returns.....	104,685,747	102,557,013	99,559,612	97,875,142	98,115,557	0.2
Amount.....	1,022,172,309	930,280,996	839,977,103	793,111,460	879,962,609	11.0
Income tax withheld						
Number of returns.....	113,733,442	114,798,386	114,861,744	114,861,706	116,312,978	1.3
Amount.....	763,901,388	773,325,891	717,492,263	703,758,484	731,734,362	4.0
Estimated tax payments						
Number of returns.....	13,326,669	13,167,856	12,434,579	11,576,213	10,996,504	-5.0
Amount.....	221,621,893	220,195,712	198,177,595	182,906,911	188,770,357	3.2
Earned income credit <sup>1</sup>						
Number of returns.....	19,277,225	19,593,121	21,703,187	22,024,227	22,270,550	1.1
Amount.....	32,296,350	33,375,971	38,198,572	38,657,067	40,024,074	3.5
Nontaxable combat pay election						
Number of returns.....	N/A	N/A	N/A	N/A	10,024	( X )
Amount.....	N/A	N/A	N/A	N/A	9,283	( X )
Additional child tax credit						
Number of returns.....	1,104,143	8,562,900	10,937,417	12,570,455	14,528,434	15.6
Amount.....	977,641	4,994,877	6,415,753	9,112,716	14,450,019	58.6
Payment with an extension request						
Number of returns.....	1,610,937	1,448,213	1,235,156	1,333,579	1,518,779	13.9
Amount.....	63,396,711	42,495,018	36,321,934	38,303,188	59,268,206	54.7
Excess social security tax withheld						
Number of returns.....	1,640,582	1,436,745	1,145,352	1,121,141	1,242,604	10.8
Amount.....	2,184,849	1,915,349	1,564,478	1,566,411	1,727,641	10.3
Other payments:						
Form 2439						
Number of returns.....	50,698	20,955	19,422	12,717	9,608	-24.4
Amount.....	399,047	88,649	37,701	123,633	33,754	-72.7
Form 4136						
Number of returns.....	395,555	386,698	365,868	349,860	345,020	-1.4
Amount.....	90,578	108,963	101,459	82,154	86,378	5.1
Form 8885 <sup>2</sup>						
Number of returns.....	N/A	N/A	5,322	17,834	16,314	-8.5
Amount.....	N/A	N/A	1,967	32,514	23,595	-27.4
Total payments <sup>1</sup>						
Number of returns.....	122,243,874	123,451,338	123,462,930	123,461,513	124,989,700	1.2
Amount.....	1,084,868,447	1,076,500,696	998,311,722	974,543,079	1,036,118,363	6.3
Overpayment, total						
Number of returns.....	95,921,082	102,310,895	103,462,884	105,361,848	103,706,648	-1.6
Amount.....	196,198,780	236,981,755	239,784,002	254,553,541	255,064,839	0.2
Overpayment refunded						
Number of returns.....	93,000,030	99,011,975	100,143,606	102,004,984	100,674,244	-1.3
Amount.....	167,577,365	202,274,032	205,987,348	219,751,889	221,371,474	0.7
Refund credited to next year						
Number of returns.....	4,255,215	5,408,878	5,418,534	5,199,186	4,314,593	-17.0
Amount.....	28,621,415	34,708,129	33,796,653	34,801,652	33,693,366	-3.2
Tax due at time of filing						
Number of returns.....	30,624,423	24,581,181	22,818,761	21,072,333	24,452,350	16.0
Amount.....	134,944,362	91,830,967	82,287,723	73,741,408	99,683,779	35.2
Tax penalty						
Number of returns.....	5,813,525	5,318,905	5,149,988	4,829,886	5,641,853	16.8
Amount.....	1,441,719	1,060,320	838,341	619,485	774,697	25.1

Footnotes at end of table.

## Individual Returns 2004

**Table A--Selected Income and Tax Items for Selected Years, 2000-2004, in Current and Constant 1990 Dollars--Continued<sup>1</sup>**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Constant 1990 dollars <sup>6</sup>					Percent change, 2003 to 2004
	2000	2001	2002	2003	2004	
	(7)	(8)	(9)	(10)	(11)	(12)
<b>All returns</b> .....	129,373,500	130,255,237	130,076,443	130,423,626	132,226,042	1.4
Electronically filed returns *.....	40,078,595	46,861,487	52,798,823	61,154,815	68,380,152	11.8
Form 1040 returns.....	78,846,102	80,500,011	80,748,948	80,420,043	80,603,689	0.2
Electronically filed returns.....	16,018,213	20,811,215	24,843,419	30,472,170	34,900,171	14.5
Form 1040A returns.....	28,826,589	28,293,817	28,714,328	29,631,494	30,572,631	3.2
Electronically filed returns.....	13,889,642	15,007,182	16,839,599	18,910,697	20,771,324	9.8
Form 1040EZ returns.....	21,700,809	21,461,409	20,613,167	20,372,089	21,049,722	3.3
Electronically filed returns *.....	10,170,740	11,043,091	11,115,806	11,771,948	12,708,657	8.0
<b>Salaries &amp; wages</b>						
Number of returns.....	110,168,714	111,227,450	110,938,441	110,890,993	112,369,812	1.3
Amount.....	3,381,007,161	3,369,172,855	3,313,728,854	3,302,486,146	3,406,094,356	3.1
<b>Taxable interest received</b>						
Number of returns.....	68,046,458	67,479,816	63,584,806	59,459,344	57,605,888	-3.1
Amount.....	151,230,402	146,256,689	108,302,979	90,312,281	86,833,327	-3.9
<b>Tax-exempt interest</b>						
Number of returns.....	4,658,345	4,557,381	4,453,829	4,524,955	4,416,851	-2.4
Amount.....	40,934,656	41,020,204	39,654,401	38,174,879	36,008,140	-5.7
<b>Ordinary dividends in AGI</b>						
Number of returns.....	34,140,604	32,621,151	31,409,759	30,475,097	30,687,178	0.7
Amount.....	111,523,277	88,216,475	75,030,038	81,776,443	101,618,552	24.3
<b>Qualified dividends in AGI</b>						
Number of returns.....	N/A	N/A	N/A	22,449,379	24,549,867	9.4
Amount.....	N/A	N/A	N/A	57,524,670	76,470,873	32.9
<b>State income tax refund</b>						
Number of returns.....	20,921,057	22,132,023	23,838,529	24,655,907	23,621,296	-4.2
Amount.....	13,892,136	15,660,147	17,351,608	16,637,516	15,734,206	-5.4
<b>Alimony received</b>						
Number of returns.....	442,335	437,859	425,963	431,368	439,608	1.9
Amount.....	4,698,260	4,934,212	4,740,566	4,595,676	5,025,839	9.4
<b>Business or profession net income, less loss</b>						
Number of returns.....	17,600,010	18,018,349	18,597,305	19,415,648	20,252,079	4.3
Amount.....	162,265,063	159,979,702	160,453,177	163,107,447	171,084,628	4.9
<b>Net capital gain in AGI less loss</b>						
Number of returns.....	22,875,460	23,470,401	23,249,625	21,889,687	22,388,659	2.3
Amount.....	466,418,522	239,977,094	173,232,891	208,822,242	326,460,656	56.3
<b>Capital gain distributions reported on Form 1040</b>						
Number of returns.....	6,645,305	2,486,027	939,523	1,095,371	2,878,263	162.8
Amount.....	11,989,999	1,002,574	305,459	236,004	1,332,865	464.8
<b>Sales of property other than capital assets, net gain less loss</b>						
Number of returns.....	1,700,051	1,615,884	1,728,377	1,753,860	1,749,934	-0.2
Amount.....	-697,370	-1,399,997	-1,734,397	-234,630	1,731,845	N/A
<b>Total IRA distributions</b>						
Number of returns.....	9,381,311	9,363,959	8,889,787	9,240,253	9,516,936	3.0
Amount.....	104,949,807	87,501,884	87,513,180	85,901,123	90,997,605	5.9
<b>Taxable IRA distributions in AGI</b>						
Number of returns.....	8,732,291	8,834,138	8,291,357	8,611,702	8,913,846	3.5
Amount.....	75,088,488	69,614,454	64,112,995	62,738,356	70,361,371	12.2
<b>Total pensions &amp; annuities</b>						
Number of returns.....	23,793,404	24,317,375	24,857,470	24,767,067	25,130,018	1.5
Amount.....	418,823,723	393,302,084	407,726,455	401,577,149	434,369,717	8.2
<b>Taxable pensions &amp; annuities in AGI</b>						
Number of returns.....	21,765,211	22,262,775	22,794,417	22,822,842	23,123,390	1.3
Amount.....	247,213,734	249,996,612	260,058,837	264,866,081	272,862,179	3.0
<b>Rents, royalties, partnerships, estates, trusts, etc.</b>						
Number of returns.....	14,332,632	14,542,983	14,683,765	14,824,475	15,191,999	2.5
Amount.....	191,263,583	197,951,443	202,174,889	210,013,210	247,320,509	17.8
<b>Farm net income less loss</b>						
Number of returns.....	2,061,784	2,006,871	1,995,073	1,997,116	2,004,898	0.4
Amount.....	-6,854,460	-8,121,610	-10,479,447	-6,786,571	-9,162,080	-4.3
<b>Unemployment compensation in AGI</b>						
Number of returns.....	6,478,292	8,799,885	10,334,639	10,065,230	9,094,911	-9.6
Amount.....	12,832,553	19,845,701	31,343,863	31,255,596	22,657,628	-27.5

Footnotes at end of table.

**Table A--Selected Income and Tax Items for Selected Years, 2000-2004, in Current and Constant 1990 Dollars--Continued<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Constant 1990 dollars <sup>b</sup>					Percent change, 2003 to 2004
	2000	2001	2002	2003	2004	
	(7)	(8)	(9)	(10)	(11)	(12)
Social security benefits (received)						
Number of returns.....	13,627,723	13,753,080	13,869,265	14,120,202	14,759,589	4.5
Amount.....	141,568,181	145,036,506	149,460,960	151,996,647	160,465,896	5.6
Taxable social security benefits in AGI						
Number of returns.....	10,608,572	10,779,279	10,702,502	10,975,002	11,691,859	6.5
Amount.....	68,257,983	69,047,500	67,921,144	69,437,643	76,444,558	10.1
Foreign earned income exclusion <sup>2</sup>						
Number of returns.....	358,391	292,006	316,931	306,393	295,313	-3.6
Amount.....	11,562,725	10,291,339	10,855,217	10,707,675	10,689,534	-0.2
Net operating loss <sup>2</sup>						
Number of returns.....	527,417	611,473	670,081	712,076	829,838	16.5
Amount.....	36,491,863	40,202,999	42,242,839	44,619,870	51,911,111	16.3
Other income, net gain less loss <sup>2</sup>						
Number of returns.....	5,815,404	5,610,987	5,467,631	5,703,893	5,891,550	3.3
Amount.....	19,248,982	14,397,762	13,881,504	15,120,190	16,053,753	6.2
Total income						
Number of returns.....	129,148,570	130,014,403	129,837,130	130,171,008	131,924,074	1.3
Amount.....	4,874,041,052	4,598,654,399	4,440,949,828	4,470,656,584	4,765,987,411	6.6
Educator expenses						
Number of returns.....	N/A	N/A	2,884,403	3,240,673	3,402,468	5.0
Amount.....	N/A	N/A	517,809	572,254	594,088	3.8
Certain business expenses of reservists, performing artists, and fee-basis government officials						
Number of returns.....	N/A	N/A	N/A	N/A	105,135	(X)
Amount.....	N/A	N/A	N/A	N/A	174,808	(X)
Total taxpayer IRA adjustment						
Number of returns.....	3,505,032	3,448,457	3,277,671	3,418,494	3,330,763	-2.6
Amount.....	5,673,046	5,466,322	6,876,747	7,107,112	6,940,212	-2.3
Student loan interest deduction						
Number of returns.....	4,477,986	4,405,667	6,640,784	6,953,370	7,527,249	8.3
Amount.....	2,002,634	2,001,279	3,386,298	3,131,972	3,044,107	-2.8
Tuition and fees deduction						
Number of returns.....	N/A	N/A	3,444,941	3,571,154	4,710,253	31.9
Amount.....	N/A	N/A	4,472,489	4,746,897	7,328,221	54.4
Health savings account deduction						
Number of returns.....	N/A	N/A	N/A	N/A	90,857	(X)
Amount.....	N/A	N/A	N/A	N/A	131,994	(X)
Moving expenses						
Number of returns.....	956,586	944,791	947,470	1,023,888	1,096,436	7.1
Amount.....	1,622,005	1,609,277	1,610,023	1,732,837	2,042,936	17.9
One-half of self-employment tax						
Number of returns.....	14,300,140	14,574,036	14,664,473	15,373,279	15,920,203	3.6
Amount.....	13,196,485	13,383,734	13,580,786	14,056,310	14,608,558	3.9
Self-employed health insurance						
Number of returns.....	3,564,624	3,559,792	3,571,152	3,802,277	3,883,687	2.1
Amount.....	5,742,942	6,034,979	7,626,633	11,686,229	12,773,054	9.3
Keogh retirement plan						
Number of returns.....	1,287,706	1,290,496	1,186,947	1,208,801	1,201,332	-0.6
Amount.....	9,465,399	9,678,533	11,882,077	12,639,174	13,353,600	5.7
Penalty on early withdrawal of savings						
Number of returns.....	863,436	890,649	804,926	736,121	780,327	6.0
Amount.....	217,380	145,781	140,080	106,686	145,213	36.1
Alimony paid adjustment						
Number of returns.....	656,724	656,635	587,219	587,368	574,001	-2.3
Amount.....	5,660,215	5,514,921	5,220,583	5,341,147	5,861,680	9.7
Foreign housing deductions						
Number of returns.....	4,411	4,122	2,074	1,491	3,352	124.8
Amount.....	32,170	67,951	39,690	36,765	41,453	12.8
Other adjustments						
Number of returns.....	170,106	183,906	208,348	272,647	188,210	-31.0
Amount.....	764,953	709,379	773,347	933,441	766,358	-17.9
Total statutory adjustments						
Number of returns.....	23,197,425	23,497,092	28,911,078	30,382,069	32,153,965	5.8
Amount.....	44,468,527	44,703,150	56,076,622	62,198,634	67,852,373	9.1
Adjusted gross income or loss (AGI)						
Amount.....	4,829,572,571	4,553,951,249	4,384,873,206	4,408,457,950	4,698,135,038	6.6
Total itemized deductions						
Number of returns.....	42,534,320	44,562,307	45,647,551	43,949,591	46,335,237	5.4
Amount.....	623,945,759	652,788,384	652,650,669	640,529,001	690,822,462	7.9

Footnotes at end of table.

**Table A--Selected Income and Tax Items for Selected Years, 2000-2004, in Current and Constant 1990 Dollars--Continued<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Constant 1990 dollars <sup>b</sup>					Percent change, 2003 to 2004
	2000	2001	2002	2003	2004	
	(7)	(8)	(9)	(10)	(11)	(12)
Total standard deduction						
Number of returns .....	85,670,504	84,238,232	82,655,191	84,643,281	84,016,753	-0.7
Amount.....	357,223,734	355,651,359	357,607,218	394,730,151	388,188,663	-1.7
Basic standard deduction						
Number of returns.....	85,670,504	84,238,232	82,655,191	84,643,281	84,016,753	-0.7
Amount.....	346,043,159	344,628,068	346,780,556	383,466,683	377,219,528	-1.6
Additional standard deduction						
Number of returns .....	11,330,554	11,116,629	10,857,098	11,200,647	10,985,079	-1.9
Amount.....	11,180,575	11,023,291	10,826,662	11,263,468	10,969,136	-2.6
AGI less deductions						
Number of returns .....	116,391,403	115,862,109	114,976,167	114,402,877	116,042,570	1.4
Amount.....	3,913,370,860	3,623,859,267	3,459,946,100	3,461,494,423	3,709,864,246	7.2
Number of exemptions.....	252,332,427	256,186,046	258,716,374	261,126,373	263,896,304	1.1
Exemption amount.....	523,603,546	536,940,952	553,372,406	554,904,167	554,110,756	-0.1
Taxable income						
Number of returns.....	105,259,292	104,174,655	102,275,969	101,392,812	102,737,959	1.3
Amount.....	3,447,831,885	3,150,189,244	2,976,836,956	2,983,109,687	3,231,948,538	8.3
Tax from table, rate schedules, etc.						
Number of returns.....	105,254,144	104,163,693	102,266,930	101,386,201	102,721,593	1.3
Amount.....	765,270,243	683,868,872	603,080,757	554,201,549	602,925,850	8.8
Additional taxes						
Number of returns.....	23,487	25,334	13,291	21,370	9,884	-53.7
Amount.....	95,997	146,862	111,602	157,733	59,246	-62.4
Alternative minimum tax						
Number of returns.....	1,304,198	1,120,047	1,910,789	2,357,975	3,096,299	31.3
Amount.....	7,284,401	4,986,498	4,981,033	6,725,712	9,016,774	34.1
Income tax before credits						
Number of returns.....	105,277,966	104,195,834	102,293,722	101,412,777	102,740,921	1.3
Amount.....	772,548,519	688,979,686	608,170,580	561,083,722	612,001,871	9.1
Foreign tax credit						
Number of returns.....	3,935,699	3,942,604	3,748,974	4,145,174	4,700,259	13.4
Amount.....	4,545,038	4,615,911	4,312,209	4,123,263	4,676,812	13.4
Child care credit						
Number of returns.....	6,368,101	6,184,508	6,185,855	6,313,297	6,316,649	0.1
Amount.....	2,119,772	2,008,163	1,966,961	2,277,621	2,310,024	1.4
Credit for elderly or disabled						
Number of returns.....	155,796	139,097	133,538	123,147	107,914	-12.4
Amount.....	24,741	22,506	15,348	14,387	12,969	-9.9
Education credits						
Number of returns.....	6,815,316	7,212,554	6,544,536	7,298,227	7,180,884	-1.6
Amount.....	3,680,712	3,805,354	3,642,983	4,149,879	4,163,879	0.3
Retirement savings contributions credit						
Number of returns.....	N/A	N/A	5,307,176	5,296,688	5,288,732	-0.2
Amount.....	N/A	N/A	769,055	734,655	700,004	-4.7
Child tax credit						
Number of returns.....	26,404,521	26,452,875	25,939,801	25,672,254	25,988,711	1.2
Amount.....	14,938,816	16,551,461	15,639,732	16,184,677	22,353,256	38.1
Adoption credit						
Number of returns.....	42,681	47,737	55,905	63,980	71,136	11.2
Amount.....	69,701	65,521	170,137	247,722	208,920	-15.7
General business credit						
Number of returns.....	275,115	269,648	284,720	262,738	248,506	-5.4
Amount.....	579,858	526,918	545,680	435,188	439,717	1.0
Prior year minimum tax credit						
Number of returns.....	199,554	248,255	193,776	250,605	274,596	9.6
Amount.....	976,981	1,061,285	709,592	650,950	624,221	-4.1
Total credits <sup>3</sup>						
Number of returns.....	36,028,685	49,066,700	38,846,217	39,247,449	39,841,978	1.5
Amount.....	27,127,172	32,591,142	28,159,493	29,168,590	35,708,890	22.4
Income tax less credits <sup>1</sup>						
Number of returns.....	100,163,625	97,389,985	93,565,243	91,109,363	90,876,672	-0.3
Amount.....	745,421,347	656,388,543	580,011,086	531,915,132	576,292,981	8.3
Self-employment tax						
Number of returns.....	14,300,140	14,575,011	14,664,473	15,373,279	15,920,203	3.6
Amount.....	26,387,575	26,762,272	27,156,252	28,107,238	29,211,583	3.9
Recapture taxes						
Number of returns.....	14,144	11,686	14,684	15,797	41,161	160.6
Amount.....	226,754	211,789	85,714	62,457	119,808	91.8

Footnotes at end of table.

Table A--Selected Income and Tax Items for Selected Years, 2000-2004, in Current and Constant 1990

Dollars--Continued<sup>1</sup>

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Constant 1990 dollars <sup>6</sup>					Percent change, 2003 to 2004
	2000	2001	2002	2003	2004	
	(7)	(8)	(9)	(10)	(11)	(12)
Social security, Medicare tax on tip income not reported						
Number of returns.....	265,007	288,275	238,185	557,717	517,609	-7.2
Amount.....	27,127	26,479	22,853	105,643	74,691	-29.3
Tax on qualified retirement plans						
Number of returns.....	4,334,527	4,571,187	4,896,938	4,877,670	4,924,584	1.0
Amount.....	2,590,813	2,405,886	2,542,200	2,420,412	2,519,290	4.1
Advanced earned income credit payments						
Number of returns.....	174,967	135,554	156,376	142,694	142,639	-0.0
Amount.....	55,355	38,001	53,709	47,575	43,156	-9.3
Household employment taxes						
Number of returns.....	259,906	250,622	229,722	240,601	243,702	1.3
Amount.....	603,671	593,421	511,578	575,598	613,033	6.5
Total tax liability <sup>1,4</sup>						
Number of returns.....	104,685,747	102,557,013	99,559,612	97,875,142	98,115,557	0.2
Amount.....	775,548,034	686,554,241	610,448,476	563,289,389	608,970,664	8.1
Income tax withheld						
Number of returns.....	113,733,442	114,798,386	114,861,744	114,861,706	116,312,978	1.3
Amount.....	579,591,341	570,720,215	521,433,331	499,828,469	506,390,562	1.3
Estimated tax payments						
Number of returns.....	13,326,669	13,167,856	12,434,579	11,576,213	10,996,504	-5.0
Amount.....	168,150,146	162,506,061	144,024,415	129,905,477	130,636,925	0.6
Earned income credit <sup>1</sup>						
Number of returns.....	19,277,225	19,593,121	21,703,187	22,024,227	22,270,550	1.1
Amount.....	24,504,059	24,631,713	27,760,590	27,455,303	27,698,321	0.9
Nontaxable combat pay election						
Number of returns.....	N/A	N/A	N/A	N/A	10,024	( X )
Amount.....	N/A	N/A	N/A	N/A	6,424	( X )
Additional child tax credit						
Number of returns.....	1,104,143	8,562,900	10,937,417	12,570,455	14,528,434	15.6
Amount.....	741,761	3,686,256	4,662,611	6,472,099	10,000,013	54.5
Payment with an extension request						
Number of returns.....	1,610,937	1,448,213	1,235,156	1,333,579	1,518,779	13.9
Amount.....	48,100,691	31,361,637	26,396,754	27,203,969	41,016,060	50.8
Excess social security tax withheld						
Number of returns.....	1,640,582	1,436,745	1,145,352	1,121,141	1,242,604	10.8
Amount.....	1,657,700	1,413,542	1,136,975	1,112,508	1,195,599	7.5
Other payments:						
Form 2439						
Number of returns.....	50,698	20,955	19,422	12,717	9,608	-24.4
Amount.....	302,767	65,424	27,399	87,808	23,359	-73.4
Form 4136						
Number of returns.....	395,555	386,698	365,868	349,860	345,020	-1.4
Amount.....	68,724	80,415	73,735	58,348	59,777	2.4
Form 8885 <sup>2</sup>						
Number of returns.....	N/A	N/A	5,322	17,834	16,314	-8.5
Amount.....	N/A	N/A	1,430	23,092	16,329	-29.3
Total payments <sup>1</sup>						
Number of returns.....	122,243,874	123,451,338	123,462,930	123,461,513	124,989,700	1.2
Amount.....	823,117,183	794,465,458	725,517,240	692,147,073	717,036,929	3.6
Overpayment, total						
Number of returns.....	95,921,082	102,310,895	103,462,884	105,361,848	103,706,648	-1.6
Amount.....	148,860,986	174,894,284	174,261,629	180,790,867	176,515,460	-2.4
Overpayment refunded						
Number of returns.....	93,000,030	99,011,975	100,143,606	102,004,984	100,674,244	-1.3
Amount.....	127,145,193	149,279,728	149,700,108	156,073,785	153,198,252	-1.8
Refund credited to next year						
Number of returns.....	4,255,215	5,408,878	5,418,534	5,199,186	4,314,593	-17.0
Amount.....	21,715,793	25,614,855	24,561,521	24,717,082	23,317,208	-5.7
Tax due at time of filing						
Number of returns.....	30,624,423	24,581,181	22,818,761	21,072,333	24,452,350	16.0
Amount.....	102,385,707	67,771,931	59,802,124	52,373,159	68,985,314	31.7
Tax penalty						
Number of returns.....	5,813,525	5,318,905	5,149,988	4,829,886	5,641,853	16.8
Amount.....	1,093,869	782,524	609,259	439,975	536,122	21.9

<sup>1</sup> All items correspond to the Form 1040 line items. Therefore, some may differ from the SOI items shown in the Basic Tables in Section 3.

N/A = Not applicable

<sup>2</sup> Line 21 on Form 1040 consists of other income minus foreign earned income exclusion and net operating loss.

( Z ) Less than .05 percent.

<sup>3</sup> Total credits includes the values for mortgage interest tax credit and "other credits" not tabulated here.

( X ) Percentage not computed.

<sup>4</sup> Total tax liability includes the values for "other taxes" not tabulated here.

\* includes Form 1040 Telefile.

<sup>5</sup> The data for 2002 cover only the health coverage credit for insurance premiums paid in December 2002.<sup>6</sup> Inflation-adjusted data were calculated using the consumer price index from the Bureau of Labor Statistics; based on 1990=100 when 1990 CPI-U = 130.7; 2004 CPI-U = 188.9; 2003 CPI-U = 184.0; 2002 CPI-U = 179.9; 2001 CPI-U = 177.1; 2000 CPI-U = 172.2.

**Figure 1--General Filing Requirements**

Marital Status	Filing Status	Age	Gross Income
Single (including divorced and legally separated)	Single	under 65 65 or older	\$7,950 \$9,150
	Head of household	under 65 65 or older	\$10,250 \$11,450
Married with a child and living apart from spouse during the last six months of 2004	Head of household	under 65 65 or older	\$10,250 \$11,450
		Married, joint return	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)
Married and living with spouse at the end of 2004 (or on the date spouse died)	Married, separate return	any age	\$3,100
	Married, not living with spouse at the end of 2004 (or on the date spouse died)	Married, joint or separate return	any age
Single			under 65 65 or older
Widowed in 2002 or 2003 and not remarried in 2004	Head of household	under 65 65 or older	\$10,250 \$11,450
	Qualifying widow(er) with dependent child	under 65 65 or older	\$12,800 \$13,750

## Requirements for Filing

The filing requirements for Tax Year 2004 were based on gross income, marital status, age, and, to a lesser extent, dependency and blindness. Gross income included all income received in the form of money, property, and services that was not expressly exempt from tax. Generally, a citizen or resident of the United States was required to file a tax return if gross income for the year was at least as much as the amount shown for the appropriate filing status in Figure 1. Figure 2 shows the filing requirements for taxpayers who could be claimed as a dependent by another person (such as a parent).

In addition to the general filing requirements, an individual was obligated to file a return for Tax Year 2004 if he or she:

1. Was liable for any of the following taxes:
  - Social security or Medicare tax on unreported tip income;
  - Uncollected social security, Medicare, or railroad retirement tax on reported tip income or group-term life insurance;
  - Alternative minimum tax;
  - Tax on an individual retirement arrangement (IRA) or a qualified retirement plan;
  - Tax from the recapture of various credits, including investment credits or low-income housing credits;
  - Tax from medical savings accounts (MSA);



## Figure 2.-Filing Requirements for Children and Other Dependents

If someone (such as a parent) can claim the individual as a dependent, and any of the four conditions listed below applies, he or she must file a return.

In this chart unearned income includes taxable interest, ordinary dividends, and capital gain distributions. Earned income includes wages, tips, and taxable scholarship and fellowship grants. Gross income is the total of unearned and earned income.

**Caution:** If an individual's gross income was \$3,100 or more, he or she generally could not be claimed as a dependent unless the individual was under age 19 or under age 24 and a full-time student.

### 1. Single dependents under 65 must file a return if-

- Earned income was more than \$4,850, or
- Unearned income was over \$800, or
- Gross income was more than the larger of (a) \$800 or (b) earned income (up to \$4,600) plus \$250.

### 2. Single dependents 65 or older or blind must file a return if-

- Earned income was more than \$6,050 (\$7,250 if 65 or older and blind), or
- Unearned income was more than \$2,000 (\$3,200 if 65 or older and blind), or
- Gross income was more than the total of earned income (up to \$4,600) plus \$250 or \$800, whichever is larger; plus \$1,200 (\$2,400 if 65 or older and blind).

### 3. Married dependents under 65 must file a return if-

- Gross income was at least \$5 and spouse files a separate return on Form 1040 and itemizes deductions.
- Earned income was more than \$4,850, or
- Unearned income was over \$800, or
- Gross income was more than the larger of \$800 or earned income (up to \$4,600) plus \$250.

### 4. Married dependents 65 or older or blind must file a return if-

- Earned income was more than \$5,800 (\$6,750 if 65 or older and blind), or
- Unearned was more than \$1,750 (\$2,700 if 65 or older and blind), or
- Gross income was more than the total of earned income (up to \$4,600) plus \$250 or \$800, whichever is larger, plus \$950 (\$1,900 if 65 or older and blind).
- Gross income was at least \$5 and spouse files a separate return on Form 1040 and itemizes deductions.

2. Received any advanced earned income credit (AEIC) payments.
3. Had net earnings from self-employment of at least \$400; or
4. Had wages of \$108.28 or more from a church or qualified church-controlled organization that was exempt from employer social security and Medicare taxes.

Data shown in this report include individuals who were not required to file tax returns, but did so for any of a number of reasons. For example, an individual might have filed a return to obtain a refund of tax withheld, or take advantage of the earned income credit.

## Changes in Law or Administrative Procedures

Major changes in effect for Tax Year 2004 that influenced the Statistics of Income data are listed below. Section 4, Explanation of Terms, provides more detailed explanations and definitions of the terms used in this report.

### Additional Child Tax Credits

In Tax Year 2003, the credit limit based on earned income was 10 percent of a taxpayer's earned income that exceeded \$10,500. For 2004, the limit increased to 15 percent of a taxpayer's earned income that exceeded \$10,750. If a taxpayer was a member of the U.S. Armed Forces who served in a combat zone, the taxpayer was able to include nontaxable combat pay as earned income when figuring the credit limit.

### Certain Business Expenses of Reservists, Performing Artists, and Fee-Basis Government Officials

New in 2004, National Guard or reserve members who traveled more than 100 miles from home and performed services as a National Guard or reserve member were allowed to take a line item deduction in the form of adjustment to income for certain expenses. This adjustment was also available for expenses of qualified performing artists and fee-basis state and local government officials.

### Earned Income Credit

The maximum amount of the earned income credit increased, as did the amounts of earned income and investment income an individual could have and still claim the credit. The maximum amount of investment income (interest, dividends and capital gain income) a taxpayer could have and still claim the credit increased to \$2,650 from \$2,600. The maximum credit for taxpayers with no qualifying children increased to \$390 from \$382. For these taxpayers, earned income and AGI had to be less than \$11,490 (\$12,490 if married filing jointly). For taxpayers with one qualifying child, the

maximum credit increased \$57 to \$2,604 and, for taxpayers with two or more qualifying children, the maximum credit increased to \$4,300 from \$4,204. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$30,338 (\$31,338 for married filing jointly) for one qualifying child, or less than \$34,458 (\$35,458 for married filing jointly) for two or more qualifying children.

### Exemption Amount

Indexing for inflation increased to \$3,100 the deduction for each exemption to which the taxpayer was entitled for 2004, an increase over the \$3,050 allowed for 2003. The AGI threshold for the limitation of exemption amounts was also indexed for inflation, increasing from \$139,500 to \$142,700 for single filers; \$209,250 to \$214,050 for married persons filing jointly and surviving spouses; \$174,400 to \$178,350 for heads of household; and \$104,625 to \$107,025 for married persons filing separately. The phase-out of the deduction for exemptions was completed at AGI levels above \$265,200 for single filers; \$336,550 for married persons filing jointly and surviving spouses; \$300,850 for heads of household; and \$168,275 for married persons filing separately. Above these levels, no deduction for exemptions was allowed.

### Health Savings Account Deduction

Beginning in tax year 2004, a taxpayer could have taken a deduction for contributions to a Health Savings Account. The deduction was limited to the annual deductible on the qualifying high deductible health plan, but not more than \$2,600 (\$5,150, if family coverage). These limits were \$500 higher if the taxpayer was age 55 or older (\$1,000 if both spouses were 55 or older). A taxpayer could not contribute to an HSA starting the first month he or she was enrolled in Medicare.

### Individual Retirement Arrangement Deduction

For 2004, a taxpayer (both taxpayers for taxpayers filing jointly), was able to take an IRA

deduction up to \$3,000 (\$3,500 if age 50 or older) if not covered by a retirement plan, or if covered by a retirement plan but their modified AGI was less than \$55,000 (\$75,000 if married filing jointly or qualifying widow(er)). This was up from \$50,000 (\$70,000 if married filing jointly or qualifying widow(er)) for 2003.

### **Itemized Deductions**

If a taxpayer's AGI was greater than \$142,700 (\$71,350 if married filing separately), his or her itemized deductions may have been limited; the threshold was increased from \$139,500 (\$69,750) for 2003, as a result of inflation indexing. The limitation did not apply to deductions for medical and dental expenses, investment interest expenses, casualty or theft losses, and gambling losses; all other deductions were subject to the limitation. To arrive at allowable itemized deductions, total itemized deductions were reduced by the smaller of: (a) 80 percent of the non-exempt deductions, or (b) 3 percent of the amount of AGI in excess of the limitation threshold.

### **Nontaxable Combat Pay Election**

For Tax Year 2004, members of the U.S. Armed Forces who served in a combat zone could have excluded certain pay from their income. The qualified taxpayer's entitlement to the pay must have been fully accrued in a month during which they served in a combat zone or were hospitalized as a result of wounds, disease, or injury incurred while serving in the combat zone. However, this nontaxable pay was used to gain benefits for both the EIC and additional child tax credit purposes.

### **Sales Tax Deduction**

For Tax Year 2004, a taxpayer could have elected to deduct state and local general sales taxes instead of state and local income taxes as an itemized deduction on Schedule A. The taxpayer could have used either actual expenses or the optional state sales tax tables.

### **Schedule J**

New for 2004, fisherman could have elected to use income averaging on Schedule J to reduce their tax. Previously, only farmers could have taken this benefit. Also, the benefit of income averaging was extended to farmers and fisherman who owed the alternative minimum tax.

### **Section 179 Deduction**

The maximum section 179 deduction (full expensing of certain depreciable property) that could be elected for property placed in service in 2004 increased from \$100,000 to \$102,000 for qualified section 179 property (\$137,000 for qualified zone property, qualified renewal property, or qualified New York Liberty Zone property). This limit was reduced by the amount by which the cost of section 179 property placed in service during the tax year exceeded \$410,000 (increased from \$400,000).

### **Self-employment Tax**

The ceiling on taxable "self-employment income" was raised, for 2004, to \$87,900 for the social security portion (12.4 percent) of the self-employment tax. The limit was \$87,000 for 2003.

### **Standard Deduction**

For married persons filing jointly or surviving spouses, the standard deduction was increased in 2004, from \$9,500 to \$9,700 (the amount is now twice that for single filers).

For single filers and married persons filing separately, the standard deduction rose from \$4,750 to \$4,850; and for heads of household, from \$7,000 to \$7,150. The amount of standard deduction for a dependent was the greater of \$800 or the dependent's earned income plus \$250 (but not more than the regular standard deduction amount). Taxpayers who were age 65 or over or blind could claim an additional standard deduction amount of \$950 or \$1,200 depending on marital status.

### Figure 3.-Calculation of the 1979 Income Concept for 2004

#### 1979 Total Income Concept=

##### Income or Loss:

- Salaries and wages <sup>1</sup>
- Interest <sup>1</sup>
- Dividends <sup>1</sup>
- Taxable refunds <sup>1</sup>
- Alimony received <sup>1</sup>
- Sales of capital assets, net gain or loss <sup>1</sup>
- Other gains and losses (Form 4797) <sup>1</sup>
- Business net income or loss <sup>1</sup>
- Farm net income or loss <sup>1</sup>
- Rent net income or loss <sup>1</sup>
- Royalty net income or loss <sup>1</sup>
- Partnership net income or loss <sup>1</sup>
- S Corporation net income or loss <sup>1</sup>
- Farm rental net income or loss <sup>1</sup>
- Estate or trust net income or loss <sup>1</sup>
- Unemployment compensation <sup>1</sup>
- Depreciation in excess of straight-line depreciation <sup>2</sup>
- Total pension income <sup>3,5</sup>
- Other net income or loss <sup>4</sup>
- Net operating loss <sup>1</sup>

##### Deductions:

- Disallowed passive losses (Form 8582) <sup>6</sup>
- Moving expenses <sup>1</sup>
- Alimony paid <sup>1</sup>
- Unreimbursed business expenses <sup>6</sup>

<sup>1</sup> Included in adjusted gross income (less deficit) (AGI) for Tax Year 2004.

<sup>2</sup> Adjustment to add back excess depreciation (accelerated over straight-line depreciation) deducted in the course of a trade or business and included in net income (loss) amounts shown above.

<sup>3</sup> Includes taxable and tax-exempt pension and retirement distributions, including IRA distributions.

<sup>4</sup> Includes an adjustment to add back amounts reported for the foreign-earned income exclusion.<sup>2</sup>

<sup>5</sup> Not fully included in AGI for Tax Year 2004.

<sup>6</sup> Not included in AGI for Tax Year 2004.

### Tuition and Fees Deduction

A taxpayer was able to deduct in 2004 up to \$4,000 (\$3,000 in 2003) of the qualified tuition and fees paid for themselves, a spouse, or dependents if the taxpayer's modified AGI was under \$65,000 (\$130,000 if married filing jointly). New for 2004, a taxpayer was able to deduct up to \$2,000 if their AGI was higher than the limit but not more than \$80,000 (\$160,000 if married filing jointly). This deduction could not be taken if the person could be claimed as a dependent on another taxpayer's return or if they claimed the education credit for the same student.

### The 1979 Income Concept: A Retrospective Income Definition

In order to analyze changes in income and taxes over a period of years, a consistent definition of income must be used. The income concept available from Federal income tax returns, AGI, was designed to facilitate tax administration, and its definition has changed over time to reflect modifications to the Internal Revenue Code. Tax laws of the 1980's (the Economic Recovery Tax Act of 1981, the Tax Equity and Fiscal Responsibility Act of 1982, the Tax Reform Act of 1984, and the Tax Reform Act of 1986) made significant changes to the components of AGI, which made it more difficult to use AGI for accurate comparisons of income from year to year. For this reason, it was decided to develop an income definition that would be consistent over several years, and would allow comparisons both before and after the major tax legislation of the 1980's.

The result was a retrospective income definition known as the 1979 Income Concept, reflecting a base period from 1979 through 1986. It was calculated using only data available from individual income tax returns. By using the same income items in the calculation each year, its definition was consistent throughout the base years. In addition, this retrospective income definition could be used in future years to

**Table B--All Returns: Selected Income and Tax Items, by Size of Adjusted Gross Income and by 1979 Income Concept, 2004**

[All figures are estimates based on samples--money amounts are in millions of dollars]

Size of income	Income				Salaries and wages			
	2004 Adjusted Gross Income		1979 Income Concept		2004 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All returns, total.....</b>	<b>132,226,042</b>	<b>6,788,805</b>	<b>132,226,042</b>	<b>6,955,345</b>	<b>112,369,812</b>	<b>4,921,806</b>	<b>112,369,812</b>	<b>4,921,806</b>
Under \$10,000.....	25,660,747	35,654	25,023,168	31,512	19,366,860	114,528	19,111,609	109,632
\$10,000 under \$20,000.....	22,937,484	342,224	23,051,909	344,386	18,157,217	253,887	18,282,888	257,760
\$20,000 under \$30,000.....	18,217,305	451,385	19,074,629	472,995	15,822,522	369,232	16,271,699	381,665
\$30,000 under \$40,000.....	13,915,452	482,760	14,319,762	496,094	12,444,031	403,103	12,553,016	407,802
\$40,000 under \$50,000.....	10,571,408	473,381	10,597,884	474,200	9,491,467	389,371	9,514,219	392,591
\$50,000 under \$60,000.....	8,302,132	455,276	8,214,568	450,212	7,479,563	370,310	7,436,946	373,168
\$60,000 under \$70,000.....	6,837,221	443,746	6,448,354	418,463	6,184,054	357,976	5,932,128	351,052
\$70,000 under \$80,000.....	5,467,391	408,739	5,117,229	382,891	4,962,437	328,727	4,721,706	319,031
\$80,000 under \$90,000.....	4,255,373	360,943	3,958,181	335,786	3,900,922	291,316	3,676,280	277,983
\$90,000 under \$100,000.....	3,304,524	313,310	3,140,548	297,573	3,055,569	256,647	2,898,413	243,188
\$100,000 under \$125,000.....	4,791,645	532,483	4,680,227	520,652	4,418,210	426,367	4,349,684	417,462
\$125,000 under \$150,000.....	2,592,224	353,175	2,673,449	364,408	2,366,960	273,355	2,463,142	279,199
\$150,000 under \$175,000.....	1,439,695	232,253	1,509,163	243,630	1,299,704	172,978	1,351,125	172,760
\$175,000 under \$200,000.....	912,005	170,408	979,150	182,764	820,686	120,826	877,925	121,695
\$200,000 under \$300,000.....	1,520,273	364,745	1,663,269	401,006	1,335,226	239,157	1,446,883	242,792
\$300,000 under \$400,000.....	556,228	191,236	650,892	223,920	475,287	113,852	549,282	117,238
\$400,000 under \$500,000.....	271,662	120,814	329,248	146,421	230,603	67,607	276,362	71,379
\$500,000 under \$1,000,000.....	433,145	293,370	524,843	355,814	362,105	144,318	437,385	152,097
\$1,000,000 under \$1,500,000.....	103,964	125,553	122,025	147,937	84,657	51,194	98,377	53,549
\$1,500,000 under \$2,000,000.....	45,104	77,755	51,505	88,908	36,876	29,523	41,847	30,351
\$2,000,000 under \$5,000,000.....	65,548	194,471	69,962	206,434	53,776	63,980	57,407	65,279
\$5,000,000 under \$10,000,000.....	15,835	108,192	16,300	111,151	13,090	31,985	13,405	32,477
\$10,000,000 and over.....	9,677	256,933	9,776	258,185	7,987	51,566	8,082	51,657

Size of income	Taxable interest received				Ordinary dividends		Ordinary dividends received	
	2004 Adjusted Gross Income		1979 Income Concept		2004 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>All returns, total.....</b>	<b>57,605,888</b>	<b>125,474</b>	<b>57,605,888</b>	<b>125,474</b>	<b>30,687,178</b>	<b>146,839</b>	<b>30,687,178</b>	<b>146,839</b>
Under \$10,000.....	6,388,309	8,260	6,055,499	8,189	3,552,378	5,791	3,362,483	5,626
\$10,000 under \$20,000.....	6,294,430	8,776	6,159,697	8,774	2,899,685	5,013	2,827,403	5,275
\$20,000 under \$30,000.....	5,327,211	6,622	5,820,151	7,930	2,425,039	4,661	2,683,108	6,104
\$30,000 under \$40,000.....	5,309,774	6,173	5,727,946	7,521	2,342,212	4,563	2,591,665	5,303
\$40,000 under \$50,000.....	5,048,771	5,819	5,169,607	6,701	2,247,565	4,790	2,352,897	5,184
\$50,000 under \$60,000.....	4,642,850	5,376	4,615,044	6,083	2,230,720	4,675	2,202,837	5,627
\$60,000 under \$70,000.....	4,203,154	5,812	3,904,355	4,287	2,097,109	5,420	1,891,516	3,911
\$70,000 under \$80,000.....	3,764,707	4,480	3,454,234	3,556	1,993,447	4,140	1,780,162	4,199
\$80,000 under \$90,000.....	3,097,225	4,049	2,882,203	3,675	1,647,573	4,695	1,498,902	4,392
\$90,000 under \$100,000.....	2,518,727	3,644	2,364,110	3,507	1,440,396	3,659	1,355,905	3,748
\$100,000 under \$125,000.....	3,846,816	6,749	3,756,559	6,206	2,378,055	8,443	2,306,833	7,561
\$125,000 under \$150,000.....	2,234,597	5,381	2,264,298	4,332	1,470,065	6,599	1,470,301	5,106
\$150,000 under \$175,000.....	1,256,321	3,286	1,326,394	3,348	931,417	4,728	983,542	4,726
\$175,000 under \$200,000.....	815,057	2,621	865,551	2,480	627,546	4,016	662,848	3,881
\$200,000 under \$300,000.....	1,405,231	7,157	1,537,741	6,935	1,118,037	9,907	1,218,537	9,709
\$300,000 under \$400,000.....	531,927	4,158	615,762	4,320	451,703	6,077	520,071	6,131
\$400,000 under \$500,000.....	260,956	2,553	311,933	2,688	231,441	4,332	273,992	4,416
\$500,000 under \$1,000,000.....	422,420	7,385	509,541	7,567	380,444	11,259	455,642	11,541
\$1,000,000 under \$1,500,000.....	102,419	3,648	119,538	3,764	94,725	5,694	110,068	5,833
\$1,500,000 under \$2,000,000.....	44,603	2,339	50,825	2,440	41,619	3,702	47,695	3,783
\$2,000,000 under \$5,000,000.....	65,002	6,477	68,952	6,524	61,403	9,770	65,622	9,905
\$5,000,000 under \$10,000,000.....	15,736	4,014	16,204	4,040	15,175	6,165	15,628	6,155
\$10,000,000 and over.....	9,646	10,695	9,743	10,610	9,423	18,741	9,520	18,724

Footnotes at end of table

**Table B--All Returns: Selected Income and Tax Items, by Size of Adjusted Gross Income and by 1979 Income Concept, 2004--Continued**

[All figures are estimates based on samples--money amounts are in millions of dollars]

Size of income	Business or profession net income less loss				Sales of capital assets			
	2004 Adjusted Gross Income		1979 Income Concept		2004 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>All returns, total.....</b>	<b>20,252,079</b>	<b>247,217</b>	<b>20,252,079</b>	<b>247,217</b>	<b>25,266,922</b>	<b>473,662</b>	<b>25,266,922</b>	<b>473,662</b>
Under \$10,000.....	3,754,338	5,498	3,473,952	2,653	3,074,015	7,008	2,922,552	7,297
\$10,000 under \$20,000.....	3,187,236	23,258	3,160,612	20,201	2,172,787	1,384	2,126,867	1,326
\$20,000 under \$30,000.....	2,234,847	16,901	2,289,684	15,768	1,848,099	2,011	2,042,067	2,550
\$30,000 under \$40,000.....	1,719,908	13,724	1,788,292	12,239	1,799,122	2,108	2,024,158	2,675
\$40,000 under \$50,000.....	1,573,077	13,360	1,563,066	12,681	1,833,267	2,396	1,870,011	3,616
\$50,000 under \$60,000.....	1,370,617	11,079	1,417,897	11,758	1,727,950	4,011	1,764,827	4,094
\$60,000 under \$70,000.....	1,164,460	12,367	1,138,962	10,895	1,635,801	4,047	1,493,175	4,311
\$70,000 under \$80,000.....	971,054	11,006	981,842	10,795	1,599,886	5,058	1,370,851	4,947
\$80,000 under \$90,000.....	788,013	10,602	728,474	9,541	1,374,206	5,528	1,230,758	5,650
\$90,000 under \$100,000.....	622,324	9,299	622,410	9,373	1,128,217	5,054	1,114,470	4,860
\$100,000 under \$125,000.....	930,256	18,238	904,703	17,382	2,002,705	12,922	1,913,814	12,135
\$125,000 under \$150,000.....	561,797	14,752	613,690	14,952	1,312,227	12,015	1,293,435	11,094
\$150,000 under \$175,000.....	336,637	11,992	364,564	12,805	813,723	10,737	858,337	10,608
\$175,000 under \$200,000.....	220,464	8,925	249,564	10,131	566,544	10,167	593,390	9,513
\$200,000 under \$300,000.....	419,888	23,735	470,372	26,575	1,090,183	29,388	1,156,995	28,023
\$300,000 under \$400,000.....	146,513	10,913	161,616	13,046	447,042	21,365	514,697	21,374
\$400,000 under \$500,000.....	77,785	6,803	92,425	7,682	230,455	16,180	269,897	16,292
\$500,000 under \$1,000,000.....	112,965	13,310	141,615	15,784	383,017	50,449	454,144	50,757
\$1,000,000 under \$1,500,000.....	26,073	3,637	30,559	4,227	97,497	28,391	111,520	28,378
\$1,500,000 under \$2,000,000.....	10,836	1,696	13,066	2,352	42,513	19,016	48,547	19,127
\$2,000,000 under \$5,000,000.....	16,270	3,583	17,840	3,743	62,743	59,002	66,932	59,407
\$5,000,000 under \$10,000,000.....	4,144	1,057	4,294	1,144	15,408	39,732	15,859	39,937
\$10,000,000 and over.....	2,577	1,482	2,580	1,489	9,518	125,693	9,618	125,689

Size of income	Rents, royalties, and farm rental net income less loss				Partnership and S corporation net income less loss			
	2004 Adjusted Gross Income		1979 Income Concept		2004 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>All returns, total.....</b>	<b>9,751,137</b>	<b>27,384</b>	<b>9,751,137</b>	<b>27,384</b>	<b>7,236,372</b>	<b>315,993</b>	<b>7,236,372</b>	<b>315,993</b>
Under \$10,000.....	1,002,343	-2,922	952,522	-3,100	644,757	-31,085	623,465	-30,982
\$10,000 under \$20,000.....	945,479	1,309	931,730	869	449,894	496	427,089	142
\$20,000 under \$30,000.....	896,550	110	945,401	271	421,531	1,714	419,169	1,597
\$30,000 under \$40,000.....	851,653	-331	907,525	439	441,884	1,812	455,534	1,896
\$40,000 under \$50,000.....	783,641	-197	866,967	-105	436,997	3,390	458,408	2,967
\$50,000 under \$60,000.....	749,452	-688	747,360	-512	411,193	2,506	437,253	2,419
\$60,000 under \$70,000.....	710,209	-77	664,490	186	417,739	3,563	398,470	3,230
\$70,000 under \$80,000.....	604,155	856	559,933	457	437,918	3,850	406,330	4,082
\$80,000 under \$90,000.....	568,843	471	510,012	670	372,987	4,195	339,049	3,295
\$90,000 under \$100,000.....	402,077	386	400,053	353	304,703	4,341	311,398	4,270
\$100,000 under \$125,000.....	729,330	1,731	685,415	1,600	592,671	9,702	577,916	8,885
\$125,000 under \$150,000.....	436,412	2,004	421,205	1,630	414,213	10,201	401,686	9,660
\$150,000 under \$175,000.....	200,288	1,516	214,030	1,638	293,217	9,358	302,243	8,892
\$175,000 under \$200,000.....	146,155	1,595	146,229	1,464	227,919	9,534	232,684	9,189
\$200,000 under \$300,000.....	304,108	4,564	329,159	4,425	521,121	30,848	535,943	30,260
\$300,000 under \$400,000.....	130,467	2,676	145,115	2,495	257,305	25,284	270,887	24,435
\$400,000 under \$500,000.....	70,392	1,961	81,137	1,871	145,583	18,502	159,290	19,012
\$500,000 under \$1,000,000.....	131,610	4,368	145,939	4,534	265,482	55,229	289,167	56,982
\$1,000,000 under \$1,500,000.....	34,553	2,022	41,539	2,150	72,582	27,355	78,167	28,826
\$1,500,000 under \$2,000,000.....	16,390	1,226	17,175	1,215	33,242	18,218	36,385	18,932
\$2,000,000 under \$5,000,000.....	25,501	2,370	26,492	2,409	51,508	44,469	53,531	45,075
\$5,000,000 under \$10,000,000.....	6,820	1,024	6,957	1,015	13,312	21,531	13,621	21,874
\$10,000,000 and over.....	4,706	1,413	4,753	1,409	8,613	40,980	8,688	41,053

Footnotes at end of table

**Table B--All Returns: Selected Income and Tax Items, by Size of Adjusted Gross Income and by 1979 Income Concept, 2004--Continued**

[All figures are estimates based on samples—money amounts are in millions of dollars]

Size of income	Nondeductible passive losses				Estate and trust net income less loss			
	2004 Adjusted Gross Income		1979 Income Concept		2004 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>All returns, total.....</b>	<b>1,531,911</b>	<b>19,769</b>	<b>1,531,911</b>	<b>19,769</b>	<b>542,718</b>	<b>14,001</b>	<b>542,718</b>	<b>14,001</b>
Under \$10,000.....	129,701	2,928	156,139	5,788	48,267	-313	49,107	-312
\$10,000 under \$20,000.....	55,674	425	71,620	616	48,139	255	47,085	238
\$20,000 under \$30,000.....	68,911	432	66,843	255	27,604	105	38,118	203
\$30,000 under \$40,000.....	63,543	626	72,921	503	39,445	284	43,869	359
\$40,000 under \$50,000.....	61,648	477	63,687	333	42,330	334	40,975	220
\$50,000 under \$60,000.....	70,897	510	75,103	395	28,190	230	35,344	386
\$60,000 under \$70,000.....	62,007	641	46,818	294	38,667	460	26,345	294
\$70,000 under \$80,000.....	74,369	348	47,362	240	20,485	255	19,387	247
\$80,000 under \$90,000.....	39,852	394	41,911	245	37,632	290	35,654	376
\$90,000 under \$100,000.....	36,239	222	43,497	260	16,343	154	15,927	122
\$100,000 under \$125,000.....	99,870	714	97,426	805	41,018	465	41,222	400
\$125,000 under \$150,000.....	114,222	966	124,562	1,111	25,454	433	20,480	424
\$150,000 under \$175,000.....	131,468	1,244	120,263	919	23,084	469	18,786	356
\$175,000 under \$200,000.....	101,197	935	88,180	778	16,802	499	18,723	653
\$200,000 under \$300,000.....	184,757	2,161	170,260	1,635	31,032	1,187	29,321	1,032
\$300,000 under \$400,000.....	76,257	1,190	75,046	961	14,010	379	15,717	423
\$400,000 under \$500,000.....	44,191	836	45,365	636	8,716	452	9,397	453
\$500,000 under \$1,000,000.....	70,190	1,459	75,473	1,248	18,340	1,636	19,391	1,709
\$1,000,000 under \$1,500,000.....	18,606	614	20,192	465	5,941	1,049	6,358	996
\$1,500,000 under \$2,000,000.....	8,744	308	9,258	269	2,776	439	2,860	428
\$2,000,000 under \$5,000,000.....	13,475	789	13,840	659	5,187	1,505	5,294	1,568
\$5,000,000 under \$10,000,000.....	3,626	442	3,658	413	1,746	962	1,842	950
\$10,000,000 and over.....	2,469	1,109	2,487	939	1,512	2,473	1,517	2,473
Size of income	Pensions and annuities in AGI'		Pensions and annuities'		Total statutory adjustments			
	2004 Adjusted Gross Income		1979 Income Concept		2004 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
<b>All returns, total.....</b>	<b>26,825,905</b>	<b>495,958</b>	<b>28,974,259</b>	<b>759,156</b>	<b>32,153,965</b>	<b>98,047</b>	<b>16,800,289</b>	<b>79,919</b>
Under \$10,000.....	2,585,107	13,451	2,451,963	13,691	4,085,844	5,740	297,229	2,403
\$10,000 under \$20,000.....	4,697,904	46,139	4,693,767	46,819	4,142,088	5,751	815,751	4,885
\$20,000 under \$30,000.....	3,377,387	44,817	3,985,931	56,617	3,507,783	6,387	1,498,645	7,658
\$30,000 under \$40,000.....	2,808,475	43,022	3,334,023	59,172	3,088,575	6,151	1,790,417	8,377
\$40,000 under \$50,000.....	2,368,559	43,102	2,542,266	51,909	2,917,368	6,401	1,785,205	7,260
\$50,000 under \$60,000.....	2,111,066	43,670	2,167,670	48,121	2,419,605	5,545	1,802,955	7,195
\$60,000 under \$70,000.....	1,834,758	40,425	1,697,087	41,504	2,132,489	5,235	1,667,310	6,759
\$70,000 under \$80,000.....	1,535,382	37,869	1,388,069	35,811	1,751,366	4,833	1,330,049	4,985
\$80,000 under \$90,000.....	1,180,542	30,945	1,132,028	30,699	1,523,871	4,400	1,154,877	4,573
\$90,000 under \$100,000.....	917,996	25,838	992,088	29,534	1,252,125	4,546	954,243	3,886
\$100,000 under \$125,000.....	1,320,226	39,170	1,445,266	49,442	2,061,001	8,290	1,438,153	6,122
\$125,000 under \$150,000.....	699,678	24,451	907,424	38,675	1,114,127	5,667	886,524	4,035
\$150,000 under \$175,000.....	395,891	15,541	537,448	29,213	524,695	3,672	429,598	2,310
\$175,000 under \$200,000.....	256,335	11,170	379,888	24,110	298,671	2,862	261,172	1,572
\$200,000 under \$300,000.....	394,157	18,170	624,841	50,892	620,516	7,704	389,179	3,067
\$300,000 under \$400,000.....	130,729	6,163	255,068	33,342	246,761	4,062	129,559	1,319
\$400,000 under \$500,000.....	60,480	2,759	131,028	22,404	134,397	2,500	58,370	788
\$500,000 under \$1,000,000.....	95,160	5,240	209,195	53,317	208,574	4,903	77,925	1,422
\$1,000,000 under \$1,500,000.....	24,617	1,331	47,634	18,848	52,311	1,331	16,778	433
\$1,500,000 under \$2,000,000.....	10,304	752	19,622	9,348	23,143	600	6,419	186
\$2,000,000 under \$5,000,000.....	15,161	1,156	23,751	10,650	34,664	957	7,392	373
\$5,000,000 under \$10,000,000.....	3,636	377	5,095	2,584	8,483	256	1,715	162
\$10,000,000 and over.....	2,356	400	3,106	2,454	5,506	252	825	151

Footnotes at end of table

**Table B--All Returns: Selected Income and Tax Items, by Size of Adjusted Gross Income and by 1979 Income Concept, 2004--Continued**

[All figures are estimates based on samples--money amounts are in millions of dollars]

Size of income	Total itemized deductions				Taxable income			
	2004 Adjusted Gross Income		1979 Income Concept		2004 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)
All returns, total.....	46,335,237	988,238	46,326,183	947,596	102,737,959	4,670,166	102,737,959	4,670,166
Under \$10,000.....	970,209	13,525	1,025,306	13,228	5,339,267	8,745	5,300,133	9,270
\$10,000 under \$20,000.....	2,486,732	32,521	2,642,883	30,766	15,386,489	87,588	15,377,301	88,618
\$20,000 under \$30,000.....	3,489,566	46,079	3,903,920	47,849	17,060,120	201,215	17,728,150	213,747
\$30,000 under \$40,000.....	4,539,560	61,388	4,661,701	58,699	13,667,201	269,409	13,987,565	288,276
\$40,000 under \$50,000.....	4,654,789	67,717	4,619,018	63,586	10,483,803	290,236	10,484,231	302,177
\$50,000 under \$60,000.....	4,485,634	71,051	4,435,281	66,854	8,266,698	292,566	8,137,091	298,986
\$60,000 under \$70,000.....	4,224,993	73,671	4,007,591	65,495	6,797,803	293,630	6,390,333	281,862
\$70,000 under \$80,000.....	3,864,306	68,687	3,572,058	60,870	5,458,142	280,392	5,063,763	262,424
\$80,000 under \$90,000.....	3,309,372	64,857	3,055,947	56,778	4,240,713	250,841	3,929,607	233,769
\$90,000 under \$100,000.....	2,700,279	56,270	2,533,728	50,255	3,298,647	222,513	3,122,520	208,684
\$100,000 under \$125,000.....	4,177,414	96,461	4,028,097	88,283	4,785,413	388,191	4,658,549	371,623
\$125,000 under \$150,000.....	2,387,283	64,088	2,425,500	61,648	2,589,613	264,143	2,665,283	260,916
\$150,000 under \$175,000.....	1,356,340	41,349	1,379,760	39,460	1,436,322	177,152	1,499,136	175,955
\$175,000 under \$200,000.....	855,354	28,655	895,135	28,090	910,713	133,317	976,659	131,810
\$200,000 under \$300,000.....	1,434,459	57,270	1,522,363	56,593	1,518,322	296,802	1,656,813	298,368
\$300,000 under \$400,000.....	524,141	26,774	598,959	27,587	555,367	164,003	643,644	167,571
\$400,000 under \$500,000.....	257,075	16,054	302,317	16,812	271,077	104,798	328,222	109,806
\$500,000 under \$1,000,000.....	398,317	33,135	471,993	34,972	432,469	260,117	520,299	271,570
\$1,000,000 under \$1,500,000.....	93,599	12,808	108,850	13,427	103,839	112,689	121,808	117,046
\$1,500,000 under \$2,000,000.....	40,698	7,799	46,586	8,166	45,055	69,942	51,397	71,940
\$2,000,000 under \$5,000,000.....	60,674	18,568	64,248	18,740	65,421	176,064	69,422	178,718
\$5,000,000 under \$10,000,000.....	15,036	10,348	15,444	10,392	15,810	97,902	16,276	98,960
\$10,000,000 and over.....	9,404	29,164	9,498	29,047	9,656	227,893	9,756	228,072

Size of income	Total tax credits				Total income tax			
	2004 Adjusted Gross Income		1979 Income Concept		2004 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)
All returns, total.....	41,694,252	52,367	41,694,252	52,367	89,101,934	831,976	89,101,934	831,976
Under \$10,000.....	1,001,571	87	968,038	91	4,641,970	854	4,633,379	949
\$10,000 under \$20,000.....	5,130,899	1,551	5,105,097	1,560	11,816,659	7,710	11,823,325	7,847
\$20,000 under \$30,000.....	7,586,777	5,281	7,731,234	5,391	11,783,320	18,570	12,447,484	19,970
\$30,000 under \$40,000.....	5,544,138	5,697	5,609,247	5,735	11,283,839	28,213	11,613,338	30,897
\$40,000 under \$50,000.....	4,486,045	5,727	4,412,421	5,682	9,467,339	33,916	9,443,314	35,876
\$50,000 under \$60,000.....	3,378,970	5,414	3,455,493	5,395	7,871,026	36,678	7,779,390	37,693
\$60,000 under \$70,000.....	3,105,834	5,279	3,014,684	5,242	6,622,938	37,641	6,201,026	36,254
\$70,000 under \$80,000.....	2,584,722	4,618	2,493,165	4,446	5,389,219	36,874	4,985,162	34,719
\$80,000 under \$90,000.....	2,135,756	3,818	1,895,906	3,530	4,204,692	34,306	3,878,610	32,324
\$90,000 under \$100,000.....	1,637,645	2,716	1,549,918	2,625	3,283,900	33,013	3,104,071	30,865
\$100,000 under \$125,000.....	2,195,183	3,415	2,203,014	3,367	4,783,545	63,702	4,650,131	61,034
\$125,000 under \$150,000.....	1,026,556	1,091	1,062,553	1,113	2,586,527	48,415	2,655,892	47,521
\$150,000 under \$175,000.....	440,059	350	486,279	452	1,437,120	35,089	1,495,578	34,445
\$175,000 under \$200,000.....	254,345	234	294,644	295	911,239	27,999	973,963	27,293
\$200,000 under \$300,000.....	484,573	672	525,745	753	1,518,731	69,054	1,656,892	68,219
\$300,000 under \$400,000.....	205,594	523	228,557	525	555,709	42,199	643,771	42,312
\$400,000 under \$500,000.....	121,259	462	138,140	415	271,428	27,974	327,455	28,894
\$500,000 under \$1,000,000.....	225,054	1,227	255,114	1,475	432,783	71,339	520,309	73,605
\$1,000,000 under \$1,500,000.....	60,440	666	69,881	675	103,887	31,072	121,885	32,287
\$1,500,000 under \$2,000,000.....	27,102	428	30,303	441	45,065	19,436	51,416	19,977
\$2,000,000 under \$5,000,000.....	42,813	1,094	45,547	1,131	65,501	47,962	69,482	48,682
\$5,000,000 under \$10,000,000.....	11,481	625	11,750	634	15,827	25,756	16,289	26,059
\$10,000,000 and over.....	7,435	1,392	7,520	1,395	9,672	54,203	9,771	54,256

\* Individual Retirement Arrangements are included in the calculation of "Pensions and annuities."

NOTE: Detail may not add to totals because of rounding



compare income by continuing to include the same components that were common to all years. The calculation of the 1979 Income Concept is shown in Figure 3. Several items partially excluded from AGI for the base years were fully included in this new income measure, the largest of which was capital gains. The full amount of all capital gains, as well as all dividends and unemployment compensation, was included in the income calculation. Total pensions, annuities, IRA distributions, and roll-overs were added, including the non-taxable portions that were excluded from AGI. Social security benefits were omitted because they were not reported on tax returns until 1984. Also, any depreciation in excess of straight-line depreciation, which was subtracted in computing AGI, was added back.

Deductions that could be subtracted in the calculation of the 1979 Income Concept were limited to employee business expenses, alimony paid, and moving expenses. These same items were also subtracted in computing AGI until 1987 when unreimbursed business expenses and moving expenses were changed from adjustments to itemized deductions. Starting in 1994, moving expenses were once more made an adjustment to income. The amounts reported for employee business expenses by taxpayers who itemized deductions were subtracted in the calculation of the 1979 Income Concept. Taxpayers who did not itemize deductions, however, could not claim this expense (as well as moving expenses prior to 1994). For this reason, the deduction for these two expenses beginning in 1987 is not completely comparable to that for previous years.

### **Comparison of AGI with 1979 Income Concept**

The Tax Reform Act of 1986 (TRA 86) made extensive changes to the calculation of AGI beginning with 1987. These changes made necessary a revision of the calculation of the 1979 Income Concept, in order to make tax years beginning with 1987 comparable to the base years, 1979 through 1986. The law changes

limited the deduction of passive losses and eliminated unreimbursed employee business expenses and moving expenses as "adjustments" (moving expenses changed back for 1994) in figuring AGI beginning with Tax Year 1987. Since passive losses had been fully deductible for both income measures prior to 1987, the disallowed passive losses had to be deducted in the 1979 Income Concept calculation for tax years after 1986.

Some income items, such as capital gains, that had been partially excluded from AGI under prior law were fully included. The new law also eliminated or restricted some deductions. Therefore, if AGI is used to measure income, comparisons between 1986 income and tax data with that for years after 1986 are misleading. A more accurate comparison can be made using the 1979 Income Concept because it measures income in the same way for all years. Table B shows total income and selected tax items for 2004 using AGI and the 1979 Income Concept, classified by size of 2004 income.

Before TRA 86 became effective, a comparison of income measured by AGI with that measured by the 1979 Income Concept showed significant differences at income levels of \$200,000 or more. But, with the elimination of preferential treatment of various income items by TRA 86, such as the exclusion of a portion of capital gains, much of the difference disappeared. Under tax law prior to 1987, the capital gains exclusion accounted for the largest difference at the higher income levels between the two income measures. For 2004, 1979 Concept income was 2.5 percent higher than income as calculated using AGI. This difference was primarily attributed to the inclusion of more than \$263.2 billion in nontaxable pensions and annuities (including IRA distributions) in the 1979 Income Concept.

Income for all returns, using the 1979 Income Concept, increased 9.6 percent for 2004; income for the \$200,000 and above group increased 27.1 percent. Total income tax for all returns increased 11.2 percent in 2004 after decreasing 6.1 percent for 2003; and total income tax reported for the \$200,000 and above income

group increased 23.8 percent for 2004, following a decrease of 3.2 percent for 2003. The average tax rates (income tax as a percentage of total income) for each income class and both income concepts for years 1986 through 2004 are shown in Figure 4.

For the population as a whole, average tax rates for 2004 (based on the 1979 Income Concept) were 0.2 percentage points higher than those for 2003. Between 1986 and 2004, the average tax rates declined in all income

categories below \$1,000,000. The \$1,000,000 or more income category showed an increase in average tax rates between 1986 and 2004 of 0.4 percentage points. Although the average tax rate for 2004 was calculated using a lower maximum marginal tax rate of 35.0 percent compared to 50 percent for 1986, it was calculated on income that included all capital gains (long-term gains could be partially excluded from income for 1986).

**Figure 4--Total Income Tax as a Percentage of Adjusted Gross Income and the 1979 Income Concept, 1986-2004**

Size of 2004 AGI	Total income tax as a percentage of adjusted gross income																		
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
<b>All returns, total.....</b>	<b>14.8</b>	<b>13.3</b>	<b>13.4</b>	<b>13.3</b>	<b>13.1</b>	<b>12.9</b>	<b>13.1</b>	<b>13.5</b>	<b>13.7</b>	<b>14.0</b>	<b>14.5</b>	<b>14.7</b>	<b>14.6</b>	<b>15.0</b>	<b>15.4</b>	<b>14.4</b>	<b>13.2</b>	<b>12.1</b>	<b>12.3</b>
Under \$10,000.....	4.3	4.0	4.0	3.8	3.7	3.5	3.2	3.0	3.0	3.0	3.1	3.2	2.9	3.0	3.3	2.4	2.3	2.1	2.4
\$10,000 under \$20,000.....	7.8	6.8	6.5	6.4	6.1	5.5	5.1	4.9	4.8	4.7	4.6	4.3	4.3	4.1	4.1	3.4	2.6	2.4	2.3
\$20,000 under \$30,000.....	10.6	9.4	9.3	9.3	9.1	8.7	8.4	8.2	8.1	7.9	7.7	7.6	6.8	6.7	6.5	5.9	4.7	4.2	4.1
\$30,000 under \$40,000.....	12.2	10.6	10.9	10.9	10.6	10.5	10.2	10.1	10.0	9.8	9.7	9.6	8.8	8.6	8.5	8.0	6.7	6.1	5.8
\$40,000 under \$50,000.....	13.8	11.8	11.6	11.5	11.4	11.0	10.8	10.7	10.8	10.7	10.8	10.7	10.0	9.8	9.8	9.4	8.1	7.4	7.2
\$50,000 under \$60,000.....	15.5	13.5	13.2	12.9	12.4	12.1	11.6	11.5	11.4	11.4	11.3	11.3	10.7	10.6	10.6	10.2	9.2	8.5	8.1
\$60,000 under \$70,000.....	16.9	15.1	14.5	14.2	13.8	13.2	12.9	12.7	12.6	12.5	12.3	12.1	11.4	11.2	11.2	10.8	9.6	9.0	8.5
\$70,000 under \$80,000.....	18.7	16.5	15.6	15.3	14.9	14.4	14.0	13.9	13.8	13.6	13.6	13.4	12.6	12.4	12.1	11.6	10.6	9.4	9.0
\$80,000 under \$90,000.....	19.9	17.8	16.6	16.2	15.8	15.4	15.0	15.1	14.9	14.6	14.6	14.4	13.5	13.5	13.5	12.9	11.6	10.1	9.5
\$90,000 under \$100,000.....	20.8	18.8	17.4	17.3	16.6	16.0	15.9	15.7	15.9	15.8	15.4	15.2	14.8	14.5	14.4	13.7	12.7	11.0	10.5
\$100,000 under \$125,000.....	23.1	20.1	18.8	18.4	17.5	17.3	16.9	17.0	17.0	16.9	16.7	16.5	16.0	15.8	15.8	15.2	14.2	12.4	12.0
\$125,000 under \$150,000.....	25.2	21.8	20.3	19.8	19.2	18.6	18.7	18.6	18.6	18.3	18.4	17.7	17.7	17.6	17.4	16.8	16.0	14.2	13.7
\$150,000 under \$175,000.....	28.0	23.0	21.6	21.1	20.4	19.8	19.6	19.7	19.9	19.9	19.8	19.3	18.8	19.0	18.6	18.2	17.3	15.4	15.1
\$175,000 under \$200,000.....	29.3	23.9	22.5	21.8	21.1	21.0	20.7	21.2	21.4	20.9	20.9	20.5	20.0	20.0	19.9	19.1	18.4	16.8	16.4
\$200,000 under \$300,000.....	31.1	25.8	23.7	22.8	22.6	22.7	22.9	23.8	23.9	23.8	23.4	22.9	22.4	22.4	22.4	21.6	21.0	19.2	18.9
\$300,000 under \$400,000.....	33.7	27.0	24.0	23.6	23.7	24.3	24.4	26.9	26.9	26.8	26.6	26.1	25.4	25.4	25.0	24.7	24.2	22.4	22.1
\$400,000 under \$500,000.....	36.2	28.2	24.1	23.9	23.6	24.9	25.3	28.4	28.6	28.7	28.2	27.4	26.9	26.7	26.6	26.1	25.7	23.8	23.2
\$500,000 under \$1,000,000.....	38.4	29.0	24.6	24.0	24.0	25.7	26.0	30.0	30.2	30.2	30.1	29.0	28.2	28.4	28.3	28.1	27.9	24.9	24.3
\$1,000,000 or more.....	40.2	28.6	25.0	24.2	24.1	26.2	26.8	31.2	31.1	31.4	30.8	28.8	27.5	27.9	27.7	28.3	28.5	24.8	24.7

Size of 2004 Income	Total income tax as a percentage of 1979 Income Concept																		
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
<b>All returns, total.....</b>	<b>13.3</b>	<b>13.1</b>	<b>13.3</b>	<b>13.2</b>	<b>13.0</b>	<b>12.7</b>	<b>12.8</b>	<b>13.3</b>	<b>13.5</b>	<b>13.8</b>	<b>14.3</b>	<b>14.5</b>	<b>14.2</b>	<b>14.6</b>	<b>15.0</b>	<b>14.1</b>	<b>12.9</b>	<b>11.8</b>	<b>12.0</b>
Under \$10,000.....	4.9	4.2	4.4	4.3	4.3	4.0	3.5	3.2	3.2	3.1	3.2	3.4	3.1	3.2	3.6	2.9	3.0	2.8	3.0
\$10,000 under \$20,000.....	7.6	6.7	6.5	6.4	6.1	5.5	5.1	4.8	4.8	4.7	4.6	4.4	4.2	4.1	4.0	3.4	2.6	2.4	2.3
\$20,000 under \$30,000.....	10.0	9.3	9.3	9.3	9.1	8.7	8.3	8.2	8.1	7.9	7.8	7.6	6.9	6.8	6.6	6.1	4.8	4.4	4.2
\$30,000 under \$40,000.....	11.6	10.7	10.7	10.9	10.7	10.5	10.2	10.2	10.1	10.1	10.0	9.8	9.1	8.9	9.0	8.4	7.1	6.5	6.2
\$40,000 under \$50,000.....	12.6	11.7	11.7	11.5	11.5	11.1	10.9	10.8	11.0	11.0	11.1	11.0	10.3	10.1	10.2	9.9	8.5	7.8	7.6
\$50,000 under \$60,000.....	13.8	13.4	13.2	12.9	12.5	12.0	11.6	11.6	11.6	11.6	11.6	11.5	11.0	10.9	10.9	10.6	9.5	8.7	8.4
\$60,000 under \$70,000.....	14.9	15.0	14.5	14.2	13.8	13.2	12.9	12.7	12.7	12.5	12.5	12.4	11.4	11.4	11.5	11.1	9.8	9.1	8.7
\$70,000 under \$80,000.....	15.8	16.2	15.4	15.2	14.6	14.2	13.7	13.7	13.6	13.6	13.5	13.3	12.6	12.4	12.3	11.8	10.8	9.5	9.1
\$80,000 under \$90,000.....	16.7	17.5	16.1	16.2	15.5	15.1	14.6	14.7	14.6	14.4	14.5	14.2	13.3	13.4	13.4	12.9	11.5	10.1	9.6
\$90,000 under \$100,000.....	16.8	18.1	17.1	16.8	16.1	15.5	15.2	15.3	15.4	15.5	15.2	15.2	14.5	14.0	14.2	13.6	12.7	11.0	10.4
\$100,000 under \$125,000.....	18.3	19.3	18.0	17.7	16.9	16.6	16.2	16.3	16.3	16.2	16.1	16.0	15.2	15.4	15.4	14.9	13.8	12.0	11.7
\$125,000 under \$150,000.....	19.0	20.6	19.6	18.8	18.0	17.3	17.2	17.7	17.4	17.4	17.3	16.7	16.6	16.6	16.6	16.2	15.2	13.6	13.0
\$150,000 under \$175,000.....	19.3	21.2	20.6	20.0	19.1	18.3	17.8	18.0	18.5	18.1	18.4	18.2	17.1	17.5	17.5	17.0	15.9	14.3	14.1
\$175,000 under \$200,000.....	20.3	22.5	21.6	20.7	20.0	18.6	19.0	19.1	19.4	19.2	18.9	18.8	18.1	18.4	18.0	17.8	16.8	15.3	14.9
\$200,000 under \$300,000.....	22.6	23.8	22.3	21.5	21.4	20.5	20.2	21.4	21.5	21.5	21.3	20.4	19.4	19.9	20.2	19.5	18.5	17.1	17.0
\$300,000 under \$400,000.....	22.6	24.5	22.6	21.9	21.5	21.6	21.6	23.5	23.7	23.7	23.1	24.0	21.5	21.3	21.7	21.3	20.5	19.2	18.9
\$400,000 under \$500,000.....	23.4	26.5	23.2	22.7	22.3	23.0	21.4	25.4	24.8	25.1	25.0	24.3	22.6	23.2	21.5	22.2	21.8	20.2	19.7
\$500,000 under \$1,000,000.....	23.7	26.7	23.5	22.0	21.7	23.5	22.6	26.3	26.1	26.7	27.1	26.1	24.3	24.0	24.3	24.2	23.7	21.7	20.7
\$1,000,000 or more.....	21.4	26.8	24.5	23.2	23.2	25.2	26.1	29.5	30.1	30.4	29.8	27.5	26.2	26.1	26.0	27.0	26.7	23.4	21.8



## Section 2

## Description of the Sample

This section describes the sample design and selection, the method of estimation, the sampling variability of the estimates, and the methodology of computing confidence intervals.

### Domain of Study

The statistics in this report are estimates from a probability sample of unaudited Individual Income Tax Returns, Forms 1040, 1040A, and 1040EZ (including electronic returns) filed by U.S. citizens and residents during Calendar Year 2005.

All returns processed during 2005 were subjected to sampling except tentative and amended returns. Tentative returns were not subjected to sampling because the revised returns may have been sampled later, while amended returns were excluded because the original returns had already been subjected to sampling. A small percentage of returns were not identified as tentative or amended until after sampling. These returns, along with those that contained no income information, were excluded in calculating estimates. This resulted in a small difference between the population total (133,189,982 returns) reported in Table C and the estimated total of all returns (132,226,042) reported in other tables.

The estimates in this report are intended to represent all returns filed for Tax Year 2004. While most of the returns processed during Calendar Year 2005 were for Tax Year 2004, the remaining returns were mostly for prior years, and a few for non-

calendar years ending during 2005 and 2006. Returns for prior years were used in place of 2004 returns received and processed after December 31, 2005. This was done based on the assumption that the characteristics of returns due, but not yet processed, can best be represented by the returns for previous income years that were processed in 2005.

### Sample Design and Selection

The sample design is a stratified probability sample, in which the population of tax returns is classified into subpopulations, called strata, and a sample is randomly selected independently from each stratum. Strata are defined by:

1. Nontaxable (including no alternative minimum tax) with adjusted gross income or expanded income of \$200,000 or more.
2. High combined business and farm total receipts of \$50,000,000 or more.
3. Presence or absence of special Forms or Schedules (Form 2555, Form 1116, Form 1040 Schedule C, and Form 1040 Schedule F).
4. Indexed positive or negative income. Sixty variables are used to derive positive and negative incomes. These positive and negative income classes are deflated using the Chain-Type Price Index for the Gross Domestic

*Valerie Testa, and Jana Scali designed the sample and prepared the text and tables in this section under the direction of Yahia Ahmed, Chief, Mathematical Statistics Section, Statistical Computing Branch.*

Product to represent a base year of 1991. (See footnote 1 for details.)

5. Potential usefulness of the return for tax policy modeling. Thirty-two variables are used to determine how useful the return is for tax modeling purposes.

Table C shows the population and sample count for each stratum after collapsing some strata with the same sampling rates. (See references 1 and 2 for details.) The sampling rates range from 0.05 percent to 100 percent.

Tax data processed to the IRS Individual Master File at the Enterprise Computing Center at Martinsburg during Calendar Year 2005 were used to assign each taxpayer's record to the appropriate stratum and to determine whether or not the record should be included in the sample. Records are selected for the sample either if they possess certain combinations of the four ending digits of the social security number, or if their ending five digits of an eleven-digit number generated by a mathematical transformation of the SSN is less than or equal to the stratum sampling rate times 100,000. (See reference 3 for details.)

## Data Capture and Cleaning

Data capture for the SOI sample begins with the designation of a sample of administrative records. While the sample was being selected, the process was continually monitored for sample selection and data collection errors. In addition, a small subsample of returns was selected and independently reviewed, analyzed, and processed for a quality evaluation.

The administrative data and controlling information for each record designated for this sample was loaded onto an online database at the Cincinnati Submission Processing Center. Computer data for the selected administrative records were then used to identify inconsistencies, questionable values, and missing values as well as any additional variables that an editor needed to extract for each record. The editors use a hardcopy of the taxpayer's return to enter the required information onto the online system.

After the completion of service center review, data were further validated, tested, and balanced.

Adjustments and imputations for selected fields based on prior year data and other available information were used to make each record internally consistent. Finally, prior to publication, all statistics and tables were reviewed for accuracy and reasonableness in light of provisions of the tax law, taxpayer reporting variations and limitations, economic conditions, and comparability with other statistical series.

Some returns designated for the sample were not available for SOI processing because other areas of IRS needed the return at the same time. For Tax Year 2004, 0.03 percent of the sample returns were unavailable.

## Method of Estimation

Weights were obtained by dividing the population count of returns in a stratum by the number of sample returns for that stratum. The weights were adjusted to correct for misclassified returns. These weights were applied to the sample data to produce all of the estimates in this report.

## Sampling Variability and Confidence Intervals

The sample used in this study is one of a large number of samples that could have been selected using the same sample design. The estimates calculated from these different samples would vary. The standard error (SE) of an estimate is a measure of the variation among the estimates from the possible samples and, thus, is a measure of the precision with which an estimate from a particular sample approximates the average of the estimates calculated from all possible samples.

The standard error may be expressed as a percentage of the value being estimated. This ratio is called the coefficient of variation (CV). Tables 1.4 CV, 2.1 CV, and 3.3 CV contain estimated CV's for the estimates included in Tables 1.4, 2.1, and 3.3 of this report.

The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that the interval includes the population value. If all possible samples were selected under essentially the same conditions and an estimate and its estimated standard error were calculated from each sample,

then:

1. About 68 percent of the intervals from one standard error below the estimate to one standard error above the estimate would include the population value. This is a 68 percent confidence interval.
2. About 95 percent of the intervals from two standard errors below the estimate to two standard errors above the estimate would include the population value. This is a 95 percent confidence interval.

For example, from Table 1.4, the estimate for State Income Tax Refunds,  $X$ , is \$22.736 billion, and its related coefficient of variation,  $CV(X)$ , is 0.86 percent. The standard error of the estimate,  $SE(X)$ , needed to construct the confidence interval estimate, is:

$$\begin{aligned} SE(X) &= X \cdot CV(X) \\ &= (\$22.736 \times 10^9) \cdot (0.0086) \\ &= \$0.196 \text{ billion} \end{aligned}$$

The  $p$  percent confidence interval is calculated using the formula:

$$X \pm z \cdot SE(X)$$

where  $z$  takes the value 1, 2, or 3 when  $p$  is 68, 95, or 99, respectively. Based on these data, the 68 percent confidence interval is from \$22.540 billion to \$22.932 billion, the 95 percent confidence interval is from \$22.344 billion to \$23.128 billion, and the 99 percent confidence interval is from \$22.148 billion to \$20.324 billion.

## Table Presentation

Whenever a weighted frequency is less than 3, the estimate and its corresponding amount are combined or deleted in order to avoid disclosure of information for specific taxpayers. (The combined or deleted data, if any, are included in the corresponding column totals.) These combinations and deletions are indicated by a double asterisk (\*\*). Estimates based on less than 10 sampled returns are considered to be unreliable. These estimates are noted by a single asterisk (\*) to the

left of the data unless all of the sampled returns are selected with certainty (at the 100 percent rate).

In the tables, a dash (-) in place of a frequency or an amount indicates that either no returns in the population had the characteristic or the characteristic was so rare that it did not appear on any of the sampled returns.

## Footnote

- [1] Indexing of positive and negative income is done by dividing each by the ratio of the Chain-Type Price Index for the Gross Domestic Product for the fourth quarter of 2003 to the fourth quarter of the base year of 1991. The indices were calculated using the Gross Domestic Product (GDP) Chain-type Price Index found in the table titles "Quantity and Price Indexes for Gross Domestic Product" released to the public on November 30, 2004 on the BEA web site (<http://www.bea.doc.gov/>).

## References

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- [2] Schirm, A. L., and Czajka, J. L. (1991), "Alternative Designs for a Cross-Sectional Sample of Individual Tax Returns: the Old and the New," *Proceedings of the Section on Survey Research Methods*, American Statistical Association, 163-168.
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Table C.—Number of Individual Income Tax Returns in the Population and Sample by Sampling Strata for 2004

Description of the sample strata	Degree of interest <sup>2</sup>	Number of Returns by type of form attached										Number of returns	
		Form 1040, with Form 1116 or Form 2555		Form 1040, with Schedule C but without Form 1116 or Form 2555		Form 1040, with Schedule F but without Schedule C, Form 1116 or Form 2555		Form 1040, with other Schedules and Forms and Forms 1040A and 1040EZ		Population counts <sup>1</sup>	Sample counts		
		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)				
Grand total		3,688,868	46,697	20,052,763	43,942	1,427,583	4,760	108,034,085	98,696	133,189,982	200,778	133,189,982	200,778
Form 1040 returns only with adjusted gross income or expanded income of \$200,000 and over, with no income tax after credits and no additional tax for tax preferences, total										6,505	178	6,505	178
Form 1040 returns only with combined Schedule C (business or profession) total receipts of \$50,000,000 and over, total										178	178	133,183,299	194,095
Other Returns, total													
Total													
Indexed Negative Income <sup>3</sup>													
\$10,000,000 or more	All	242	242	697	697	108	108	845	845	1,892	1,892	1,892	1,892
\$5,000,000 under \$10,000,000	All	417	417	990	990	210	210	1,447	1,447	3,064	3,064	3,064	3,064
\$2,000,000 under \$5,000,000	All	2,035	699	4,102	1,322	726	256	5,261	1,749	12,124	4,026	12,124	4,026
\$1,000,000 under \$2,000,000	All	4,403	671	9,192	1,472	1,766	279	10,786	1,731	26,147	4,153	26,147	4,153
\$500,000 under \$1,000,000	All	10,415	324	24,507	766	4,714	151	26,805	858	66,441	2,099	66,441	2,099
\$250,000 under \$500,000	All	20,975	211	59,035	565	10,861	94	62,785	555	153,656	1,425	153,656	1,425
\$120,000 under \$250,000	All	37,144	158	125,430	595	19,099	93	140,833	633	322,506	1,479	322,506	1,479
\$60,000 under \$120,000	All	42,408	121	172,137	462	21,046	52	217,998	534	453,589	1,169	453,589	1,169
Under \$60,000	All	41,023	46	459,847	646	41,575	53	976,112	1,399	1,518,557	2,144	1,518,557	2,144
Indexed Positive Income <sup>3</sup>													
Under \$30,000	1												
Under \$30,000	2	175,666	102	2,440,092	1,207	93,783	44	30,799,302	15,352	28,393,907	14,198	30,799,302	15,352
\$30,000 under \$60,000	3-4	178,959	188	4,176,753	4,294	140,706	148	25,684,366	12,845	9,974,894	10,271	28,393,907	14,198
\$30,000 under \$60,000	1-2	376,516	193	1,862,501	939	171,110	98	21,359,440	10,472	23,769,567	11,702	23,769,567	11,702
\$60,000 under \$120,000	3-4	367,139	395	3,584,561	3,818	245,425	254	5,781,145	6,186	9,978,270	10,653	9,978,270	10,653
\$60,000 under \$120,000	1-3	618,393	310	2,168,210	1,113	226,259	114	11,002,701	5,401	14,015,563	6,938	14,015,563	6,938
\$120,000 under \$250,000	4	436,723	419	2,547,035	2,654	186,873	177	2,779,015	2,783	5,949,646	6,033	5,949,646	6,033
\$120,000 under \$250,000	1-3	222,958	302	392,164	570	89,557	127	1,226,001	1,809	1,930,680	2,808	1,930,680	2,808
\$250,000 under \$500,000	4	508,907	1,431	1,343,683	3,883	84,710	205	1,668,048	4,696	3,605,348	10,215	3,605,348	10,215
\$250,000 under \$500,000	All	344,844	2,391	490,735	3,259	63,717	399	581,488	3,840	1,480,784	9,889	1,480,784	9,889
\$500,000 under \$1,000,000	All	163,004	3,941	141,047	3,647	18,673	437	162,056	3,908	484,780	11,933	484,780	11,933
\$1,000,000 under \$2,000,000	All	66,302	8,307	35,618	4,376	4,757	575	47,444	5,696	156,121	18,954	156,121	18,954
\$2,000,000 under \$5,000,000	All	33,357	10,791	11,350	3,590	1,535	513	16,866	5,451	63,108	20,345	63,108	20,345
\$5,000,000 under \$10,000,000	All	9,066	9,066	2,124	2,124	258	258	3,304	3,304	14,752	14,752	14,752	14,752
\$10,000,000 or more	All	5,972	5,972	953	953	115	115	1,561	1,561	8,601	8,601	8,601	8,601

<sup>1</sup> This population includes an estimated 963,940 returns that were excluded from other tables in this report because they contained no income information or represented amended or tentative returns identified after sampling.

<sup>2</sup> Each population member is assigned a degree of interest based on how useful it is for tax modeling purposes. Degree of interest ranges from one (1) to four (4), with a one being assigned to returns that are the least interesting, and a four being assigned to those that are the most interesting. 'All' refers to income classes for which returns with all four degrees of interest are assigned.

<sup>3</sup> Positive and Negative Income classes are divided by a Chain-Type Price Index for the Gross Domestic Product of 1 2510 to represent a base year of 1991.



# Section 3

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*Tony Hall and Lori Hentz were responsible for programming the Basic Tables. Table 1.4CV, 2.1CV, and 3.3CV were programmed by Valerie Puckett. Review of tables was performed by Michael Parisi.*

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**Table 1.1--Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income**

(All figures are estimates based on samples--money amounts are in thousands of dollars except as indicated)

Size and accumulated size of adjusted gross income	All returns					Taxable returns													
	Number of returns (1)	Percent of total (2)	Adjusted gross income less deficit		Number of returns (6)	Percent of total (7)	Adjusted gross income less deficit		Number of returns (11)	Percent of total (12)	Income tax after credits		Number of returns (13)	Percent of total (14)	Amount (15)	Amount (16)	Total (17)	Percentage of Taxable income (18)	Average income tax (dollars) (20)
			Amount (3)	Percent of total (4)			Amount (5)	Percent of total (8)			Amount (9)	Percent of total (10)							
<b>Size of Adjusted Gross Income</b>																			
<b>Total.....</b>	<b>132,226,042</b>	<b>100.0</b>	<b>6,788,805,130</b>	<b>100.0</b>	<b>89,101,934</b>	<b>100.0</b>	<b>51,342</b>	<b>89,101,934</b>	<b>100.0</b>	<b>831,976,333</b>	<b>100.0</b>	<b>831,975,834</b>	<b>89,101,934</b>	<b>100.0</b>	<b>831,975,834</b>	<b>831,976,333</b>	<b>100.0</b>	<b>18.2</b>	<b>9,337</b>
No adjusted gross income.....	1,854,886	1.4	-86,318,215	(Z)	4,556	(Z)	-46,536	4,556	(X)	86,064	(Z)	86,064	4,556	(Z)	86,064	86,064	(X)	18,890	
\$1 under \$5,000.....	11,670,444	8.8	31,096,322	0.5	753,517	0.5	2,665	753,517	(Z)	55,075	(Z)	55,075	753,517	(Z)	55,075	55,075	(Z)	73	
\$5,000 under \$10,000.....	12,135,418	9.2	90,875,410	1.3	3,883,897	1.3	7,488	3,883,897	(Z)	713,105	(Z)	713,105	3,883,897	(Z)	713,105	713,105	(Z)	184	
\$10,000 under \$15,000.....	11,656,193	8.8	145,142,373	2.1	5,672,790	2.1	12,452	5,672,790	(Z)	2,491,501	(Z)	2,491,501	5,672,790	(Z)	2,491,501	2,491,501	(Z)	439	
\$15,000 under \$20,000.....	11,281,290	8.5	197,081,477	2.9	17,470	2.9	17,470	6,143,869	(Z)	5,218,298	(Z)	5,218,298	17,470	(Z)	5,218,298	5,218,298	(Z)	849	
\$20,000 under \$25,000.....	9,705,192	7.3	217,844,588	3.2	22,446	3.2	22,446	5,932,734	(Z)	7,894,860	(Z)	7,894,860	5,932,734	(Z)	7,894,860	7,894,860	(Z)	1,331	
\$25,000 under \$30,000.....	8,512,113	6.4	233,540,422	3.4	27,436	3.4	27,436	5,850,586	(Z)	10,675,322	(Z)	10,675,322	5,850,586	(Z)	10,675,322	10,675,322	(Z)	1,825	
\$30,000 under \$40,000.....	13,915,452	10.5	482,760,301	7.1	34,692	7.1	34,692	11,283,839	(Z)	28,213,041	(Z)	28,213,041	11,283,839	(Z)	28,213,041	28,213,041	(Z)	2,500	
\$40,000 under \$50,000.....	10,571,409	8.0	473,380,843	7.0	44,779	7.0	44,779	9,467,339	(Z)	33,915,521	(Z)	33,915,521	9,467,339	(Z)	33,915,521	33,915,521	(Z)	3,582	
\$50,000 under \$75,000.....	18,047,126	13.6	1,109,616,155	16.3	61,484	16.3	61,484	17,350,625	(Z)	92,955,349	(Z)	92,955,349	17,350,625	(Z)	92,955,349	92,955,349	(Z)	5,357	
\$75,000 under \$100,000.....	10,119,515	7.7	872,398,173	12.9	86,209	12.9	86,209	10,021,150	(Z)	85,557,202	(Z)	85,557,202	10,021,150	(Z)	85,557,202	85,557,202	(Z)	8,538	
\$100,000 under \$200,000.....	9,735,569	7.4	1,288,319,611	19.0	132,331	19.0	132,331	9,718,430	(Z)	10,675,322	(Z)	10,675,322	9,718,430	(Z)	10,675,322	10,675,322	(Z)	1,825	
\$200,000 under \$500,000.....	2,348,163	1.8	676,794,600	10.0	288,223	10.0	288,223	2,345,868	(Z)	28,213,041	(Z)	28,213,041	2,345,868	(Z)	28,213,041	28,213,041	(Z)	2,500	
\$500,000 under \$1,000,000.....	433,145	0.3	293,369,864	4.3	677,302	4.3	677,302	432,783	(Z)	33,915,521	(Z)	33,915,521	432,783	(Z)	33,915,521	33,915,521	(Z)	3,582	
\$1,000,000 under \$1,500,000.....	103,964	0.1	125,552,750	1.8	1,207,656	1.8	1,207,656	103,887	(Z)	5,218,298	(Z)	5,218,298	103,887	(Z)	5,218,298	5,218,298	(Z)	849	
\$1,500,000 under \$2,000,000.....	45,104	(Z)	77,754,758	1.1	1,723,899	1.1	1,723,899	45,065	(Z)	7,894,860	(Z)	7,894,860	45,065	(Z)	7,894,860	7,894,860	(Z)	1,331	
\$2,000,000 under \$5,000,000.....	65,548	(Z)	194,470,800	2.9	2,966,846	2.9	2,966,846	65,501	(Z)	10,675,322	(Z)	10,675,322	65,501	(Z)	10,675,322	10,675,322	(Z)	1,825	
\$5,000,000 under \$10,000,000.....	15,835	(Z)	108,191,995	1.6	6,832,459	1.6	6,832,459	15,827	(Z)	25,756,207	(Z)	25,756,207	15,827	(Z)	25,756,207	25,756,207	(Z)	5,357	
\$10,000,000 or more.....	9,677	(Z)	256,932,933	3.8	26,550,887	3.8	26,550,887	9,672	(Z)	54,202,160	(Z)	54,202,160	9,672	(Z)	54,202,160	54,202,160	(Z)	1,331	
<b>Size and accumulated size of adjusted gross income</b>																			
<b>Total.....</b>	<b>89,085,918</b>	<b>100.0</b>	<b>4,561,930,225</b>	<b>100.0</b>	<b>89,101,934</b>	<b>100.0</b>	<b>831,975,834</b>	<b>89,101,934</b>	<b>100.0</b>	<b>831,975,834</b>	<b>100.0</b>	<b>831,975,834</b>	<b>89,101,934</b>	<b>100.0</b>	<b>831,975,834</b>	<b>831,976,333</b>	<b>100.0</b>	<b>18.2</b>	<b>9,337</b>
No adjusted gross income.....	--	--	--	--	4,556	(Z)	86,064	4,556	(Z)	86,064	(Z)	86,064	4,556	(Z)	86,064	86,064	(X)	18,890	
\$1 under \$5,000.....	753,472	0.8	634,863	0.1	753,517	0.8	55,075	753,517	(Z)	55,075	(Z)	55,075	753,517	(Z)	55,075	55,075	(Z)	73	
\$5,000 under \$10,000.....	3,883,753	4.3	7,519,618	0.2	3,883,897	4.3	713,105	3,883,897	(Z)	713,105	(Z)	713,105	3,883,897	(Z)	713,105	713,105	(Z)	184	
\$10,000 under \$15,000.....	5,672,642	6.3	25,956,920	0.6	5,672,790	6.3	12,452	5,672,790	(Z)	2,491,501	(Z)	2,491,501	5,672,790	(Z)	2,491,501	2,491,501	(Z)	439	
\$15,000 under \$20,000.....	6,143,669	6.9	49,150,506	1.1	6,143,869	6.9	17,470	6,143,869	(Z)	5,218,298	(Z)	5,218,298	6,143,869	(Z)	5,218,298	5,218,298	(Z)	849	
\$20,000 under \$25,000.....	5,932,700	6.7	70,186,016	1.5	5,932,734	6.7	7,894,860	5,932,734	(Z)	7,894,860	(Z)	7,894,860	5,932,734	(Z)	7,894,860	7,894,860	(Z)	1,331	
\$25,000 under \$30,000.....	5,850,577	6.6	93,847,694	2.1	5,850,586	6.6	10,675,322	5,850,586	(Z)	10,675,322	(Z)	10,675,322	5,850,586	(Z)	10,675,322	10,675,322	(Z)	1,825	
\$30,000 under \$40,000.....	11,283,822	12.7	243,141,006	5.3	11,283,839	12.7	28,213,041	11,283,839	(Z)	28,213,041	(Z)	28,213,041	11,283,839	(Z)	28,213,041	28,213,041	(Z)	2,500	
\$40,000 under \$50,000.....	9,467,311	10.6	274,229,656	6.0	9,467,339	10.6	33,915,521	9,467,339	(Z)	33,915,521	(Z)	33,915,521	9,467,339	(Z)	33,915,521	33,915,521	(Z)	3,582	
\$50,000 under \$75,000.....	17,349,074	19.4	716,600,109	15.7	17,350,625	19.4	92,955,349	17,350,625	(Z)	92,955,349	(Z)	92,955,349	17,350,625	(Z)	92,955,349	92,955,349	(Z)	5,357	
\$75,000 under \$100,000.....	10,017,941	11.2	608,245,670	13.3	10,021,150	11.2	85,557,202	10,021,150	(Z)	85,557,202	(Z)	85,557,202	10,021,150	(Z)	85,557,202	85,557,202	(Z)	8,538	
\$100,000 under \$200,000.....	9,714,864	10.9	962,402,713	21.1	9,718,430	10.9	175,205,533	9,718,430	(Z)	175,205,533	(Z)	175,205,533	9,718,430	(Z)	175,205,533	175,205,533	(Z)	1,825	
\$200,000 under \$500,000.....	2,344,191	2.6	565,494,806	12.4	2,345,868	2.6	139,227,163	2,345,868	(Z)	139,227,163	(Z)	139,227,163	2,345,868	(Z)	139,227,163	139,227,163	(Z)	2,500	
\$500,000 under \$1,000,000.....	432,358	0.5	260,061,711	5.7	432,783	0.5	71,339,293	432,783	(Z)	71,339,293	(Z)	71,339,293	432,783	(Z)	71,339,293	71,339,293	(Z)	3,582	
\$1,000,000 under \$1,500,000.....	103,814	0.1	112,671,268	2.5	103,887	0.1	31,072,424	103,887	(Z)	31,072,424	(Z)	31,072,424	103,887	(Z)	31,072,424	31,072,424	(Z)	2,500	
\$1,500,000 under \$2,000,000.....	45,050	0.0	69,935,884	1.5	45,065	0.0	19,435,618	45,065	(Z)	19,435,618	(Z)	19,435,618	45,065	(Z)	19,435,618	19,435,618	(Z)	849	
\$2,000,000 under \$5,000,000.....	65,417	0.0	176,056,872	3.9	65,501	0.0	47,962,099	65,501	(Z)	47,962,099	(Z)	47,962,099	65,501	(Z)	47,962,099	47,962,099	(Z)	1,825	
\$5,000,000 under \$10,000,000.....	15,810	0.0	97,901,784	2.1	15,827	0.0	25,756,207	15,827	(Z)	25,756,207	(Z)	25,756,207	15,827	(Z)	25,756,207	25,756,207	(Z)	5,357	
\$10,000,000 or more.....	9,656	0.0	227,893,131	5.0	9,672	0.0	54,202,160	9,672	(Z)	54,202,160	(Z)	54,202,160	9,672	(Z)	54,202,160	54,202,160	(Z)	1,331	

Footnotes at end of table



**Table 1.1--Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income--Continued**  
 (All figures are estimates based on samples--money amounts are in thousands of dollars except as indicated)

Size and accumulated size of adjusted gross income	All returns				Taxable returns				Total income tax											
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
<b>Accumulated from Largest Size of Adjusted Gross Income</b>																				
\$10,000,000 or more.....	9,677	(Z)	256,932,933	3.8	26,550,887	9,672	(Z)	256,725,173	4.1											
\$5,000,000 or more.....	25,512	(Z)	365,124,928	5.4	14,311,890	25,499	(Z)	364,860,804	5.8											
\$2,000,000 or more.....	91,060	0.1	559,595,728	8.2	6,145,352	91,000	0.1	559,197,421	8.9											
\$1,500,000 or more.....	136,163	0.1	637,350,486	9.4	4,680,791	136,064	0.2	636,885,872	10.2											
\$1,000,000 or more.....	240,127	0.2	762,903,235	11.2	3,177,082	239,951	0.3	782,347,363	12.2											
\$500,000 or more.....	673,272	0.5	1,056,273,099	15.6	1,568,865	672,734	0.8	1,055,470,385	16.8											
\$200,000 or more.....	3,021,435	2.3	1,733,067,699	25.5	573,591	3,018,602	3.4	1,731,617,145	27.6											
\$100,000 or more.....	12,757,004	9.6	3,021,387,310	44.5	236,841	12,737,032	14.3	3,017,732,076	48.2											
\$75,000 or more.....	22,876,519	17.3	3,893,785,483	57.4	170,209	22,758,182	25.5	3,881,811,119	62.0											
\$50,000 or more.....	40,923,646	30.9	5,003,401,638	73.7	122,262	40,108,807	45.0	4,950,510,188	79.0											
\$40,000 or more.....	51,495,054	38.9	5,476,782,481	80.7	106,356	49,576,146	55.6	5,375,003,641	85.8											
\$30,000 or more.....	65,410,506	49.5	5,959,542,782	87.8	91,110	60,859,985	68.3	5,767,434,036	92.1											
\$25,000 or more.....	73,922,619	55.9	6,193,083,203	91.2	83,778	66,710,571	74.9	5,928,404,923	94.6											
\$20,000 or more.....	83,627,811	63.2	6,410,927,761	94.4	76,660	72,643,305	81.5	6,061,662,391	96.7											
\$15,000 or more.....	94,909,102	71.8	6,608,009,239	97.3	69,625	78,787,175	88.4	6,169,482,805	98.5											
\$10,000 or more.....	106,565,295	80.6	6,753,151,612	99.5	63,371	84,459,964	94.8	6,240,114,935	99.6											
\$5,000 or more.....	118,700,712	89.8	6,844,027,022	100.0	57,658	88,343,862	99.1	6,269,994,062	100.0											
\$1 or more.....	130,371,156	98.6	6,875,123,345	100.0	52,735	89,097,379	100.0	6,272,036,538	100.0											
<b>All returns.....</b>	<b>132,226,042</b>	<b>100.0</b>	<b>6,788,805,130</b>	<b>98.7<sup>1</sup></b>	<b>51,342</b>	<b>89,101,934</b>	<b>100.0</b>	<b>6,265,500,376</b>	<b>99.1</b>											
<b>Size and accumulated size of adjusted gross income</b>																				
<b>Accumulated from Largest Size of Adjusted Gross Income</b>																				
\$10,000,000 or more.....	9,656	227,893,131	5.0	9,672	54,202,160	6.5	54,202,568	23.8	6.5	5,604,070										
\$5,000,000 or more.....	25,466	325,794,914	7.1	25,499	79,958,367	9.6	79,958,840	24.5	9.6	3,135,764										
\$2,000,000 or more.....	90,882	501,851,786	11.0	91,000	127,920,466	15.4	127,920,944	25.5	15.4	1,405,725										
\$1,500,000 or more.....	135,932	571,787,670	12.5	136,064	147,356,083	17.7	147,356,569	25.8	17.7	1,082,995										
\$1,000,000 or more.....	239,746	684,458,938	15.0	239,951	178,428,507	21.4	178,428,993	26.1	21.4	743,606										
\$500,000 or more.....	672,104	944,520,648	20.7	672,734	249,767,800	30.0	249,768,299	26.4	30.0	371,273										
\$200,000 or more.....	3,016,295	1,510,015,454	33.1	3,018,602	388,994,963	46.8	388,995,462	25.8	46.8	128,866										
\$100,000 or more.....	12,730,958	2,472,418,167	54.2	12,737,032	564,200,495	67.8	564,200,995	22.8	67.8	44,296										
\$75,000 or more.....	22,748,899	3,080,663,837	67.5	22,758,182	649,757,697	78.1	649,758,197	16.7	78.1	28,551										
\$50,000 or more.....	40,097,974	3,797,263,946	83.2	40,108,807	742,713,047	89.3	742,713,546	15.0	89.3	18,517										
\$40,000 or more.....	49,565,285	4,071,493,602	89.2	49,576,146	776,628,567	93.3	776,629,067	14.4	93.3	15,665										
\$30,000 or more.....	60,849,107	4,314,634,608	94.6	60,859,985	804,841,608	96.7	804,842,108	14.0	96.7	13,224										
\$25,000 or more.....	66,699,684	4,408,482,302	96.6	66,710,571	815,516,930	98.0	815,517,429	13.8	98.0	12,225										
\$20,000 or more.....	72,632,384	4,478,668,318	98.2	72,643,305	823,411,790	99.0	823,412,289	18.5	99.0	11,335										
\$15,000 or more.....	78,776,052	4,527,818,824	99.3	78,787,175	828,630,088	99.6	828,630,588	18.3	99.6	10,517										
\$10,000 or more.....	84,448,693	4,553,775,745	99.8	84,459,964	831,121,590	99.9	831,122,089	13.3	99.9	9,840										
\$5,000 or more.....	88,332,446	4,561,295,363	100.0	88,343,862	831,834,694	100.0	831,835,194	18.2	100.0	9,416										
\$1 or more.....	89,085,918	4,561,930,225	100.0	89,097,379	831,885,769	100.0	831,890,269	18.2	100.0	9,337										
<b>All returns.....</b>	<b>89,085,918</b>	<b>4,561,930,225</b>	<b>100.0</b>	<b>89,101,934</b>	<b>831,975,834</b>	<b>100.0</b>	<b>831,976,333</b>	<b>18.2</b>	<b>100.0</b>	<b>9,337</b>										

(X) Percentage not computed.  
 (Z) Less than 0.05 percent.  
<sup>1</sup> Percentage less than 100 because of inclusion of negative AGI.  
 NOTE: Detail may not add to totals because of rounding.

**Table 1.2--All Returns: Adjusted Gross Income, Exemptions, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	All returns												
	Number of returns (1)	Adjusted gross income less deficit (2)	Exemption amount (3)	Total itemized deductions (4)	Amount (5)	Number of returns (6)	Standard deduction (7)	Amount (7)	Number of returns (8)	Amount (9)	Number of returns (10)	Income tax after credits (11)	Number of returns (12)
<b>All returns, total</b> .....	132,226,042	6,788,805,130	800,690,043	46,335,237	998,238,457	84,016,753	560,932,618	102,737,959	4,670,165,637	89,101,934	831,975,834	89,101,934	831,976,333
No adjusted gross income.....	1,854,886	-86,318,215	9,328,549	-	4,563,499	11,339,898	49,720,468	770,661	640,562	4,556	86,064	4,556	86,064
\$1 under \$5,000.....	11,670,444	31,096,322	28,260,727	327,379	8,961,384	11,492,586	67,270,648	4,568,607	8,104,274	753,517	55,075	753,517	55,075
\$5,000 under \$10,000.....	12,135,417	90,875,411	47,859,542	642,831	10,786,646	10,573,534	68,526,530	6,711,012	28,646,575	3,883,897	713,105	3,883,897	713,105
\$10,000 under \$15,000.....	11,656,193	145,142,372	61,225,777	1,078,646	13,922,621	10,873,534	66,631,234	8,675,478	58,941,087	5,672,789	2,491,501	5,672,789	2,491,501
\$15,000 under \$20,000.....	11,281,291	197,081,478	64,117,918	1,408,086	18,598,549	9,872,234	55,187,684	8,869,385	88,185,851	6,143,870	5,218,299	6,143,870	5,218,299
\$20,000 under \$25,000.....	9,705,192	217,844,558	58,055,864	1,591,869	20,703,604	8,113,323	55,187,684	8,869,385	88,185,851	5,932,734	7,894,860	5,932,734	7,894,860
\$25,000 under \$30,000.....	8,512,113	233,540,422	51,723,895	1,897,697	25,375,405	6,608,405	45,705,709	8,190,735	113,029,249	5,850,586	10,675,322	5,850,586	10,675,322
\$30,000 under \$40,000.....	13,915,452	482,760,301	86,956,596	4,539,560	61,387,536	9,373,908	67,148,116	13,667,201	269,409,156	11,283,839	28,213,041	11,283,839	28,213,041
\$40,000 under \$50,000.....	10,571,408	473,380,843	71,178,328	4,654,789	67,716,878	5,913,645	45,726,118	10,483,803	290,236,146	9,467,339	33,915,521	9,467,339	33,915,521
\$50,000 under \$75,000.....	18,047,126	1,109,616,155	138,329,228	10,658,288	179,370,959	7,388,958	63,725,680	17,969,103	729,503,069	17,350,625	92,955,349	17,350,625	92,955,349
\$75,000 under \$100,000.....	10,119,515	872,398,173	86,941,148	7,926,317	155,165,381	2,193,198	20,501,299	10,092,898	610,458,963	10,021,150	85,557,202	10,021,150	85,557,202
\$100,000 under \$200,000.....	9,735,569	1,288,319,611	86,428,817	8,776,391	230,552,717	959,177	9,079,330	9,722,061	962,802,185	9,718,430	175,205,533	9,718,430	175,205,533
\$200,000 under \$500,000.....	2,348,163	676,794,600	10,483,853	2,215,675	100,098,177	132,485	1,199,054	2,344,766	565,602,397	2,345,868	139,227,163	2,345,868	139,227,163
\$500,000 under \$1,000,000.....	483,145	293,369,864	-	398,317	33,134,642	**55,502	**510,748	432,469	260,116,504	432,783	71,339,293	432,783	71,339,306
\$1,000,000 under \$1,500,000.....	103,964	125,552,749	-	93,599	12,808,118	**	**	103,839	112,688,920	103,886	31,072,424	103,886	31,072,424
\$1,500,000 under \$2,000,000.....	45,104	77,754,757	-	40,698	7,798,955	**	**	45,055	69,942,269	45,065	19,435,618	45,065	19,435,625
\$2,000,000 under \$5,000,000.....	65,548	194,470,800	-	60,674	18,568,009	**	**	65,421	176,063,515	65,501	47,962,099	65,501	47,962,105
\$5,000,000 under \$10,000,000.....	15,835	108,191,995	-	15,036	10,347,550	**	**	15,810	97,901,784	15,827	25,756,207	15,827	25,756,272
\$10,000,000 or more.....	9,677	256,932,933	-	9,404	29,164,477	**	**	9,656	227,893,131	9,672	54,202,159	9,672	54,202,568
<b>Taxable returns, total</b> .....	<b>89,101,934</b>	<b>6,265,500,376</b>	<b>507,549,144</b>	<b>40,289,338</b>	<b>877,914,918</b>	<b>48,794,049</b>	<b>325,932,620</b>	<b>89,085,918</b>	<b>4,561,930,225</b>	<b>89,101,934</b>	<b>831,975,834</b>	<b>89,101,934</b>	<b>831,976,333</b>
No adjusted gross income.....	4,556	-6,536,163	27,546	-	-	-	-	-	-	4,556	86,064	4,556	86,064
\$1 under \$5,000.....	753,517	2,042,476	370	9,563	14,650	743,954	1,396,000	753,472	634,863	753,517	55,075	753,517	55,075
\$5,000 under \$10,000.....	3,883,897	29,879,127	3,889,152	33,562	121,481	3,850,335	18,351,970	3,883,753	7,519,617	3,883,897	713,105	3,883,897	713,105
\$10,000 under \$15,000.....	5,672,789	70,632,129	15,226,002	344,344	2,441,242	5,326,439	27,009,143	5,672,641	25,956,921	5,672,789	2,491,501	5,672,789	2,491,501
\$15,000 under \$20,000.....	6,143,870	107,820,415	21,217,181	675,561	5,892,563	5,467,338	31,565,177	6,143,669	49,150,506	6,143,870	5,218,299	6,143,870	5,218,299
\$20,000 under \$25,000.....	5,932,734	133,257,467	22,847,617	957,788	9,704,507	4,974,946	30,520,902	5,932,700	70,186,016	5,932,734	7,894,860	5,932,734	7,894,860
\$25,000 under \$30,000.....	5,850,586	160,970,887	24,427,436	1,239,225	13,608,796	4,605,349	29,088,591	5,850,577	93,847,694	5,850,586	10,675,322	5,850,586	10,675,322
\$30,000 under \$40,000.....	11,283,839	392,430,395	54,557,609	3,528,911	42,084,718	7,752,944	52,675,700	11,283,822	243,141,006	11,283,839	28,213,041	11,283,839	28,213,041
\$40,000 under \$50,000.....	9,467,339	424,493,453	55,492,053	4,015,285	53,453,254	5,449,080	41,320,799	9,467,311	274,229,656	9,467,339	33,915,521	9,467,339	33,915,521
\$50,000 under \$75,000.....	17,350,625	1,068,699,069	127,727,148	10,082,909	161,658,337	7,287,716	62,754,820	17,349,074	716,600,109	17,350,625	92,955,349	17,350,625	92,955,349
\$75,000 under \$100,000.....	10,021,150	864,079,043	85,408,967	7,831,712	150,059,749	2,189,438	20,464,870	10,017,941	602,405,670	10,021,150	85,557,202	10,021,150	85,557,202
\$100,000 under \$200,000.....	9,718,430	1,286,114,931	86,252,377	8,759,756	228,609,463	958,673	9,076,399	9,714,664	968,242,713	9,718,430	175,205,533	9,718,430	175,205,533
\$200,000 under \$500,000.....	2,345,868	676,146,760	10,475,686	2,213,502	99,366,543	132,363	1,198,141	2,344,191	565,494,806	2,345,868	139,227,163	2,345,868	139,227,163
\$500,000 under \$1,000,000.....	432,783	293,123,022	-	397,980	32,867,502	**55,475	**510,508	432,358	260,061,711	432,783	71,339,293	432,783	71,339,306
\$1,000,000 or more.....	239,951	762,347,363	-	219,238	78,052,114	**	**	239,746	684,458,938	239,951	178,428,507	239,951	178,428,993
<b>Non-taxable returns, total</b> .....	<b>43,124,107</b>	<b>523,304,754</b>	<b>293,140,899</b>	<b>6,045,899</b>	<b>120,323,539</b>	<b>35,222,705</b>	<b>234,999,798</b>	<b>13,652,040</b>	<b>108,235,412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Footnotes at end of table

**Table 1.2--All Returns: Adjusted Gross Income, Exemptions, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns of married persons filing jointly											
	Adjusted gross income less deficit		Total itemized deductions		Standard deduction		Taxable income		Income tax after credits		Total income tax	
	Number of returns (14)	(15)	Number of returns (17)	Amount (18)	Number of returns (19)	Amount (20)	Number of returns (21)	Amount (22)	Number of returns (23)	Amount (24)	Number of returns (25)	Amount (26)
<b>All returns, total</b> .....	<b>51,975,649</b>	<b>4,501,739,478</b>	<b>27,604,020</b>	<b>698,017,575</b>	<b>23,823,437</b>	<b>240,178,496</b>	<b>44,398,778</b>	<b>3,204,355,055</b>	<b>39,485,293</b>	<b>592,808,580</b>	<b>39,485,293</b>	<b>592,808,873</b>
No adjusted gross income.....	548,151	-53,817,732	-	-	-	-	-	-	2,189	48,148	2,189	48,148
\$1 under \$5,000.....	752,063	2,004,202	79,395	1,534,306	672,668	6,987,211	-	-	*39	*220	*39	*220
\$5,000 under \$10,000.....	1,240,687	9,562,031	136,149	2,452,779	1,104,539	11,324,811	-	-	*17	*38	*17	*38
\$10,000 under \$15,000.....	2,051,802	25,967,229	212,562	3,740,977	1,839,240	18,988,477	*2,006	*2,113	*2,049	*450	*2,049	*450
\$15,000 under \$20,000.....	2,639,435	46,339,624	418,312	6,924,378	2,221,122	22,861,048	853,113	1,346,967	698,016	109,220	698,016	109,220
\$20,000 under \$25,000.....	2,377,057	53,466,088	466,802	8,041,571	1,910,256	19,361,123	1,723,869	7,573,873	1,086,806	523,031	1,086,806	523,031
\$25,000 under \$30,000.....	2,397,392	65,929,278	538,754	9,263,798	1,858,639	18,646,883	2,156,898	17,079,652	1,133,085	994,708	1,133,085	994,708
\$30,000 under \$40,000.....	4,683,398	163,389,242	1,325,566	22,545,899	3,357,832	33,573,541	4,511,987	63,639,684	2,958,767	4,442,765	2,958,767	4,442,765
\$40,000 under \$50,000.....	4,693,089	211,000,571	1,785,458	30,830,589	2,907,632	28,931,649	4,636,172	107,223,397	3,748,642	8,820,366	3,748,642	8,820,366
\$50,000 under \$75,000.....	11,522,550	718,061,560	6,378,086	113,510,378	5,144,464	51,171,467	11,472,574	443,821,054	10,890,037	46,158,685	10,890,037	46,158,685
\$75,000 under \$100,000.....	8,158,583	705,009,094	6,297,921	124,907,372	1,860,662	18,669,295	8,141,905	482,945,730	8,069,006	61,250,430	8,069,006	61,250,430
\$100,000 under \$200,000.....	8,342,152	1,105,724,102	7,539,607	198,523,335	802,544	8,192,772	8,333,617	818,220,339	8,329,227	144,194,087	8,329,227	144,194,087
\$200,000 under \$500,000.....	1,997,961	575,616,727	1,898,614	84,790,899	99,348	1,021,039	1,996,054	479,941,968	1,996,458	117,739,773	1,996,458	117,739,773
\$500,000 under \$1,000,000.....	371,272	250,786,883	343,806	28,087,877	27,425	277,535	370,790	222,557,036	371,024	61,461,496	371,024	61,461,496
\$1,000,000 under \$1,500,000.....	87,162	105,308,418	78,582	10,541,531	8,570	86,300	87,051	94,714,942	87,098	26,369,452	87,098	26,369,452
\$1,500,000 under \$2,000,000.....	37,703	65,025,436	34,065	6,356,565	3,638	36,510	37,668	58,646,167	37,676	16,464,182	37,676	16,464,190
\$2,000,000 under \$5,000,000.....	54,604	161,676,419	50,565	15,021,485	4,039	40,620	54,513	146,747,411	54,571	40,352,595	54,571	40,352,601
\$5,000,000 under \$10,000,000.....	12,891	88,199,145	12,277	8,345,789	615	6,133	12,870	79,898,082	12,885	21,186,596	12,885	21,186,596
\$10,000,000 or more.....	7,705	202,491,161	7,499	22,598,097	206	2,081	7,691	179,996,641	7,702	42,692,338	7,702	42,692,618
<b>Taxable returns, total</b> .....	<b>39,485,293</b>	<b>4,267,433,853</b>	<b>24,437,294</b>	<b>628,531,236</b>	<b>15,045,769</b>	<b>152,046,065</b>	<b>39,476,558</b>	<b>3,152,293,566</b>	<b>39,485,293</b>	<b>592,808,580</b>	<b>39,485,293</b>	<b>592,808,873</b>
No adjusted gross income.....	2,189	-4,468,013	-	-	-	-	-	-	2,189	48,148	2,189	48,148
\$1 under \$5,000.....	*39	*69	4	2,356	35	340	-	-	*39	*220	*39	*220
\$5,000 under \$10,000.....	*17	*101	**18	**1,690	-	-	-	-	*17	*38	*17	*38
\$10,000 under \$15,000.....	*2,049	*30,512	**	**	2,048	16,150	*2,006	*2,113	*2,049	*450	*2,049	*450
\$15,000 under \$20,000.....	698,016	12,882,604	36,422	424,250	661,594	6,971,541	697,847	1,140,834	698,016	109,220	698,016	109,220
\$20,000 under \$25,000.....	1,086,806	24,400,178	163,353	2,116,764	923,453	9,775,994	1,086,774	5,621,082	1,086,806	523,031	1,086,806	523,031
\$25,000 under \$30,000.....	1,133,085	31,241,725	215,892	3,115,507	917,193	9,515,943	1,133,082	11,237,529	1,133,085	994,708	1,133,085	994,708
\$30,000 under \$40,000.....	2,958,767	103,623,425	748,096	11,564,080	2,210,671	22,454,457	2,958,760	48,308,481	2,958,767	4,442,765	2,958,767	4,442,765
\$40,000 under \$50,000.....	3,748,642	169,064,843	1,267,122	19,883,249	2,481,520	24,799,123	3,748,626	93,300,239	3,748,642	8,820,366	3,748,642	8,820,366
\$50,000 under \$75,000.....	10,890,037	680,890,952	5,843,885	98,728,867	5,046,151	50,218,431	10,889,618	431,713,480	10,890,037	46,158,685	10,890,037	46,158,685
\$75,000 under \$100,000.....	8,069,006	697,440,210	6,212,102	120,759,733	1,856,905	18,632,876	8,066,966	480,732,864	8,069,006	61,250,430	8,069,006	61,250,430
\$100,000 under \$200,000.....	8,329,227	1,104,104,981	7,526,782	197,198,202	802,445	8,191,818	8,326,796	817,882,155	8,329,227	144,194,087	8,329,227	144,194,087
\$200,000 under \$500,000.....	1,996,458	575,190,100	1,897,174	84,301,846	99,285	1,020,417	1,995,611	479,862,915	1,996,458	117,739,773	1,996,458	117,739,773
\$500,000 under \$1,000,000.....	371,024	250,616,865	343,576	27,899,537	27,407	277,361	370,706	222,515,122	371,024	61,461,496	371,024	61,461,496
\$1,000,000 or more.....	199,933	622,415,302	182,869	62,535,155	17,064	171,614	199,763	559,976,732	199,933	147,065,164	199,933	147,065,456
<b>Nontaxable returns, total</b> .....	<b>12,490,356</b>	<b>234,305,625</b>	<b>3,166,726</b>	<b>69,486,340</b>	<b>8,777,668</b>	<b>88,132,431</b>	<b>4,922,221</b>	<b>52,061,490</b>	-	-	-	-

Footnotes at end of table

**Table 1.2--All Returns: Adjusted Gross Income, Exemptions, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status--Continued**  
(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns of married persons filing separately												Total income tax	
	Number of returns (27)	Adjusted gross income less deficit (28)	Exemption amount (29)	Total itemized deductions (30)		Standard deduction (32)		Taxable income (34)		Income tax after credits (36)		Total income tax (38)		
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
All returns, total.....	2,453,292	114,656,473	10,070,481	1,157,982	19,294,334	1,210,744	5,897,044	2,141,432	88,132,234	2,043,973	17,084,690	2,043,973	17,084,690	
No adjusted gross income.....	67,636	-6,839,022	314,221	-	-	-	-	-	-	98	2,596	98	2,596	
\$1 under \$5,000.....	101,708	227,364	375,730	**86,251	**534,386	87,079	418,203	-	-	**3	**34	**3	**34	
\$5,000 under \$10,000.....	150,416	1,171,709	555,588	**	**	122,247	593,338	62,348	90,965	62,355	9,549	62,355	9,549	
\$10,000 under \$15,000.....	200,867	2,488,065	778,077	**	**	152,428	740,199	174,557	778,512	162,621	71,901	162,621	71,901	
\$15,000 under \$20,000.....	218,349	3,825,939	857,073	42,918	268,349	174,460	848,287	213,995	1,864,530	181,237	185,224	181,237	185,224	
\$20,000 under \$25,000.....	241,520	5,423,730	992,367	**196,189	**1,752,575	153,775	753,277	235,209	2,961,924	215,222	322,176	215,222	322,176	
\$25,000 under \$30,000.....	258,814	7,143,686	1,030,245	**	**	144,358	701,252	254,580	4,424,242	244,686	520,041	244,686	520,041	
\$30,000 under \$40,000.....	416,605	14,423,988	1,856,046	209,734	2,417,875	204,887	1,006,443	411,357	9,382,470	394,276	1,145,404	394,276	1,145,404	
\$40,000 under \$50,000.....	285,103	12,825,129	1,329,866	**537,824	**7,609,569	95,688	464,968	**607,441	**22,910,750	277,132	1,226,775	277,132	1,226,775	
\$50,000 under \$75,000.....	329,720	19,773,491	1,436,410	**	**	57,028	278,018	**	**	324,169	2,405,772	324,169	2,405,772	
\$75,000 under \$100,000.....	90,359	7,809,436	414,770	**	**	**16,502	**81,771	**152,132	**12,784,926	90,160	1,223,755	90,160	1,223,755	
\$100,000 under \$200,000.....	62,103	8,346,118	130,088	57,269	1,472,122	**	**	**	**	62,044	1,562,037	62,044	1,562,037	
\$200,000 under \$500,000.....	19,824	5,834,021	-	18,355	1,066,207	**1,989	**9,777	19,588	4,833,614	19,732	1,299,694	19,732	1,299,694	
\$500,000 under \$1,000,000.....	5,152	3,562,792	-	4,629	555,770	**	**	5,132	3,008,023	5,137	845,030	5,137	845,030	
\$1,000,000 under \$1,500,000.....	1,452	1,750,368	-	1,316	208,499	136	668	1,450	1,542,044	1,450	366,986	1,450	366,986	
\$1,500,000 under \$2,000,000.....	935	1,628,300	-	870	206,805	**93	**468	927	1,424,244	928	382,038	928	382,038	
\$2,000,000 under \$5,000,000.....	1,643	4,962,768	-	1,573	604,762	70	352	1,636	4,393,343	1,641	1,156,981	1,641	1,156,981	
\$5,000,000 under \$10,000,000.....	571	3,954,226	-	543	463,262	**	**	569	3,502,088	570	887,774	570	887,774	
\$10,000,000 or more.....	514	16,344,366	-	509	2,134,152	5	24	511	14,230,560	513	3,470,922	513	3,470,922	
<b>Taxable returns, total.....</b>	<b>2,043,973</b>	<b>116,272,591</b>	<b>7,813,078</b>	<b>1,046,386</b>	<b>17,077,933</b>	<b>983,538</b>	<b>4,803,830</b>	<b>2,043,570</b>	<b>87,364,786</b>	<b>2,043,973</b>	<b>17,084,690</b>	<b>2,043,973</b>	<b>17,084,690</b>	
No adjusted gross income.....	98	-675,844	385	-	-	-	-	-	-	98	2,596	98	2,596	
\$1 under \$5,000.....	**3	**9	9	3	312	-	-	-	-	**3	**34	**3	**34	
\$5,000 under \$10,000.....	62,355	534,669	180,166	12,447	23,368	49,908	240,919	62,348	90,965	62,355	9,549	62,355	9,549	
\$10,000 under \$15,000.....	162,621	2,038,771	517,962	31,221	121,212	129,993	634,451	162,621	765,147	162,621	71,901	162,621	71,901	
\$15,000 under \$20,000.....	181,237	3,174,248	597,457	34,667	173,939	145,579	708,215	181,237	1,694,638	181,237	185,224	181,237	185,224	
\$20,000 under \$25,000.....	215,222	4,822,790	767,228	67,436	516,353	147,786	724,229	215,222	2,814,981	215,222	322,176	215,222	322,176	
\$25,000 under \$30,000.....	244,686	6,754,513	921,404	98,267	832,950	140,408	662,287	244,686	4,317,872	244,686	520,041	244,686	520,041	
\$30,000 under \$40,000.....	394,276	13,649,426	1,638,655	192,351	1,838,386	199,942	982,462	394,276	9,189,923	394,276	1,145,404	394,276	1,145,404	
\$40,000 under \$50,000.....	277,132	12,463,447	1,252,534	179,404	1,987,707	94,753	460,436	**601,300	**22,786,845	277,132	1,226,775	277,132	1,226,775	
\$50,000 under \$75,000.....	324,169	19,419,964	1,393,497	267,141	3,724,433	57,028	278,018	**	**	324,169	2,405,772	324,169	2,405,772	
\$75,000 under \$100,000.....	90,160	7,792,829	413,829	78,493	1,263,106	**16,479	**81,662	90,119	6,058,262	90,160	1,223,755	90,160	1,223,755	
\$100,000 under \$200,000.....	62,044	8,337,731	129,950	57,231	1,464,059	**	**	61,988	6,723,184	62,044	1,562,037	62,044	1,562,037	
\$200,000 under \$500,000.....	19,732	5,806,807	-	18,291	1,043,605	**1,959	**9,639	19,553	4,824,366	19,732	1,299,694	19,732	1,299,694	
\$500,000 under \$1,000,000.....	5,137	3,553,040	-	4,616	545,462	**	**	5,128	3,006,324	5,137	845,030	5,137	845,030	
\$1,000,000 or more.....	5,102	28,600,191	-	4,798	3,543,043	304	1,512	5,093	25,092,279	5,102	6,264,701	5,102	6,264,701	
<b>Nontaxable returns, total.....</b>	<b>409,319</b>	<b>-1,616,118</b>	<b>2,257,403</b>	<b>111,596</b>	<b>2,216,402</b>	<b>227,206</b>	<b>1,093,214</b>	<b>97,862</b>	<b>767,448</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Footnotes at end of table



**Table 1.2--All Returns: Adjusted Gross Income, Exemptions, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status--Continued**  
(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns of head of households												Total income tax	
	Number of returns (40)	Adjusted gross income less deficit (41)	Exemption amount (42)	Total itemized deductions (43)		Standard deduction (45)		Taxable income (47)		Income tax after credits (49)		Number of returns (51)	Amount (52)	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount			
All returns, total.....	19,647,748	567,794,802	152,941,655	4,248,708	71,236,664	15,245,110	109,351,997	13,351,825	276,681,672	6,879,852	32,979,526	6,879,852	32,979,539	
No adjusted gross income.....	153,929	-2,918,712	1,496,823	-	-	-	-	-	-	270	1,635	270	1,635	
\$1 under \$5,000.....	902,014	2,754,696	6,864,697	22,406	373,286	879,608	6,300,984	-	-	-	-	-	-	
\$5,000 under \$10,000.....	2,152,294	16,531,150	16,557,447	54,774	662,364	2,097,520	15,047,623	-	-	-	-	-	-	
\$10,000 under \$15,000.....	2,717,369	34,289,214	22,025,547	112,860	1,373,777	2,644,489	18,997,134	471,316	474,424	90,491	12,575	90,491	12,575	
\$15,000 under \$20,000.....	2,715,309	47,538,677	21,634,647	164,850	2,042,361	2,550,460	18,283,466	2,098,533	7,063,815	257,442	111,647	257,442	111,647	
\$20,000 under \$25,000.....	2,526,231	56,639,612	20,532,503	245,444	3,075,701	2,280,787	16,341,958	2,426,000	17,164,499	320,102	233,693	320,102	233,693	
\$25,000 under \$30,000.....	1,960,599	53,627,327	15,546,769	362,150	4,820,545	1,598,449	11,459,879	1,921,541	22,072,609	689,861	660,728	689,861	660,728	
\$30,000 under \$40,000.....	2,587,202	88,483,653	19,938,773	863,027	11,827,301	1,704,175	12,218,627	2,537,984	44,751,801	1,777,835	2,834,275	1,777,835	2,834,275	
\$40,000 under \$50,000.....	1,546,815	69,125,304	11,639,326	711,909	10,289,366	834,906	5,988,574	1,539,323	41,260,642	1,419,187	3,875,439	1,419,187	3,875,439	
\$50,000 under \$75,000.....	1,634,327	98,075,907	11,830,247	1,071,877	18,760,080	562,450	4,045,723	1,627,648	63,730,443	1,595,155	7,958,645	1,595,155	7,958,645	
\$75,000 under \$100,000.....	412,977	35,460,807	2,924,929	354,850	7,435,776	58,127	421,026	**662,395	**48,931,580	411,052	4,186,536	411,052	4,186,536	
\$100,000 under \$200,000.....	251,495	32,604,754	1,818,458	222,955	6,379,553	28,540	206,690	**	**	251,368	4,983,258	251,368	4,983,258	
\$200,000 under \$500,000.....	53,967	15,396,289	131,490	50,200	2,245,411	**4,994	**35,907	53,887	12,996,642	53,888	3,347,384	53,888	3,347,384	
\$500,000 under \$1,000,000.....	8,264	5,828,513	-	7,036	597,084	**	**	8,247	5,229,714	8,250	1,380,780	8,250	1,380,793	
\$1,000,000 under \$1,500,000.....	2,290	2,717,235	-	2,011	288,387	279	2,049	2,287	2,426,917	2,288	625,395	2,288	625,395	
\$1,500,000 under \$2,000,000.....	991	1,690,878	-	808	164,835	183	1,319	990	1,524,731	990	409,424	990	409,424	
\$2,000,000 under \$5,000,000.....	1,148	3,331,113	-	1,034	303,705	114	829	1,146	3,032,812	1,147	817,779	1,147	817,779	
\$5,000,000 under \$10,000,000.....	326	2,222,565	-	306	207,612	20	150	326	2,014,803	326	525,352	326	525,352	
\$10,000,000 or more.....	201	4,395,820	-	193	389,521	8	58	201	4,006,242	201	1,014,982	201	1,014,982	
<b>Taxable returns, total.....</b>	<b>6,879,852</b>	<b>356,881,394</b>	<b>46,009,829</b>	<b>2,984,035</b>	<b>51,742,548</b>	<b>3,895,548</b>	<b>28,067,763</b>	<b>6,879,375</b>	<b>231,191,709</b>	<b>6,879,852</b>	<b>32,979,526</b>	<b>6,879,852</b>	<b>32,979,539</b>	
No adjusted gross income.....	270	-107,281	1,804	-	-	-	-	-	-	270	1,635	270	1,635	
\$1 under \$5,000.....	-	-	-	-	-	-	-	-	-	-	-	-	-	
\$5,000 under \$10,000.....	-	-	-	-	-	-	-	-	-	-	-	-	-	
\$10,000 under \$15,000.....	90,491	1,228,559	401,806	2,971	28,806	87,521	663,514	90,491	134,433	90,491	12,575	90,491	12,575	
\$15,000 under \$20,000.....	257,442	4,494,330	1,380,760	27,945	289,017	229,497	1,683,481	257,442	1,161,071	257,442	111,647	257,442	111,647	
\$20,000 under \$25,000.....	320,102	7,252,883	1,822,013	39,503	444,597	280,599	2,032,360	320,102	2,953,913	320,102	233,693	320,102	233,693	
\$25,000 under \$30,000.....	689,861	19,155,247	4,094,758	99,454	1,128,834	590,407	4,247,718	689,855	9,684,176	689,861	660,728	689,861	660,728	
\$30,000 under \$40,000.....	1,777,835	61,953,029	11,904,976	520,530	6,338,090	1,257,305	9,020,095	1,777,835	34,689,868	1,777,835	2,834,275	1,777,835	2,834,275	
\$40,000 under \$50,000.....	1,419,187	63,606,944	10,127,712	621,800	8,467,758	797,388	5,720,314	1,419,187	39,293,160	1,419,187	3,875,439	1,419,187	3,875,439	
\$50,000 under \$75,000.....	1,595,155	95,860,967	11,423,689	1,034,574	17,287,774	560,581	4,032,359	1,595,111	63,122,686	1,595,155	7,958,645	1,595,155	7,958,645	
\$75,000 under \$100,000.....	411,052	35,300,341	2,903,697	352,925	7,250,502	58,127	421,026	**662,285	**48,925,936	411,052	4,186,536	411,052	4,186,536	
\$100,000 under \$200,000.....	251,368	32,589,782	1,817,349	222,837	6,367,762	28,532	206,631	**	**	251,368	4,983,258	251,368	4,983,258	
\$200,000 under \$500,000.....	53,888	15,374,709	131,265	50,127	2,224,143	**4,987	**35,857	53,872	12,993,478	53,888	3,347,384	53,888	3,347,384	
\$500,000 under \$1,000,000.....	8,250	5,818,723	-	7,023	587,749	**	**	8,243	5,227,457	8,250	1,380,780	8,250	1,380,793	
\$1,000,000 or more.....	4,952	14,351,158	-	4,347	1,347,515	605	4,405	4,950	13,005,504	4,952	3,392,932	4,952	3,392,932	
<b>Nontaxable returns, total.....</b>	<b>12,767,895</b>	<b>210,913,409</b>	<b>106,931,827</b>	<b>1,264,674</b>	<b>19,494,116</b>	<b>11,348,562</b>	<b>81,284,234</b>	<b>6,472,450</b>	<b>45,489,963</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Footnotes at end of table

**Table 1.2--All Returns: Adjusted Gross Income, Exemptions, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns of surviving spouses												
	Number of returns (53)	Adjusted gross income less deficit (54)	Exemption amount (55)	Total itemized deductions		Standard deduction		Taxable income		Income tax after credits		Total income tax	
				Number of returns (56)	Amount (57)	Number of returns (58)	Amount (59)	Number of returns (60)	Amount (61)	Number of returns (62)	Amount (63)	Number of returns (64)	Amount (65)
<b>All returns, total</b> .....	82,188	3,764,512	642,800	21,958	540,067	59,802	587,297	61,949	2,142,384	43,652	334,820	43,652	334,820
No adjusted gross income.....	*428	*-31,651	2,703	-	-	-	-	-	-	-	-	-	-
\$1 under \$5,000.....	*972	*3,190	9,041	**	**	971	9,421	-	-	-	-	-	-
\$5,000 under \$10,000.....	*2,980	*24,729	18,482	**	**	2,979	28,895	-	-	-	-	-	-
\$10,000 under \$15,000.....	*10,942	*131,537	86,594	**2,002	**19,811	8,943	87,665	-	-	-	-	-	-
\$15,000 under \$20,000.....	*9,876	*170,463	73,209	-	-	9,876	96,321	*4,977	*10,389	*4,006	*816	*4,006	*816
\$20,000 under \$25,000.....	*9,024	*206,236	62,173	**	**	9,023	89,421	*9,023	*54,629	*2,000	*678	*2,000	*678
\$25,000 under \$30,000.....	*7,981	*216,530	61,681	**2,001	**22,167	5,982	59,959	*7,981	*72,759	*3,011	*1,705	*3,011	*1,705
\$30,000 under \$40,000.....	*14,972	*494,647	120,711	2,998	33,912	11,973	116,142	*14,972	*223,881	*9,988	*7,121	*9,988	*7,121
\$40,000 under \$50,000.....	*7,462	*341,895	62,910	**10,333	**219,533	2,974	30,788	**13,867	**363,853	*7,105	*11,226	*7,105	*11,226
\$50,000 under \$75,000.....	*6,404	*345,123	52,085	**	**	4,213	40,866	**	**	*6,404	*22,867	*6,404	*22,867
\$75,000 under \$100,000.....	*3,653	*304,273	32,910	**	**	-	-	*3,653	*188,381	*3,653	*24,455	*3,653	*24,455
\$100,000 under \$200,000.....	7,019	888,546	60,129	4,161	173,272	2,859	27,728	7,007	631,092	7,015	99,000	7,015	99,000
\$200,000 under \$500,000.....	183	83,871	172	183	9,100	-	-	*180	*74,637	*180	*21,913	*180	*21,913
\$500,000 under \$1,000,000.....	*190	*138,881	-	190	15,143	-	-	*190	*123,739	*190	*26,025	*190	*26,025
\$1,000,000 under \$1,500,000.....	*31	*37,197	-	31	4,649	-	-	*31	*32,548	*31	*10,432	*31	*10,432
\$1,500,000 under \$2,000,000.....	*41	*69,261	-	33	4,676	**9	**90	*41	*64,505	*41	*19,892	*41	*19,892
\$2,000,000 under \$5,000,000.....	*15	*41,748	-	15	4,976	-	-	*15	*36,772	*15	*11,914	*15	*11,914
\$5,000,000 under \$10,000,000.....	*7	*51,861	-	6	5,773	**	**	*7	*46,079	*7	*12,682	*7	*12,682
\$10,000,000 or more.....	*5	*246,176	-	5	27,056	-	-	*5	*219,120	*5	*64,095	*5	*64,095
<b>Taxable returns, total</b> .....	<b>43,652</b>	<b>3,057,805</b>	<b>322,457</b>	<b>17,591</b>	<b>486,692</b>	<b>26,061</b>	<b>258,166</b>	<b>43,644</b>	<b>1,994,044</b>	<b>43,652</b>	<b>334,820</b>	<b>43,652</b>	<b>334,820</b>
No adjusted gross income.....	-	-	-	-	-	-	-	-	-	-	-	-	-
\$1 under \$5,000.....	-	-	-	-	-	-	-	-	-	-	-	-	-
\$5,000 under \$10,000.....	-	-	-	-	-	-	-	-	-	-	-	-	-
\$10,000 under \$15,000.....	-	-	-	-	-	-	-	-	-	-	-	-	-
\$15,000 under \$20,000.....	*4,006	*71,242	24,635	-	-	4,006	38,455	*4,006	*8,152	*4,006	*816	*4,006	*816
\$20,000 under \$25,000.....	*2,000	*40,503	12,397	-	-	2,000	21,295	*2,000	*6,811	*2,000	*678	*2,000	*678
\$25,000 under \$30,000.....	*3,011	*80,375	18,667	-	-	3,011	31,143	*3,011	*30,564	*3,011	*1,705	*3,011	*1,705
\$30,000 under \$40,000.....	*9,988	*332,834	61,925	2,998	33,912	6,990	67,801	*9,988	*169,196	*9,988	*7,121	*9,988	*7,121
\$40,000 under \$50,000.....	*7,105	*327,203	59,597	**9,975	**209,374	2,974	30,788	**13,509	**362,448	*7,105	*11,226	*7,105	*11,226
\$50,000 under \$75,000.....	*6,404	*345,052	52,076	**	**	4,213	40,866	**	**	*6,404	*22,867	*6,404	*22,867
\$75,000 under \$100,000.....	*3,653	*304,179	32,904	**	**	-	-	*3,653	*188,381	*3,653	*24,455	*3,653	*24,455
\$100,000 under \$200,000.....	7,015	888,130	60,101	4,157	172,762	2,859	27,728	7,007	631,092	7,015	99,000	7,015	99,000
\$200,000 under \$500,000.....	*180	*83,163	155	180	8,371	-	-	*180	*74,637	*180	*21,913	*180	*21,913
\$500,000 under \$1,000,000.....	*190	*138,881	-	190	15,143	-	-	*190	*123,739	*190	*26,025	*190	*26,025
\$1,000,000 or more.....	100	446,243	-	90	47,130	9	89	100	399,024	100	119,015	100	119,015
<b>Nontaxable returns, total</b> .....	<b>38,536</b>	<b>706,707</b>	<b>320,343</b>	<b>4,367</b>	<b>53,375</b>	<b>33,741</b>	<b>329,131</b>	<b>18,306</b>	<b>148,341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Footnotes at end of table

**Table 1.2--All Returns: Adjusted Gross Income, Exemptions, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status--Continued**  
(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns of single persons										Total income tax												
	(66)	(67)	(68)	(69)		(70)		(71)		(72)		(73)		(74)		(75)		(76)		(77)		(78)	
Number of returns	Adjusted gross income less deficit	Exemption amount	Number of returns	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
<b>All returns, total</b> .....	58,067,165	1,600,849,865	159,174,952	13,302,569	209,149,816	43,677,660	204,917,785	42,783,974	1,098,854,291	40,649,164	188,768,217	40,649,164	188,768,217	40,649,164	188,768,217	40,649,164	188,768,217	40,649,164	188,768,217	40,649,164	188,768,217	40,649,164	188,768,217
No. adjusted gross income.....	1,084,742	-22,711,098	2,461,091	--	--	--	--	--	--	--	--	--	--	--	--	--	--	1,999	33,685	1,999	33,685	1,999	33,685
\$1 under \$5,000.....	9,913,686	26,106,871	14,967,097	211,921	2,594,266	9,699,571	36,004,649	770,661	640,562	9,699,571	36,004,649	770,661	640,562	9,699,571	36,004,649	770,661	640,562	753,475	54,821	753,475	54,821	753,475	54,821
\$5,000 under \$10,000.....	8,989,040	63,585,792	20,167,722	423,739	5,680,927	8,165,301	40,275,981	4,506,259	8,013,309	8,165,301	40,275,981	4,506,259	8,013,309	8,165,301	40,275,981	4,506,259	8,013,309	3,821,525	703,518	3,821,525	703,518	3,821,525	703,518
\$10,000 under \$15,000.....	6,635,212	82,266,327	19,907,393	706,778	8,480,624	5,928,435	29,713,055	6,063,132	27,391,527	5,928,435	29,713,055	6,063,132	27,391,527	5,928,435	29,713,055	6,063,132	27,391,527	5,417,628	2,406,576	5,417,628	2,406,576	5,417,628	2,406,576
\$15,000 under \$20,000.....	5,698,322	99,206,775	18,247,066	782,006	9,363,460	4,916,316	24,542,112	5,004,860	48,655,386	4,916,316	24,542,112	5,004,860	48,655,386	4,916,316	24,542,112	5,004,860	48,655,386	5,003,170	4,811,392	5,003,170	4,811,392	5,003,170	4,811,392
\$20,000 under \$25,000.....	4,551,359	102,108,893	14,706,632	791,878	8,851,639	3,759,482	18,641,904	4,475,283	60,430,927	3,759,482	18,641,904	4,475,283	60,430,927	3,759,482	18,641,904	4,475,283	60,430,927	4,308,604	6,815,282	4,308,604	6,815,282	4,308,604	6,815,282
\$25,000 under \$30,000.....	3,887,327	106,623,601	12,694,951	886,350	10,251,013	3,000,977	14,837,736	3,849,735	69,379,986	3,000,977	14,837,736	3,849,735	69,379,986	3,000,977	14,837,736	3,849,735	69,379,986	3,779,944	8,498,140	3,779,944	8,498,140	3,779,944	8,498,140
\$30,000 under \$40,000.....	6,233,277	215,968,771	20,170,857	2,138,235	24,562,550	4,095,041	20,233,364	6,190,902	151,411,321	4,095,041	20,233,364	6,190,902	151,411,321	4,095,041	20,233,364	6,190,902	151,411,321	6,142,973	19,783,476	6,142,973	19,783,476	6,142,973	19,783,476
\$40,000 under \$50,000.....	4,038,939	180,087,944	13,068,088	1,966,494	24,268,687	2,072,445	10,310,139	4,018,757	132,759,660	2,072,445	10,310,139	4,018,757	132,759,660	2,072,445	10,310,139	4,018,757	132,759,660	4,015,273	19,981,716	4,015,273	19,981,716	4,015,273	19,981,716
\$50,000 under \$75,000.....	4,554,123	273,360,074	14,690,521	2,933,420	43,050,122	1,620,703	8,189,605	4,537,125	207,669,416	1,620,703	8,189,605	4,537,125	207,669,416	1,620,703	8,189,605	4,537,125	207,669,416	4,534,860	36,409,380	4,534,860	36,409,380	4,534,860	36,409,380
\$75,000 under \$100,000.....	1,453,942	123,814,563	4,681,195	1,191,201	21,371,786	**383,141	**1,981,348	1,446,168	96,541,357	**383,141	**1,981,348	1,446,168	96,541,357	**383,141	**1,981,348	1,446,168	96,541,357	1,447,278	18,872,027	1,447,278	18,872,027	1,447,278	18,872,027
\$100,000 under \$200,000.....	1,072,800	140,756,091	3,285,890	952,399	24,004,431	**	**	1,068,082	113,017,744	**	**	1,068,082	113,017,744	**	**	1,068,082	113,017,744	1,068,777	24,367,150	1,068,777	24,367,150	1,068,777	24,367,150
\$200,000 under \$500,000.....	276,228	79,863,692	126,451	248,323	11,986,561	27,905	143,789	275,057	67,755,536	27,905	143,789	275,057	67,755,536	27,905	143,789	275,057	67,755,536	275,610	16,818,399	275,610	16,818,399	275,610	16,818,399
\$500,000 under \$1,000,000.....	48,267	33,052,794	--	42,655	3,878,769	5,612	29,842	48,110	29,197,991	5,612	29,842	48,110	29,197,991	5,612	29,842	48,110	29,197,991	48,182	7,625,962	48,182	7,625,962	48,182	7,625,962
\$1,000,000 under \$1,500,000.....	13,039	15,739,532	--	11,659	1,765,052	1,380	7,207	13,020	13,972,470	1,380	7,207	13,020	13,972,470	1,380	7,207	13,020	13,972,470	13,020	3,700,158	13,020	3,700,158	13,020	3,700,158
\$1,500,000 under \$2,000,000.....	5,434	9,340,884	--	4,922	1,066,084	512	2,677	5,428	8,282,622	512	2,677	5,428	8,282,622	512	2,677	5,428	8,282,622	5,430	2,160,081	5,430	2,160,081	5,430	2,160,081
\$2,000,000 under \$5,000,000.....	8,138	24,458,752	--	7,487	2,633,080	651	3,419	8,112	21,853,177	651	3,419	8,112	21,853,177	651	3,419	8,112	21,853,177	8,127	5,622,830	8,127	5,622,830	8,127	5,622,830
\$5,000,000 under \$10,000,000.....	2,039	13,764,199	--	1,904	1,325,115	135	693	2,037	12,440,732	135	693	2,037	12,440,732	135	693	2,037	12,440,732	2,038	3,143,804	2,038	3,143,804	2,038	3,143,804
\$10,000,000 or more.....	1,252	33,455,409	--	1,198	4,015,651	54	266	1,248	29,440,568	54	266	1,248	29,440,568	54	266	1,248	29,440,568	1,250	6,959,821	1,250	6,959,821	1,250	6,959,821
<b>Taxable returns, total</b> .....	40,649,164	1,521,654,733	113,545,073	11,804,032	180,076,510	28,843,132	140,756,987	40,642,772	1,089,086,121	28,843,132	140,756,987	40,642,772	1,089,086,121	28,843,132	140,756,987	40,642,772	1,089,086,121	40,649,164	188,768,217	40,649,164	188,768,217	40,649,164	188,768,217
No. adjusted gross income.....	1,999	-1,285,025	6,268	--	--	--	--	--	--	--	--	--	--	--	--	--	--	1,999	33,685	1,999	33,685	1,999	33,685
\$1 under \$5,000.....	753,475	2,042,399	10	9,556	11,983	743,919	1,395,660	753,472	634,863	743,919	1,395,660	753,472	634,863	743,919	1,395,660	753,472	634,863	753,475	54,821	753,475	54,821	753,475	54,821
\$5,000 under \$10,000.....	3,821,525	29,344,358	3,708,803	21,098	96,446	3,800,427	18,111,051	3,821,406	7,428,653	3,800,427	18,111,051	3,821,406	7,428,653	3,800,427	18,111,051	3,821,406	7,428,653	3,821,525	703,518	3,821,525	703,518	3,821,525	703,518
\$10,000 under \$15,000.....	5,417,628	67,334,287	14,293,797	310,151	2,291,202	5,107,477	25,695,028	5,417,522	25,055,229	5,107,477	25,695,028	5,417,522	25,055,229	5,107,477	25,695,028	5,417,522	25,055,229	5,417,628	2,406,576	5,417,628	2,406,576	5,417,628	2,406,576
\$15,000 under \$20,000.....	5,003,170	87,197,990	14,863,608	576,507	5,025,357	4,426,663	22,163,485	5,003,138	45,145,812	4,426,663	22,163,485	5,003,138	45,145,812	4,426,663	22,163,485	5,003,138	45,145,812	5,003,170	4,811,392	5,003,170	4,811,392	5,003,170	4,811,392
\$20,000 under \$25,000.....	4,308,604	96,741,114	13,358,153	687,496	6,626,794	3,621,108	17,967,024	4,308,601	58,789,230	3,621,108	17,967,024	4,308,601	58,789,230	3,621,108	17,967,024	4,308,601	58,789,230	4,308,604	6,815,282	4,308,604	6,815,282	4,308,604	6,815,282
\$25,000 under \$30,000.....	3,779,944	103,739,027	12,018,469	825,613	8,531,506	2,954,330	14,611,499	3,779,944	68,577,554	2,954,330	14,611,499	3,779,944	68,577,554	2,954,330	14,611,499	3,779,944	68,577,554	3,779,944	8,498,140	3,779,944	8,498,140	3,779,944	8,498,140
\$30,000 under \$40,000.....	6,142,973	212,871,681	19,655,248	2,064,937	22,290,250	4,078,036	20,150,885	6,142,963	150,783,538	4,078,036	20,150,885	6,142,963	150,783,538	4,078,036	20,150,885	6,142,963	150,783,538	6,142,973	19,783,476	6,142,973	19,783,476	6,142,973	19,783,476
\$40,000 under \$50,000.....	4,015,273	179,029,015	12,969,269	1,942,828	23,042,425	2,072,445	10,310,139	4,015,262	132,708,725	2,072,445	10,310,139	4,015,262	132,708,725	2,072,445	10,310,139	4,015,262	132,708,725	4,015,273	19,981,716	4,015,273	19,981,716	4,015,273	19,981,716
\$50,000 under \$75,000.....	4,534,860	272,182,134	14,612,653	2,915,118	41,862,898	1,619,743	8,184,945	4,533,772	207,542,183	1,619,743	8,184,945	4,533,772	207,542,183	1,619,743	8,184,945	4,533,772	207,542,183	4,534,860	36,409,380	4,534,860	36,409,380	4,534,860	36,409,380
\$75,000 under \$100,000.....	1,447,278	123,241,484	4,660,493	1,184,539	20,703,513	**382,766	**1,979,528	1,446,149	96,541,009	**382,766	**1,979,528	1,446,149	96,541,009	**382,766	**1,979,528	1,446,149	96,541,009	1,447,278	18,872,027	1,447,278	18,872,027	1,447,278	18,872,027
\$100,000 under \$200,000.....	1,068,777	140,194,307	3,272,219	948,750	23,406,677	**	**	1,067,637	112,965,450	**	**	1,067,637	112,965,450	**	**	1,067,637	112,965,450	1,068,777	24,367,150	1,068,777	24,367,150	1,068,777	24,367,150
\$200,000 under \$500,000.....	275,610	79,691,982	126,085	247,730	11,788,578	27,880	143,689																

**Table 1.3 -- All Returns: Sources of Income, Adjustments, Deductions, Credits, and Tax Items, by Marital Status**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	All returns		Joint returns of married persons		Separate returns of married persons	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income less deficit.....	132,226,042	6,788,805,130	51,975,649	4,501,739,478	2,453,292	114,656,473
Salaries and wages.....	112,369,812	4,921,806,344	44,448,957	3,160,957,903	2,070,806	78,141,876
Taxable interest.....	57,605,888	125,474,158	32,712,224	81,049,602	862,360	3,130,673
Tax-exempt interest.....	4,416,851	52,031,763	2,605,919	32,594,276	59,317	1,345,452
Ordinary dividends.....	30,887,178	146,838,808	18,043,040	94,987,527	391,558	3,656,519
Qualified dividends.....	24,549,867	110,500,411	14,561,187	73,297,129	307,303	2,739,485
State income tax refunds.....	23,621,296	22,735,928	14,949,705	16,287,631	486,946	433,156
Alimony received.....	439,608	7,262,338	20,974	255,073	8,767	189,079
Business or profession:						
Net income.....	15,057,938	290,224,776	8,793,542	207,676,320	262,133	5,509,527
Net loss.....	5,194,140	43,007,488	3,331,760	28,193,497	101,947	1,088,507
Sales of capital assets:						
Net gain in AGI.....	13,753,494	499,153,684	8,133,800	373,720,757	181,394	16,125,689
Net loss in AGI.....	11,513,428	25,492,046	6,810,959	15,405,825	160,095	186,705
Sales of property other than capital assets.....	1,749,934	2,502,516	1,285,669	1,987,466	28,297	116,203
Taxable IRA distributions.....	8,913,846	101,672,181	5,429,009	69,542,664	83,118	1,077,870
Pensions and annuities in AGI.....	23,123,390	394,285,849	13,129,381	258,600,802	318,326	5,570,099
Rent and royalty:						
Net income.....	5,707,840	70,691,049	3,846,983	51,328,809	94,013	1,497,050
Net loss.....	5,087,025	46,357,188	3,411,418	31,376,478	57,011	699,554
Farm rental income less loss.....	626,772	3,053,804	389,604	2,044,767	4,951	14,361
Partnership and S Corporation net income less loss.....	7,236,372	315,993,163	5,136,773	259,921,371	144,294	7,726,756
Estate and trust net income less loss.....	542,718	14,000,605	272,448	6,811,609	7,395	647,747
Farm net income less loss.....	2,004,898	-13,239,205	1,578,584	-10,628,313	24,751	-377,803
Unemployment compensation.....	9,094,911	32,740,272	4,240,216	15,946,812	150,571	570,857
Social security benefits in AGI.....	11,691,859	110,462,387	7,640,173	81,512,858	167,752	1,385,662
Other income less loss.....	5,891,550	23,197,673	3,473,679	16,014,080	92,377	350,174
Total statutory adjustments.....	32,153,965	98,046,679	18,263,956	68,580,525	417,681	1,588,364
IRA payments.....	3,330,763	10,028,607	2,136,159	7,369,016	35,048	84,839
Student loan interest deduction.....	7,527,249	4,398,734	3,971,510	2,574,156	—	—
Educator expenses deduction.....	3,402,468	858,457	2,228,444	584,623	48,892	11,823
Tuition and fees deduction.....	4,710,253	10,589,279	2,679,843	6,185,392	—	—
Health savings account deduction.....	90,857	190,732	73,224	169,016	36	40
Payments to a Keogh plan.....	1,201,332	19,295,952	948,471	15,525,055	14,209	221,199
Deduction for self-employment tax.....	15,920,203	21,109,366	9,621,015	15,266,888	271,140	390,642
Self-employed health insurance deduction.....	3,883,687	18,457,063	2,611,936	14,559,463	53,963	293,866
Moving expenses adjustment.....	1,096,436	2,952,043	577,837	1,909,630	25,187	38,245
Penalty on early withdrawal of savings.....	780,327	209,833	435,690	123,115	18,254	8,034
Alimony paid.....	574,001	8,470,128	237,664	3,425,257	26,854	470,431
Medical savings account deduction.....	32,334	66,602	25,871	55,844	40	81
Certain business expenses of reservist, performing artists, etc.....	105,135	252,597	47,628	111,441	5,266	18,384
Total itemized deductions.....	46,335,237	998,238,457	27,604,020	698,017,575	1,157,982	19,294,334
Medical and dental expenses deduction.....	9,530,675	61,503,014	5,152,361	32,535,689	180,994	1,010,677
Taxes paid deduction.....	46,009,291	362,608,853	27,551,123	267,708,333	1,140,492	6,783,153
Interest paid deduction.....	38,110,298	356,355,994	24,826,939	257,303,585	810,784	6,779,717
Contributions deduction.....	40,623,426	165,564,388	25,371,666	122,381,122	874,326	3,728,163
Casualty or theft loss deduction.....	185,261	3,510,243	103,918	2,158,841	3,019	32,570
Total miscellaneous deductions.....	13,101,149	85,457,878	6,963,472	46,769,229	284,538	2,008,638
Basic standard deduction.....	84,016,753	545,082,218	23,823,437	230,608,817	1,210,744	5,819,093
Additional standard deduction.....	10,985,079	15,850,401	5,825,330	9,569,679	80,119	77,951
Taxable income.....	102,737,959	4,670,165,637	44,398,778	3,204,355,055	2,141,432	88,132,234
Alternative minimum tax.....	3,096,299	13,029,239	2,382,651	10,226,845	111,583	407,816
Total tax credits.....	41,694,252	52,366,870	23,485,958	36,940,758	499,717	868,069
Child care credit.....	6,316,649	3,337,984	3,988,926	2,041,839	28,770	14,789
Credit for the elderly or disabled.....	107,914	18,740	18,014	2,368	—	—
Child tax credit.....	25,988,711	32,300,455	16,698,025	24,291,277	360,181	392,247
Education credit.....	7,180,884	6,016,805	3,765,174	3,546,280	—	—
Retirement savings contribution credit.....	5,288,732	1,011,506	2,634,309	612,342	73,506	13,130
Foreign tax credit.....	4,700,259	6,757,994	2,966,037	4,769,430	81,359	383,569
Earned income credit used to offset income tax before credits.....	2,975,197	767,524	219,382	66,750	—	—
Minimum tax credit.....	274,596	902,000	208,452	739,861	2,841	18,834
General business credit.....	248,506	635,391	173,097	488,967	1,550	19,781
Empowerment zone and renewal community employment credit.....	27,845	105,179	22,432	73,481	151	1,571
Nonconventional source fuel credit.....	3,353	12,861	2,201	10,056	**12	**2
New York liberty zone credit.....	685	10,032	513	7,902	**8	**61
Income tax after credits.....	89,101,934	831,975,834	39,485,293	592,808,580	2,043,973	17,084,690
Total income tax.....	89,101,934	831,976,333	39,485,293	592,808,873	2,043,973	17,084,690
Total tax liability.....	92,846,419	874,009,720	41,208,622	623,354,299	2,115,895	17,999,560
Total tax payments.....	120,970,534	981,644,294	48,702,328	675,338,323	2,195,984	18,999,278
Income tax withheld.....	116,312,978	731,734,362	46,707,482	484,678,979	2,084,972	11,246,092
Estimated tax payments.....	10,996,504	188,770,357	6,618,772	143,404,934	175,675	5,119,715
Overpayment refunded.....	100,674,244	221,371,474	36,759,708	111,588,396	1,453,720	2,388,572
Tax due at time of filing.....	24,452,350	99,683,782	12,199,326	70,547,734	830,574	2,597,081

Footnotes at end of table.

**Table 1.3 -- All Returns: Sources of Income, Adjustments, Deductions, Credits, and Tax Items, by Marital Status--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Item	Returns of heads of households		Returns of surviving spouses		Returns of single persons	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
Adjusted gross income less deficit.....	19,647,748	567,794,802	82,188	3,764,512	58,067,165	1,600,849,865
Salaries and wages.....	18,262,558	500,673,652	63,780	2,234,999	47,523,710	1,179,797,914
Taxable interest.....	3,488,180	2,813,358	47,719	68,913	20,495,405	38,411,612
Tax-exempt interest.....	103,380	817,113	2,846	28,677	1,645,388	17,246,245
Ordinary dividends.....	1,241,705	2,956,782	24,913	129,136	10,985,962	45,108,844
Qualified dividends.....	879,857	2,111,039	24,813	95,345	8,776,707	32,257,413
State income tax refunds.....	2,146,670	1,704,649	19,177	17,591	6,018,799	4,292,901
Alimony received.....	189,443	3,062,418	--	--	220,423	3,735,769
Business or profession:						
Net income.....	1,875,747	21,708,168	5,717	177,394	4,120,800	55,153,367
Net loss.....	446,408	3,524,360	1,861	30,521	1,312,165	10,170,604
Sales of capital assets:						
Net gain in AGI.....	510,473	11,717,833	8,644	265,282	4,919,182	97,324,123
Net loss in AGI.....	471,422	969,995	9,291	20,289	4,061,661	8,909,232
Sales of property other than capital assets.....	59,031	-19,286	321	-7,263	376,617	425,396
Taxable IRA distributions.....	417,303	3,827,111	7,674	124,016	2,976,742	27,100,519
Pensions and annuities in AGI.....	1,510,061	16,009,543	23,841	455,236	8,141,781	113,650,170
Rent and royalty:						
Net income.....	245,032	2,149,575	4,514	46,793	1,517,297	15,668,821
Net loss.....	351,741	3,600,969	2,918	37,597	1,263,936	10,642,590
Farm rental income less loss.....	10,736	54,931	8	7	221,473	939,738
Partnership and S Corporation net income less loss.....	280,385	8,495,341	1,501	262,769	1,673,419	39,586,926
Estate and trust net income less loss.....	14,705	475,703	1,060	75,242	247,111	5,990,303
Farm net income less loss.....	47,424	-213,041	2,474	-19,294	351,665	-2,000,754
Unemployment compensation.....	1,615,449	5,569,224	1,926	3,128	3,086,749	10,650,250
Social security benefits in AGI.....	318,908	2,145,382	12,141	74,666	3,552,885	25,343,819
Other income less loss.....	497,761	-245,535	3,475	17,949	1,824,258	7,061,005
Total statutory adjustments.....	3,562,082	6,409,087	14,451	51,829	9,895,794	21,416,874
IRA payments.....	213,531	356,151	50	149	945,976	2,218,453
Student loan interest deduction.....	704,698	364,136	5,017	3,619	2,846,024	1,456,823
Educator expenses deduction.....	312,716	73,899	--	--	812,416	188,112
Tuition and fees deduction.....	648,735	1,461,808	3,261	10,241	1,378,414	2,931,838
Health savings account deduction.....	343	822	--	--	17,254	20,854
Payments to a Keogh plan.....	29,001	464,022	669	19,025	208,983	3,066,651
Deduction for self-employment tax.....	1,835,179	1,520,086	5,823	9,994	4,187,046	3,921,755
Self-employed health insurance deduction.....	184,553	650,197	1,033	8,797	1,032,203	2,944,740
Moving expenses adjustment.....	77,148	157,753	--	--	416,263	846,416
Penalty on early withdrawal of savings.....	56,911	18,040	9	5	269,463	60,639
Alimony paid.....	80,047	1,232,299	--	--	229,435	3,342,140
Medical savings account deduction.....	*398	*682	--	--	*6,026	*9,996
Certain business expenses of reservist, performing artists, etc.....	*7,979	*19,630	--	--	*44,262	*103,142
Total itemized deductions.....	4,248,708	71,236,664	21,958	540,067	13,302,569	209,149,816
Medical and dental expenses deduction.....	851,774	3,383,407	2,343	21,341	3,343,201	24,551,901
Taxes paid deduction.....	4,218,234	20,528,891	21,958	183,710	13,077,484	67,404,765
Interest paid deduction.....	3,555,413	29,211,265	19,608	218,804	8,897,555	62,842,623
Contributions deduction.....	3,594,628	8,962,048	21,805	69,740	10,761,001	30,403,314
Casualty or theft loss deduction.....	**30,267	**420,254	**	**	48,058	898,579
Total miscellaneous deductions.....	1,614,927	9,439,358	4,602	44,004	4,233,611	27,196,650
Basic standard deduction.....	15,245,110	108,901,382	59,802	579,676	43,677,660	199,173,249
Additional standard deduction.....	372,235	450,614	8,021	7,620	4,699,374	5,744,536
Taxable income.....	13,351,825	276,681,672	61,949	2,142,384	42,783,974	1,098,854,291
Alternative minimum tax.....	239,842	607,367	438	2,938	361,785	1,784,273
Total tax credits.....	10,426,533	9,986,606	41,554	51,819	7,240,490	4,519,618
Child care credit.....	2,154,299	1,211,751	8,210	4,264	136,443	65,342
Credit for the elderly or disabled.....	*4,001	*445	--	--	*85,899	*15,927
Child tax credit.....	8,012,255	6,853,800	27,698	27,041	890,552	736,088
Education credit.....	889,733	704,219	7,023	3,564	2,518,954	1,762,741
Retirement savings contribution credit.....	1,460,778	230,238	--	--	1,120,140	155,796
Foreign tax credit.....	127,717	306,690	3,221	5,827	1,521,925	1,292,477
Earned income credit used to offset income tax before credits.....	1,466,576	548,511	8,932	3,313	1,280,307	148,951
Minimum tax credit.....	12,561	12,892	451	7,266	50,292	123,147
General business credit.....	2,299	9,626	389	544	71,171	116,473
Empowerment zone and renewal community employment credit.....	**305	**3,538	**	**	4,958	26,588
Nonconventional source fuel credit.....	**	**	*3	*(Z)	1,137	2,803
New York liberty zone credit.....	**	**	--	--	164	2,069
Income tax after credits.....	6,879,852	32,979,526	43,652	334,820	40,649,164	188,768,217
Total income tax.....	6,879,852	32,979,539	43,652	334,820	40,649,164	188,768,410
Total tax liability.....	7,133,139	34,791,772	46,110	352,694	42,342,653	197,511,396
Total tax payments.....	17,823,534	61,161,822	75,972	507,603	52,172,716	225,637,269
Income tax withheld.....	17,624,236	55,102,035	74,610	322,447	49,821,678	180,385,109
Estimated tax payments.....	325,238	4,505,905	3,308	134,537	3,873,510	35,605,266
Overpayment refunded.....	18,365,064	58,755,253	70,559	217,135	44,025,192	48,422,118
Tax due at time of filing.....	1,060,452	3,684,668	9,459	35,726	10,352,540	22,818,573

\* Estimate should be used with caution due to the small number of sample returns on which it is based.

\*\* Data combined to prevent disclosure of information for specific taxpayers.

(Z) Less than \$500.

NOTE: Detail may not add to totals because of rounding.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Number of returns	Adjusted gross income less deficit	Salaries and wages		Taxable interest		Tax-exempt interest		Ordinary dividends		Qualified dividends	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>All returns, total.....</b>	<b>132,226,042</b>	<b>6,788,805,130</b>	<b>112,369,812</b>	<b>4,921,806,344</b>	<b>57,605,888</b>	<b>125,474,158</b>	<b>4,416,851</b>	<b>52,031,763</b>	<b>30,687,178</b>	<b>146,838,808</b>	<b>24,549,867</b>	<b>110,500,411</b>
No adjusted gross income.....	1,854,886	-86,318,215	708,858	17,446,959	837,457	4,122,552	71,092	1,288,224	663,529	2,708,547	551,683	1,583,733
\$1 under \$5,000.....	11,670,444	31,096,322	9,128,850	28,545,138	2,735,068	1,352,421	102,453	365,048	1,511,469	1,176,539	1,151,114	617,000
\$5,000 under \$10,000.....	12,135,417	90,875,411	9,529,153	68,536,053	2,815,785	2,785,240	141,743	310,127	1,377,381	1,906,043	1,086,344	1,035,222
\$10,000 under \$15,000.....	11,656,193	145,142,372	8,955,545	103,590,921	3,124,957	4,317,721	149,207	619,470	1,462,328	2,371,391	1,087,261	1,207,059
\$15,000 under \$20,000.....	11,281,291	197,081,478	9,201,672	150,295,769	3,169,433	4,457,925	153,404	874,418	1,437,357	2,642,048	1,091,407	1,507,054
\$20,000 under \$25,000.....	9,705,192	217,844,558	8,371,098	176,912,342	2,711,300	3,292,692	134,157	1,080,439	1,220,933	2,335,366	886,432	1,216,725
\$25,000 under \$30,000.....	8,512,113	233,540,422	7,451,424	192,320,023	2,615,820	3,328,911	146,041	535,742	1,204,106	2,325,239	916,992	1,385,635
\$30,000 under \$40,000.....	13,915,452	482,760,301	12,444,031	403,102,596	5,309,774	6,172,798	259,068	1,838,951	2,342,212	4,562,592	1,800,885	2,788,038
\$40,000 under \$50,000.....	10,571,408	473,380,843	9,491,467	389,370,810	5,048,771	5,818,515	289,977	1,628,704	2,247,565	4,789,623	1,787,535	3,170,575
\$50,000 under \$75,000.....	18,047,126	1,109,616,155	16,305,741	898,557,875	10,773,615	13,378,634	658,961	3,919,984	5,315,971	12,209,773	4,196,421	7,649,514
\$75,000 under \$100,000.....	10,119,515	872,398,173	9,276,804	706,418,862	7,453,048	9,983,355	494,051	3,586,612	4,093,274	10,378,379	3,259,071	7,447,138
\$100,000 under \$200,000.....	9,735,569	1,288,319,611	8,905,560	993,525,857	8,152,791	18,037,414	954,692	9,105,106	5,407,083	23,785,785	4,552,938	17,629,046
\$200,000 under \$500,000.....	2,348,163	676,794,600	2,041,116	420,617,037	2,198,115	13,867,828	553,723	8,681,372	1,801,180	20,316,292	1,617,223	16,653,453
\$500,000 under \$1,000,000.....	433,145	293,369,864	362,105	144,318,290	422,420	7,384,973	172,273	5,091,630	380,444	11,259,008	355,471	9,269,807
\$1,000,000 under \$1,500,000.....	103,964	125,552,749	84,657	51,193,923	102,419	3,647,664	51,461	2,428,637	94,725	5,694,094	88,251	4,787,210
\$1,500,000 under \$2,000,000.....	45,104	77,754,757	36,876	29,522,845	44,603	2,338,982	24,607	1,532,963	41,619	3,702,157	39,329	3,114,069
\$2,000,000 under \$5,000,000.....	65,548	194,470,800	53,776	63,979,917	65,002	6,477,487	40,847	3,594,696	61,403	9,769,996	57,983	8,191,031
\$5,000,000 under \$10,000,000.....	15,835	108,191,995	13,090	31,985,356	15,736	4,014,421	11,369	2,034,381	15,175	6,165,115	14,504	5,173,085
\$10,000,000 or more.....	9,677	256,932,933	7,987	51,565,771	9,646	10,694,625	7,707	3,515,258	9,423	18,740,821	9,021	16,075,017
<b>Taxable returns, total.....</b>	<b>89,101,934</b>	<b>6,285,500,376</b>	<b>77,924,467</b>	<b>4,406,828,340</b>	<b>46,859,430</b>	<b>111,480,481</b>	<b>3,864,255</b>	<b>47,370,438</b>	<b>25,455,072</b>	<b>136,936,608</b>	<b>20,599,594</b>	<b>104,832,518</b>
No adjusted gross income.....	4,556	-6,536,163	3,030	358,710	3,379	904,260	1,034	151,487	2,542	805,949	2,176	389,440
\$1 under \$5,000.....	753,517	2,042,476	393,882	1,013,681	436,779	260,016	17,312	10,328	396,672	342,365	353,802	229,743
\$5,000 under \$10,000.....	3,883,897	29,879,127	3,585,900	26,448,297	869,811	444,489	29,468	41,877	445,933	506,580	353,042	313,932
\$10,000 under \$15,000.....	5,672,789	70,632,129	4,430,426	51,614,307	1,618,040	2,217,827	66,688	159,507	729,703	1,175,732	555,521	625,540
\$15,000 under \$20,000.....	6,143,870	107,820,415	4,899,196	79,800,634	1,970,471	2,899,682	98,059	432,883	896,394	1,588,149	694,109	930,352
\$20,000 under \$25,000.....	5,932,734	133,257,467	4,866,266	101,570,760	2,033,951	2,772,680	102,830	695,787	955,139	1,838,594	705,055	965,833
\$25,000 under \$30,000.....	5,850,586	160,970,887	4,983,264	127,631,360	2,020,676	2,761,342	126,357	399,361	971,679	1,935,922	743,732	1,181,151
\$30,000 under \$40,000.....	11,283,839	392,430,395	9,964,556	321,651,773	4,564,611	5,420,964	230,448	1,586,817	2,033,866	4,017,671	1,566,753	2,384,008
\$40,000 under \$50,000.....	9,467,339	424,403,453	8,451,417	345,721,206	4,590,129	5,348,030	272,608	1,449,904	2,057,900	4,354,014	1,637,357	2,916,571
\$50,000 under \$75,000.....	17,350,625	1,068,699,069	15,675,379	864,615,443	10,374,713	12,846,157	631,921	3,387,001	5,123,733	11,429,464	4,050,049	7,171,195
\$75,000 under \$100,000.....	10,021,150	864,079,043	9,197,963	700,776,405	7,383,678	9,735,480	479,118	3,375,147	4,042,909	9,962,647	3,214,879	7,177,556
\$100,000 under \$200,000.....	9,718,430	1,286,114,931	8,895,016	992,701,910	8,137,686	17,808,367	947,337	8,903,761	5,396,608	23,515,590	4,543,058	17,422,043
\$200,000 under \$500,000.....	2,345,868	676,146,760	2,039,976	420,442,891	2,196,152	13,736,016	552,971	8,612,335	1,799,582	20,218,668	1,615,828	16,579,599
\$500,000 under \$1,000,000.....	432,783	293,123,022	361,903	144,271,652	422,108	7,331,582	172,156	5,069,210	380,189	11,218,637	355,257	9,237,163
\$1,000,000 or more.....	239,951	762,347,363	196,291	228,209,311	237,248	26,993,589	135,948	13,095,032	222,222	44,026,626	208,976	37,308,394
<b>Nontaxable returns, total.....</b>	<b>43,124,107</b>	<b>523,304,754</b>	<b>34,445,345</b>	<b>514,978,004</b>	<b>10,746,458</b>	<b>13,993,677</b>	<b>552,596</b>	<b>4,661,325</b>	<b>5,232,106</b>	<b>9,902,201</b>	<b>3,950,273</b>	<b>5,667,893</b>

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	State income tax refunds		Alimony received		Net income		Business or profession		Net loss		Capital gain distributions		Sales of capital assets	
	Number of returns (13)	Amount (14)	Number of returns (15)	Amount (16)	Number of returns (17)	Amount (18)	Number of returns (19)	Amount (20)	Number of returns (21)	Amount (22)	Number of returns (23)	Amount (24)	Taxable net gain	
													Number of returns	Amount
<b>All returns, total.....</b>	<b>23,621,296</b>	<b>22,735,928</b>	<b>439,608</b>	<b>7,262,338</b>	<b>15,057,938</b>	<b>290,224,776</b>	<b>5,194,140</b>	<b>43,007,488</b>	<b>2,878,263</b>	<b>1,925,990</b>	<b>10,875,231</b>	<b>497,227,695</b>		
No adjusted gross income.....	82,573	243,773	3,813	46,723	198,656	2,355,623	409,264	9,471,331	16,703	8,418	140,975	9,050,536		
\$1 under \$5,000.....	119,251	52,957	*4,586	*27,886	1,187,871	3,517,443	139,683	705,985	244,027	113,131	379,629	609,472		
\$5,000 under \$10,000.....	190,664	93,223	26,969	118,703	1,628,818	10,956,718	190,046	1,154,279	150,078	91,053	409,738	1,066,616		
\$10,000 under \$15,000.....	315,091	135,100	36,166	294,964	1,558,877	14,671,936	243,260	1,655,400	150,020	123,344	464,541	1,464,744		
\$15,000 under \$20,000.....	424,765	204,498	49,198	370,658	1,092,477	12,306,395	292,622	2,064,488	143,299	86,892	456,895	1,829,264		
\$20,000 under \$25,000.....	601,617	271,067	38,792	304,000	900,873	11,005,063	267,953	1,863,974	106,390	53,613	415,333	1,746,072		
\$25,000 under \$30,000.....	772,329	399,798	36,176	329,019	752,863	10,001,693	313,158	2,241,346	111,982	63,580	394,240	1,906,443		
\$30,000 under \$40,000.....	2,115,892	1,061,595	68,764	824,036	1,182,503	16,846,709	537,405	3,122,936	224,694	107,558	749,922	3,733,384		
\$40,000 under \$50,000.....	2,375,050	1,411,568	61,993	885,163	1,084,731	16,433,746	488,347	3,073,345	218,312	115,010	787,993	4,048,620		
\$50,000 under \$75,000.....	5,976,844	4,056,332	**90,013	**2,245,344	2,075,671	34,518,845	962,708	5,243,050	558,414	370,536	1,812,450	13,766,936		
\$75,000 under \$100,000.....	4,606,862	3,660,619	**	**	1,290,666	28,102,027	587,423	3,024,358	387,911	291,301	1,446,602	16,158,510		
\$100,000 under \$200,000.....	4,825,551	5,141,786	15,425	633,928	1,480,411	58,258,242	568,743	4,351,940	461,475	360,186	2,165,167	50,155,672		
\$200,000 under \$500,000.....	918,013	2,195,783	**7,715	**1,181,914	496,085	43,558,450	148,101	2,108,153	93,963	114,745	881,805	68,803,978		
\$500,000 under \$1,000,000.....	179,281	951,126	**	**	85,402	14,168,352	27,562	858,262	8,185	14,989	219,011	50,856,121		
\$1,000,000 under \$1,500,000.....	47,048	503,270	**	**	18,422	4,040,696	7,650	403,379	1,697	6,126	60,325	28,484,420		
\$1,500,000 under \$2,000,000.....	22,120	297,997	**	**	7,816	1,912,646	3,020	216,911	519	2,815	27,637	19,093,558		
\$2,000,000 under \$5,000,000.....	33,681	785,110	**	**	11,422	4,098,585	4,848	515,817	508	1,530	43,413	59,053,945		
\$5,000,000 under \$10,000,000.....	8,836	432,589	**	**	2,734	1,427,399	1,410	370,129	61	334	11,665	39,742,491		
\$10,000,000 or more.....	5,827	837,739	**	**	1,639	2,044,209	938	562,406	26	829	7,868	125,696,910		
<b>Taxable returns, total.....</b>	<b>21,338,779</b>	<b>20,946,034</b>	<b>327,339</b>	<b>6,458,591</b>	<b>8,913,788</b>	<b>231,921,791</b>	<b>3,596,403</b>	<b>24,898,867</b>	<b>2,465,819</b>	<b>1,729,594</b>	<b>9,377,216</b>	<b>482,192,064</b>		
No adjusted gross income.....	192	8,244	*373	*2,906	1,438	121,343	433	163,697	*9	*6	2,063	2,252,800		
\$1 under \$5,000.....	*9,897	*5,193	--	--	16,647	36,101	*973	*573	107,577	73,538	167,265	222,279		
\$5,000 under \$10,000.....	19,855	3,513	*6,801	*37,292	135,093	902,783	26,580	165,460	77,300	54,411	148,634	468,302		
\$10,000 under \$15,000.....	136,824	45,270	18,456	152,729	411,765	3,673,462	85,865	404,680	87,696	79,055	237,378	751,067		
\$15,000 under \$20,000.....	229,278	84,576	27,519	258,021	456,440	4,701,837	111,868	639,128	103,023	58,559	284,046	1,066,863		
\$20,000 under \$25,000.....	394,032	157,046	20,089	171,411	475,381	5,499,613	157,231	925,867	84,184	43,949	331,341	1,279,171		
\$25,000 under \$30,000.....	528,691	245,488	22,217	235,619	398,986	4,608,956	192,877	1,241,135	95,807	57,082	311,208	1,419,236		
\$30,000 under \$40,000.....	1,687,944	771,916	58,636	688,392	833,039	11,275,129	384,351	2,105,311	202,131	97,653	651,538	2,947,427		
\$40,000 under \$50,000.....	2,062,792	1,177,150	61,052	875,564	904,293	13,447,555	379,755	2,230,650	214,017	112,491	705,658	3,414,772		
\$50,000 under \$75,000.....	5,670,460	3,747,609	**89,066	**2,241,671	1,912,325	31,069,066	915,275	4,822,540	542,140	360,819	1,711,921	12,402,118		
\$75,000 under \$100,000.....	4,563,907	3,595,765	**	**	1,270,723	27,325,339	580,987	2,900,727	385,542	290,819	1,416,610	15,233,348		
\$100,000 under \$200,000.....	4,820,819	5,122,647	15,425	633,928	1,474,595	58,045,938	567,004	4,312,800	461,450	359,861	2,159,025	49,631,595		
\$200,000 under \$500,000.....	917,428	2,186,802	**7,704	**1,181,059	495,720	43,535,053	147,848	2,077,998	93,949	114,735	880,831	68,599,303		
\$500,000 under \$1,000,000.....	179,194	949,615	**	**	85,341	14,159,642	27,520	851,496	8,182	14,981	218,847	50,754,171		
\$1,000,000 or more.....	117,466	2,845,200	**	**	42,002	13,519,973	17,837	2,056,804	2,811	11,634	150,850	271,749,613		
<b>Non-taxable returns, total.....</b>	<b>2,282,517</b>	<b>1,789,894</b>	<b>112,269</b>	<b>803,748</b>	<b>6,144,150</b>	<b>58,302,985</b>	<b>1,597,738</b>	<b>18,108,621</b>	<b>412,444</b>	<b>196,395</b>	<b>1,498,015</b>	<b>15,035,630</b>		

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
 (All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D											
	Taxable net loss		Short-term capital gain		Short-term capital loss		Short-term loss carryover		Net short-term gain from sales of capital assets		Net short-term loss from sales of capital assets	
	Number of returns (25)	Amount (26)	Number of returns (27)	Amount (28)	Number of returns (29)	Amount (30)	Number of returns (31)	Amount (32)	Number of returns (33)	Amount (34)	Number of returns (35)	Amount (36)
<b>All returns, total</b> .....	11,513,428	25,492,046	4,488,654	39,746,504	5,506,046	144,946,686	2,608,231	127,020,069	4,660,892	29,959,194	3,397,704	23,908,018
No adjusted gross income.....	675,087	1,693,394	83,058	1,532,554	338,760	15,653,381	260,952	14,137,725	117,031	1,216,253	126,705	1,882,519
\$1 under \$5,000.....	557,481	1,146,940	143,372	169,770	225,377	3,430,904	146,336	3,127,010	157,377	257,307	104,761	404,100
\$5,000 under \$10,000.....	500,295	1,090,908	147,382	231,599	194,602	3,521,028	95,265	3,019,699	154,678	276,009	117,718	554,490
\$10,000 under \$15,000.....	503,617	1,097,007	171,314	274,926	196,452	3,286,167	82,965	2,848,300	175,801	377,835	124,571	540,329
\$15,000 under \$20,000.....	454,413	1,022,877	167,808	345,596	184,691	3,249,880	88,528	2,812,601	168,568	360,126	107,066	472,135
\$20,000 under \$25,000.....	416,925	860,200	151,486	320,313	173,933	2,918,443	77,877	2,590,293	138,742	301,875	102,013	335,899
\$25,000 under \$30,000.....	403,229	878,512	150,410	354,635	166,899	2,750,879	82,767	2,532,355	153,473	525,670	91,316	378,883
\$30,000 under \$40,000.....	824,506	1,733,090	266,065	648,084	349,013	5,208,463	142,423	4,258,672	273,262	744,625	218,628	1,107,374
\$40,000 under \$50,000.....	826,962	1,767,851	307,302	627,103	345,863	5,777,698	152,001	4,847,871	314,417	643,633	222,616	1,023,744
\$50,000 under \$75,000.....	1,849,903	3,872,862	700,954	2,106,668	773,865	13,018,558	317,273	10,871,271	706,741	2,247,651	517,286	2,828,359
\$75,000 under \$100,000.....	1,410,780	3,016,508	633,605	2,199,811	667,510	12,230,056	281,279	10,616,886	654,275	2,426,645	445,912	2,051,480
\$100,000 under \$200,000.....	2,068,557	4,674,715	932,479	4,978,347	1,095,199	25,778,982	465,415	22,450,204	973,216	5,477,975	715,549	4,320,153
\$200,000 under \$500,000.....	791,912	1,985,855	438,144	5,595,789	553,093	21,875,166	275,207	19,810,537	469,455	5,511,748	351,828	3,345,267
\$500,000 under \$1,000,000.....	155,821	422,087	112,667	3,429,687	145,052	9,840,514	81,377	8,865,989	120,408	2,722,674	89,843	1,481,977
\$1,000,000 under \$1,500,000.....	35,475	99,770	32,584	1,697,124	40,052	3,814,650	24,593	3,418,183	34,675	1,287,722	24,618	631,763
\$1,500,000 under \$2,000,000.....	14,356	40,513	14,855	1,159,469	17,845	2,214,318	10,822	2,028,180	15,091	776,797	11,322	387,872
\$2,000,000 under \$5,000,000.....	18,822	53,798	23,657	3,754,299	27,319	4,706,393	16,645	4,193,315	23,485	1,907,622	17,934	859,146
\$5,000,000 under \$10,000,000.....	3,662	10,509	6,773	2,519,910	6,605	2,118,643	4,087	1,785,640	6,158	973,098	4,830	482,048
\$10,000,000 or more.....	1,624	6,649	4,740	7,800,818	3,912	3,552,563	2,420	2,805,338	4,018	1,923,929	3,189	1,020,479
<b>Taxable returns, total</b> .....	8,886,242	19,472,221	3,853,895	37,358,233	4,315,299	108,968,280	1,878,911	95,076,335	3,954,534	27,204,771	2,805,369	19,067,666
No adjusted gross income.....	1,466	4,048	681	500,455	1,475	765,751	1,210	787,833	1,036	150,385	446	67,728
\$1 under \$5,000.....	45,634	58,111	50,815	39,293	20,548	101,051	10,775	101,765	51,517	43,360	9,775	2,772
\$5,000 under \$10,000.....	108,652	191,053	44,017	75,097	38,920	356,716	15,794	326,320	40,314	78,315	28,494	44,801
\$10,000 under \$15,000.....	203,405	423,725	90,032	153,214	82,133	822,859	25,398	668,933	90,701	165,271	55,501	165,342
\$15,000 under \$20,000.....	273,948	612,616	87,300	150,405	103,429	1,225,540	43,316	1,010,059	84,032	158,716	68,217	230,865
\$20,000 under \$25,000.....	295,465	601,597	108,090	178,116	123,999	1,479,519	47,541	1,258,669	99,709	193,805	78,422	196,923
\$25,000 under \$30,000.....	308,818	670,791	114,554	293,659	117,572	1,558,477	55,149	1,504,734	113,272	450,807	66,188	194,906
\$30,000 under \$40,000.....	670,464	1,414,117	229,063	515,743	276,918	3,613,314	107,952	2,897,838	234,531	587,712	176,420	710,956
\$40,000 under \$50,000.....	731,413	1,579,988	282,638	587,679	285,289	4,139,965	123,765	3,443,041	285,947	560,114	184,856	775,404
\$50,000 under \$75,000.....	1,772,606	3,682,389	661,946	1,951,451	733,395	11,146,424	298,365	9,208,762	670,322	2,059,534	489,851	2,363,469
\$75,000 under \$100,000.....	1,390,274	2,959,044	622,368	2,156,053	647,613	11,325,942	272,991	9,795,306	640,476	2,353,909	431,610	1,924,225
\$100,000 under \$200,000.....	2,063,326	4,660,078	929,596	4,893,774	1,091,046	25,006,390	462,155	21,701,322	970,087	5,369,896	712,685	4,261,705
\$200,000 under \$500,000.....	791,180	1,983,817	437,657	5,559,239	552,366	21,459,530	274,696	19,405,061	468,913	5,472,371	351,461	3,316,711
\$500,000 under \$1,000,000.....	155,707	421,762	112,574	3,417,093	144,924	9,653,363	81,286	8,700,042	120,304	2,704,785	89,778	1,466,428
\$1,000,000 or more.....	73,885	209,086	82,565	16,906,961	95,671	16,313,440	58,516	14,166,650	83,374	6,855,792	61,865	3,345,432
<b>Nontaxable returns, total</b> .....	2,627,186	6,019,825	634,759	2,388,272	1,190,748	35,978,405	729,321	31,843,734	706,357	2,754,424	592,335	4,840,352

Footnotes at end of table.



**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued											
	Short-term gain from other forms (2119, 4797, etc.)		Short-term loss from other forms (4684, 6781, and 8824)		Net short-term partnership/ S-corp gain		Net short-term partnership/ S-corp loss		Long-term capital gain		Long-term capital loss	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
<b>All returns, total</b> .....	<b>120,495</b>	<b>3,300,564</b>	<b>103,767</b>	<b>1,000,846</b>	<b>684,814</b>	<b>16,406,801</b>	<b>372,519</b>	<b>2,951,481</b>	<b>10,064,855</b>	<b>483,427,454</b>	<b>10,100,174</b>	<b>249,339,607</b>
No adjusted gross income.....	3,124	71,126	3,942	104,755	17,866	954,085	9,362	237,292	154,920	9,755,721	598,024	25,287,032
\$1 under \$5,000.....	*1,431	*1,247	1,928	7,531	16,251	20,349	6,546	9,252	356,757	669,039	507,136	7,184,519
\$5,000 under \$10,000.....	*2,183	*9,564	1,336	7,448	14,515	31,168	3,600	24,533	372,359	1,304,064	466,865	6,927,316
\$10,000 under \$15,000.....	2,524	3,114	1,708	3,378	9,191	15,307	14,206	15,490	424,592	1,407,932	447,185	7,478,879
\$15,000 under \$20,000.....	5,106	27,062	934	27,459	20,070	24,481	6,289	3,758	418,686	1,648,195	403,967	7,132,536
\$20,000 under \$25,000.....	7,373	79,626	2,529	1,173	24,536	14,865	12,043	67,131	375,232	1,766,091	368,792	6,380,780
\$25,000 under \$30,000.....	*1,122	*2,707	3,290	5,689	15,971	25,769	17,110	33,463	351,207	1,968,386	358,958	6,222,102
\$30,000 under \$40,000.....	7,232	12,029	2,157	9,171	32,113	98,883	15,656	40,688	664,839	3,578,150	700,783	12,230,230
\$40,000 under \$50,000.....	4,055	3,762	5,382	28,791	30,482	123,459	16,006	21,042	729,689	4,002,130	710,003	11,901,253
\$50,000 under \$75,000.....	14,778	128,427	12,424	36,449	78,507	298,156	29,988	50,046	1,640,475	12,998,504	1,601,580	28,108,194
\$75,000 under \$100,000.....	9,412	174,635	7,296	22,955	61,369	165,156	39,882	105,360	1,289,948	15,552,580	1,239,206	22,591,429
\$100,000 under \$200,000.....	18,437	81,564	19,423	104,792	144,160	804,886	96,643	293,897	2,033,617	48,937,191	1,801,784	43,745,327
\$200,000 under \$500,000.....	22,988	276,006	14,228	119,169	109,606	1,576,555	58,941	368,712	875,494	67,581,026	691,355	32,746,347
\$500,000 under \$1,000,000.....	8,807	237,471	9,366	55,735	51,186	1,352,404	23,333	321,195	221,534	49,919,875	139,777	13,861,863
\$1,000,000 under \$1,500,000.....	3,393	148,252	4,505	51,213	19,116	742,283	8,194	194,625	62,076	27,988,479	31,364	5,134,137
\$1,500,000 under \$2,000,000.....	1,959	129,615	2,573	21,797	9,960	581,240	3,918	104,651	28,364	18,704,433	12,650	3,321,538
\$2,000,000 under \$5,000,000.....	3,868	489,999	6,114	94,246	18,783	2,131,335	7,277	334,643	44,988	57,286,990	16,234	4,853,621
\$5,000,000 under \$10,000,000.....	1,421	313,237	2,373	85,314	6,290	1,602,628	2,060	194,694	12,024	38,278,594	3,166	1,956,490
\$10,000,000 or more.....	1,285	1,111,122	2,258	213,783	4,843	5,783,792	1,465	531,000	8,052	120,080,072	1,368	2,276,015
<b>Taxable returns, total</b> .....	<b>98,468</b>	<b>3,114,763</b>	<b>90,198</b>	<b>844,742</b>	<b>603,937</b>	<b>15,635,062</b>	<b>328,670</b>	<b>2,581,711</b>	<b>8,666,888</b>	<b>466,936,615</b>	<b>7,773,277</b>	<b>187,925,714</b>
No adjusted gross income.....	56	5,480	98	6,884	572	455,765	235	14,481	2,142	2,252,462	1,005	2,323,666
\$1 under \$5,000.....	--	--	*971	*42	*974	*339	*2,917	*878	159,528	202,331	45,545	234,851
\$5,000 under \$10,000.....	--	--	*6	*27	*5,707	*11,352	*952	*138	135,867	432,366	101,676	844,403
\$10,000 under \$15,000.....	--	--	*160	*909	*5,936	*5,045	*4,934	*4,776	207,776	653,113	180,511	2,250,747
\$15,000 under \$20,000.....	*2,124	*21,873	*666	*17,922	13,794	4,014	*1,489	*891	268,794	982,114	243,449	3,314,783
\$20,000 under \$25,000.....	*3,382	*5,036	*241	*94	19,273	13,300	7,814	57,857	304,268	1,320,919	262,476	3,848,260
\$25,000 under \$30,000.....	*1,099	*1,924	*2,247	*2,643	11,610	10,235	14,040	25,502	278,163	1,458,623	277,816	4,330,904
\$30,000 under \$40,000.....	*4,823	*10,765	1,860	6,483	24,385	55,489	13,509	36,261	572,598	2,692,824	574,976	8,863,514
\$40,000 under \$50,000.....	3,304	1,038	*4,755	*16,509	27,845	116,107	14,084	14,591	642,955	3,295,898	637,795	9,694,574
\$50,000 under \$75,000.....	13,001	125,955	11,479	28,742	73,425	252,888	28,326	32,379	1,555,327	11,585,147	1,533,419	24,932,233
\$75,000 under \$100,000.....	9,020	158,803	7,242	22,385	59,567	159,430	39,276	100,114	1,261,784	14,549,532	1,221,730	21,213,368
\$100,000 under \$200,000.....	18,026	79,919	19,159	104,352	141,496	769,199	96,087	288,229	2,026,410	48,293,132	1,797,754	42,559,127
\$200,000 under \$500,000.....	22,920	275,041	14,162	116,789	109,290	1,554,867	58,804	364,008	874,485	67,366,970	690,727	32,402,702
\$500,000 under \$1,000,000.....	8,795	237,244	9,347	55,078	51,113	1,344,975	23,306	303,247	221,363	49,806,134	139,689	13,686,028
\$1,000,000 or more.....	11,918	2,191,685	17,807	465,883	58,949	10,882,056	22,898	1,358,359	155,427	262,045,249	64,709	17,424,556
<b>Non-taxable returns, total</b> .....	<b>22,027</b>	<b>185,801</b>	<b>13,569</b>	<b>156,104</b>	<b>80,876</b>	<b>771,739</b>	<b>43,848</b>	<b>369,771</b>	<b>1,397,967</b>	<b>16,490,838</b>	<b>2,326,898</b>	<b>61,413,893</b>

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued													
	Net long-term gain from sales of capital assets		Net long-term loss from sales of capital assets		Long-term loss carryover		Long-term gain from other forms (2119, 4797, etc.)		Long-term loss from other forms (4684, 6781, and 8824)		Net long-term partnership/S-corp gain			
	Number of returns (49)	Amount (50)	Number of returns (51)	Amount (52)	Number of returns (53)	Amount (54)	Number of returns (55)	Amount (56)	Number of returns (57)	Amount (58)	Number of returns (59)	Amount (60)		
<b>All returns, total</b> .....	8,142,706	239,677,920	6,226,226	61,776,335	6,972,761	229,561,762	2,316,533	162,651,509	85,432	1,205,642	1,275,661	118,092,057		
No adjusted gross income.....	149,900	4,034,513	295,385	4,694,725	442,210	22,793,884	79,079	6,350,530	3,147	124,411	34,724	3,232,651		
\$1 under \$5,000.....	324,882	690,452	269,507	1,529,918	363,346	6,181,764	37,150	306,705	1,927	11,296	16,342	138,982		
\$5,000 under \$10,000.....	326,278	1,097,900	268,600	1,692,887	312,883	5,726,712	48,462	405,074	1,329	11,085	30,809	100,392		
\$10,000 under \$15,000.....	356,352	1,179,345	280,164	1,669,640	288,440	6,456,984	84,008	607,779	*1,542	*3,685	25,634	92,043		
\$15,000 under \$20,000.....	322,444	1,173,066	253,439	1,759,634	247,098	6,005,187	89,579	787,376	435	14,594	33,685	115,314		
\$20,000 under \$25,000.....	275,283	1,201,725	210,885	1,237,541	248,512	5,631,791	84,381	735,437	*1,588	*1,608	24,069	148,234		
\$25,000 under \$30,000.....	272,739	1,298,797	224,844	1,489,658	217,863	5,131,961	73,554	870,974	*1,390	*5,081	28,362	177,512		
\$30,000 under \$40,000.....	510,106	2,322,777	420,005	2,917,588	459,893	10,298,443	151,731	1,445,675	3,126	12,604	50,035	381,363		
\$40,000 under \$50,000.....	563,141	2,921,079	449,273	2,970,485	427,615	9,660,976	131,128	1,173,767	5,366	42,897	65,483	318,306		
\$50,000 under \$75,000.....	1,309,381	8,807,056	1,015,307	7,222,036	1,025,214	23,791,739	311,438	4,790,374	13,521	51,236	146,722	978,629		
\$75,000 under \$100,000.....	1,025,009	9,673,585	843,823	6,474,654	773,974	19,470,166	257,936	7,207,303	6,939	41,597	149,046	912,540		
\$100,000 under \$200,000.....	1,682,349	29,304,664	1,118,744	10,860,726	1,287,373	40,249,508	492,878	20,718,570	17,204	133,500	284,323	5,449,779		
\$200,000 under \$500,000.....	713,572	35,602,602	436,688	8,064,435	630,239	32,307,267	300,690	29,614,948	11,085	154,057	207,704	8,869,699		
\$500,000 under \$1,000,000.....	181,247	25,637,891	91,853	3,405,318	152,343	14,680,345	95,334	20,286,766	6,437	79,898	86,362	8,114,947		
\$1,000,000 under \$1,500,000.....	53,374	14,624,424	20,721	1,188,670	38,375	5,729,408	29,403	9,533,198	2,931	67,915	30,675	5,661,344		
\$1,500,000 under \$2,000,000.....	23,663	9,088,649	9,156	1,024,813	16,305	3,571,697	14,298	6,439,770	1,495	26,638	15,593	4,416,780		
\$2,000,000 under \$5,000,000.....	36,590	25,628,756	13,001	1,866,560	23,068	6,008,657	23,767	18,349,820	3,565	110,999	28,691	16,308,573		
\$5,000,000 under \$10,000,000.....	9,848	15,848,217	3,126	844,773	5,193	2,602,251	6,818	11,128,713	1,278	68,406	8,825	12,870,597		
\$10,000,000 or more.....	6,549	50,542,421	1,708	864,273	2,796	3,253,022	4,900	21,918,728	1,127	244,133	6,575	49,775,373		
<b>Taxable returns, total</b> .....	6,919,954	229,518,281	4,945,641	49,274,716	5,351,302	174,248,751	1,920,824	153,219,826	74,924	1,021,330	1,142,958	114,415,215		
No adjusted gross income.....	1,273	495,033	518	205,788	1,355	1,492,547	1,670	1,387,369	43	9,159	840	844,310		
\$1 under \$5,000.....	125,594	188,487	32,155	73,673	39,135	218,138	*5,870	*7,201	*971	*63	*5,833	*9,634		
\$5,000 under \$10,000.....	100,180	303,736	60,116	254,111	63,688	654,477	6,749	81,227	*6	*41	15,059	39,817		
\$10,000 under \$15,000.....	174,039	580,573	117,545	695,156	109,271	1,784,371	25,095	130,196	-	-	13,163	25,899		
\$15,000 under \$20,000.....	201,461	704,785	150,264	875,527	145,063	2,895,037	54,186	450,508	*257	*9,154	18,360	56,067		
\$20,000 under \$25,000.....	216,825	903,420	151,543	869,415	167,859	3,249,103	59,170	427,700	*241	*141	18,662	96,669		
\$25,000 under \$30,000.....	212,534	951,012	176,433	1,039,788	185,442	3,540,046	51,751	489,969	*1,315	*3,951	22,935	156,465		
\$30,000 under \$40,000.....	444,431	1,775,058	347,768	2,303,636	385,157	7,272,329	118,056	956,789	2,811	8,718	38,012	295,251		
\$40,000 under \$50,000.....	503,008	2,445,239	399,213	2,350,645	381,890	7,916,456	104,086	902,864	*4,754	*24,724	59,391	222,856		
\$50,000 under \$75,000.....	1,244,042	7,857,458	982,666	6,542,541	974,992	20,839,334	278,756	4,121,521	12,741	43,299	140,202	765,614		
\$75,000 under \$100,000.....	996,627	8,928,531	836,048	6,315,019	756,894	17,937,997	249,871	6,755,463	6,901	40,842	145,771	808,776		
\$100,000 under \$200,000.....	1,676,247	27,852,746	1,115,564	10,630,661	1,293,074	39,035,137	490,905	20,463,386	17,031	133,165	280,981	5,252,379		
\$200,000 under \$500,000.....	712,650	35,445,970	436,332	7,992,383	629,562	31,940,804	300,274	29,539,034	11,041	151,064	207,195	8,904,434		
\$500,000 under \$1,000,000.....	181,090	25,576,369	91,797	3,370,186	152,242	14,540,378	95,252	20,237,510	6,424	79,073	86,257	8,065,888		
\$1,000,000 or more.....	129,953	115,509,866	47,681	5,756,210	85,680	21,022,596	79,134	67,289,089	10,388	517,937	90,296	88,971,157		
<b>Nontaxable returns, total</b> .....	1,222,752	10,159,639	1,280,586	12,503,619	1,621,459	55,313,010	395,709	9,431,682	10,509	184,312	132,703	3,676,841		

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--cont						Sale of property other than capital assets				Total taxable IRA distributions	
	Net long-term partnership/S-corp loss		Schedule D capital gain distributions		Net gain		Net loss		Net loss		Amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	(70)		
<b>All returns, total</b> .....	<b>633,700</b>	<b>7,261,116</b>	<b>7,854,562</b>	<b>13,409,908</b>	<b>857,903</b>	<b>10,473,327</b>	<b>892,031</b>	<b>7,970,811</b>	<b>8,913,846</b>	<b>101,672,181</b>	<b>8,913,846</b>	<b>101,672,181</b>
No adjusted gross income .....	14,208	1,766,397	220,348	221,986	48,387	853,763	66,863	3,225,921	76,273	927,571	76,273	927,571
\$1 under \$5,000 .....	17,601	122,831	302,356	194,189	19,345	76,172	24,580	86,612	205,778	458,248	205,778	458,248
\$5,000 under \$10,000 .....	11,799	41,934	287,904	245,999	23,246	141,739	26,294	56,987	495,980	1,834,902	495,980	1,834,902
\$10,000 under \$15,000 .....	16,175	116,979	307,712	307,174	25,592	148,538	16,789	92,083	750,792	3,521,596	750,792	3,521,596
\$15,000 under \$20,000 .....	22,751	83,683	330,895	303,003	36,186	224,603	38,808	110,693	789,554	4,098,847	789,554	4,098,847
\$20,000 under \$25,000 .....	22,792	77,589	265,031	248,443	36,645	135,070	32,001	203,432	557,535	3,548,389	557,535	3,548,389
\$25,000 under \$30,000 .....	26,420	171,191	245,075	196,674	40,166	331,490	23,245	74,459	548,724	3,474,929	548,724	3,474,929
\$30,000 under \$40,000 .....	29,768	154,249	475,031	580,990	57,778	368,278	57,496	196,236	883,464	6,500,389	883,464	6,500,389
\$40,000 under \$50,000 .....	39,667	217,031	547,998	579,113	57,977	512,905	36,861	137,799	813,974	7,396,669	813,974	7,396,669
\$50,000 under \$75,000 .....	89,977	305,816	1,241,414	1,672,985	124,239	873,817	116,359	369,107	1,597,750	19,115,159	1,597,750	19,115,159
\$75,000 under \$100,000 .....	72,519	293,887	972,865	1,448,029	91,009	929,888	99,700	325,214	932,878	15,249,532	932,878	15,249,532
\$100,000 under \$200,000 .....	138,459	899,946	1,591,942	2,860,512	144,288	1,748,164	156,460	716,408	978,836	22,496,039	978,836	22,496,039
\$200,000 under \$500,000 .....	85,059	716,577	748,699	1,936,919	94,135	1,515,230	114,419	672,288	222,720	9,349,344	222,720	9,349,344
\$500,000 under \$1,000,000 .....	27,223	642,664	191,382	846,248	30,945	587,895	45,151	458,878	38,651	2,137,026	38,651	2,137,026
\$1,000,000 under \$1,500,000 .....	8,098	353,340	51,934	374,709	9,800	343,100	13,917	230,339	9,151	551,889	9,151	551,889
\$1,500,000 under \$2,000,000 .....	3,431	168,405	23,487	228,627	4,737	216,133	6,845	196,772	4,174	314,451	4,174	314,451
\$2,000,000 under \$5,000,000 .....	5,594	381,579	35,486	504,734	8,642	524,756	11,222	330,336	5,555	416,183	5,555	416,183
\$5,000,000 under \$10,000,000 .....	1,364	218,107	9,179	206,977	2,574	323,236	2,992	188,784	1,274	134,122	1,274	134,122
\$10,000,000 or more .....	796	528,910	5,824	452,597	2,233	618,549	2,029	298,464	782	146,896	782	146,896
<b>Taxable returns, total</b> .....	<b>538,863</b>	<b>5,872,724</b>	<b>6,668,400</b>	<b>12,220,783</b>	<b>657,566</b>	<b>8,720,092</b>	<b>692,633</b>	<b>4,080,542</b>	<b>7,142,912</b>	<b>92,291,485</b>	<b>7,142,912</b>	<b>92,291,485</b>
No adjusted gross income .....	443	1,106,974	923	6,534	544	93,498	412	70,569	201	18,443	201	18,443
\$1 under \$5,000 .....	—	—	89,323	54,035	*35	*261	*63	*63	*5,942	*6,090	*5,942	*6,090
\$5,000 under \$10,000 .....	*2,029	*10,402	87,269	82,212	*5,522	*29,153	*4,849	*3,423	53,241	243,587	53,241	243,587
\$10,000 under \$15,000 .....	*5,671	*4,765	128,525	149,989	6,651	61,697	*4,239	*5,763	343,135	1,571,928	343,135	1,571,928
\$15,000 under \$20,000 .....	13,709	12,824	216,747	188,516	15,434	58,239	20,112	28,176	477,318	2,301,429	477,318	2,301,429
\$20,000 under \$25,000 .....	14,018	33,655	212,243	197,183	18,400	62,253	15,680	79,360	452,817	2,968,114	452,817	2,968,114
\$25,000 under \$30,000 .....	18,440	43,724	204,299	157,783	22,593	212,549	12,482	62,743	478,255	3,056,691	478,255	3,056,691
\$30,000 under \$40,000 .....	21,496	105,652	409,446	492,547	45,933	282,377	48,348	158,380	805,185	6,021,785	805,185	6,021,785
\$40,000 under \$50,000 .....	38,044	186,482	504,896	508,472	45,326	419,034	30,484	33,446	781,384	7,100,599	781,384	7,100,599
\$50,000 under \$75,000 .....	84,365	258,067	1,201,966	1,579,461	113,392	800,322	103,690	275,603	1,561,760	18,582,941	1,561,760	18,582,941
\$75,000 under \$100,000 .....	71,005	278,547	959,895	1,415,797	88,005	865,948	98,241	306,488	924,041	14,932,220	924,041	14,932,220
\$100,000 under \$200,000 .....	138,252	881,616	1,587,691	2,844,052	142,895	1,738,876	154,856	704,647	977,613	22,460,705	977,613	22,460,705
\$200,000 under \$500,000 .....	84,922	696,341	748,042	1,931,573	93,962	1,505,452	114,191	662,064	222,472	9,334,265	222,472	9,334,265
\$500,000 under \$1,000,000 .....	27,199	617,243	191,273	845,182	30,903	585,617	45,095	447,649	38,627	2,135,817	38,627	2,135,817
\$1,000,000 or more .....	19,270	1,636,443	125,863	1,767,448	27,971	2,024,815	36,980	1,242,166	20,920	1,556,871	20,920	1,556,871
<b>Nontaxable returns, total</b> .....	<b>94,837</b>	<b>1,388,391</b>	<b>1,186,161</b>	<b>1,189,125</b>	<b>200,337</b>	<b>1,753,235</b>	<b>199,398</b>	<b>3,890,269</b>	<b>1,770,934</b>	<b>9,380,695</b>	<b>1,770,934</b>	<b>9,380,695</b>

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Pensions and annuities			Taxable			Net income			Net loss (includes nondeductible loss)			Royalty		
	Total		Number of returns	Amount		Number of returns	Amount		Number of returns	Amount		Number of returns	Amount		Number of returns
	(71)	(72)		(73)	(74)		(75)	(76)		(77)	(78)		(79)	(80)	
<b>All returns, total</b> .....	<b>25,130,018</b>	<b>627,664,241</b>	<b>23,123,390</b>	<b>394,285,849</b>	<b>4,078,981</b>	<b>50,640,786</b>	<b>4,731,529</b>	<b>44,672,209</b>	<b>1,296,467</b>	<b>12,421,989</b>	<b>31,654</b>	<b>186,747</b>			
No adjusted gross income.....	200,197	4,753,704	161,559	1,470,868	97,748	1,214,772	212,741	4,308,957	32,292	295,767	1,364	7,325			
\$1 under \$5,000.....	659,639	4,663,960	617,619	1,582,848	113,614	343,268	89,757	769,318	39,674	64,776	*163	*313			
\$5,000 under \$10,000.....	1,408,056	10,907,039	1,359,227	7,176,833	194,436	687,792	132,763	1,044,309	58,375	129,855	*892	*45			
\$10,000 under \$15,000.....	2,078,368	21,871,313	2,015,731	16,563,645	231,589	1,073,476	141,285	913,317	53,125	178,670	*698	*1,707			
\$15,000 under \$20,000.....	2,167,099	28,087,050	2,100,237	21,954,819	240,471	1,453,446	175,980	1,305,783	66,975	212,182	*35	*543			
\$20,000 under \$25,000.....	1,619,745	25,028,810	1,560,629	18,738,307	198,669	1,149,329	201,041	1,336,799	53,175	131,508	*2,096	*9,651			
\$25,000 under \$30,000.....	1,442,406	24,006,143	1,371,182	19,055,547	159,947	965,787	204,887	1,322,236	61,388	168,800	*1,917	*17,217			
\$30,000 under \$40,000.....	2,607,768	46,741,639	2,458,423	36,521,756	339,916	2,053,467	418,882	3,301,069	84,502	411,058	*3,911	*28,186			
\$40,000 under \$50,000.....	2,218,421	49,519,986	2,045,615	35,705,441	320,204	2,232,680	372,241	3,014,845	97,205	284,537	*935	*2,138			
\$50,000 under \$75,000.....	4,501,562	124,391,933	4,161,236	85,100,572	699,465	5,148,899	893,931	7,265,957	202,180	919,855	**8,089	**19,816			
\$75,000 under \$100,000.....	2,764,633	92,444,004	2,414,052	59,281,955	439,014	4,936,200	664,264	5,158,768	154,221	800,048	**	**			
\$100,000 under \$200,000.....	2,687,416	126,894,310	2,264,799	67,835,343	641,303	9,804,827	829,724	7,991,656	224,008	2,151,053	6,951	57,865			
\$200,000 under \$500,000.....	612,480	47,907,569	472,215	17,742,320	285,288	9,426,709	303,731	4,418,941	105,267	2,276,133	3,490	24,484			
\$500,000 under \$1,000,000.....	102,425	10,926,365	75,474	3,102,608	73,488	4,086,929	56,291	1,198,954	32,933	1,237,396	447	4,004			
\$1,000,000 under \$1,500,000.....	25,855	3,164,537	19,839	779,179	17,886	1,630,710	14,323	451,218	10,673	734,844	206	2,715			
\$1,500,000 under \$2,000,000.....	11,022	1,736,493	8,199	437,944	8,813	999,065	5,996	200,074	5,109	404,362	101	857			
\$2,000,000 under \$5,000,000.....	16,447	2,678,075	12,394	739,556	12,395	1,852,581	8,339	377,696	9,643	851,592	230	3,919			
\$5,000,000 under \$10,000,000.....	3,926	986,061	2,986	242,735	2,931	751,757	2,070	131,094	3,135	433,361	71	904			
\$10,000,000 or more.....	2,553	955,247	1,974	253,573	1,804	827,092	1,281	161,219	2,585	736,193	59	5,056			
<b>Taxable returns, total</b> .....	<b>20,160,943</b>	<b>572,008,551</b>	<b>18,460,015</b>	<b>361,181,498</b>	<b>3,182,187</b>	<b>45,516,761</b>	<b>3,703,132</b>	<b>32,879,731</b>	<b>1,072,187</b>	<b>11,693,111</b>	<b>27,448</b>	<b>157,007</b>			
No adjusted gross income.....	902	72,973	731	31,726	717	88,757	744	80,784	387	34,173	*120	*102			
\$1 under \$5,000.....	12,857	23,200	12,857	20,557	*2,643	*3,750	*977	*608	*3,885	*1,794	*3	*307			
\$5,000 under \$10,000.....	166,238	1,078,155	166,238	1,041,839	20,887	62,159	13,390	36,118	*7,584	*4,503	-	-			
\$10,000 under \$15,000.....	1,033,271	10,172,979	1,010,069	8,683,397	91,213	492,676	45,052	209,660	23,570	110,332	-	-			
\$15,000 under \$20,000.....	1,368,775	18,094,439	1,335,575	14,801,079	120,033	741,046	80,095	566,463	40,664	133,821	*3	*10			
\$20,000 under \$25,000.....	1,298,445	20,518,735	1,256,218	16,080,276	143,644	813,570	116,976	671,568	42,056	103,118	*1,945	*1,669			
\$25,000 under \$30,000.....	1,239,288	21,639,768	1,183,112	17,396,161	112,991	667,995	127,961	770,041	47,654	156,089	*1,878	*17,148			
\$30,000 under \$40,000.....	2,348,151	43,361,671	2,229,642	34,413,291	265,903	1,635,240	318,736	2,114,660	72,206	369,071	*2,974	*16,175			
\$40,000 under \$50,000.....	2,082,037	47,523,737	1,936,598	34,607,018	281,474	1,946,066	310,186	2,366,108	93,911	262,224	*935	*2,138			
\$50,000 under \$75,000.....	4,407,971	122,763,658	4,078,828	84,208,333	669,543	4,934,053	825,573	6,391,896	197,732	892,138	**8,042	**19,738			
\$75,000 under \$100,000.....	2,748,230	91,995,952	2,399,332	59,097,334	433,095	4,856,232	642,225	4,824,009	150,295	766,497	**	**			
\$100,000 under \$200,000.....	2,680,725	126,467,270	2,258,306	67,526,571	637,808	9,725,984	827,578	7,929,094	223,124	2,135,405	6,951	57,865			
\$200,000 under \$500,000.....	611,920	47,859,948	471,731	17,721,945	284,994	9,409,017	303,421	4,405,853	105,090	2,270,949	3,486	24,446			
\$500,000 under \$1,000,000.....	102,365	10,919,089	75,421	3,099,969	73,439	4,083,303	58,234	1,193,753	32,897	1,236,984	447	4,004			
\$1,000,000 or more.....	59,765	9,516,977	45,358	2,452,001	43,802	6,056,811	31,984	1,319,116	31,121	3,156,003	664	13,405			
<b>Non-taxable returns, total</b> .....	<b>4,969,075</b>	<b>55,655,690</b>	<b>4,663,375</b>	<b>33,104,351</b>	<b>896,794</b>	<b>5,124,025</b>	<b>1,028,397</b>	<b>11,792,479</b>	<b>224,280</b>	<b>788,878</b>	<b>4,206</b>	<b>29,740</b>			

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Farm rental			Total rental and royalty			Partnership and S Corporation					
	Net income		Net loss	Net income		Net loss	Net income		Net loss			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
(83)	(84)	(85)	(86)	(87)	(88)	(89)	(90)	(91)	(92)	(93)	(94)	(95)
<b>All returns, total</b> .....	500,587	3,757,428	126,185	703,622	5,370,773	65,850,060	4,380,365	38,465,692	4,738,228	398,690,527	2,498,144	82,697,364
No adjusted gross income.....	10,498	52,289	12,243	126,328	122,142	1,495,038	221,095	4,184,375	61,390	2,288,735	257,404	32,374,142
\$1 under \$5,000.....	22,826	43,930	*1,237	*4,968	167,135	448,896	86,572	628,634	75,099	280,032	68,530	1,033,919
\$5,000 under \$10,000.....	36,904	133,351	*8,017	*40,237	269,622	937,859	135,777	991,080	100,520	534,617	81,813	780,528
\$10,000 under \$15,000.....	33,144	124,876	10,406	22,626	294,877	1,372,512	144,046	850,793	121,162	871,130	87,637	1,122,190
\$15,000 under \$20,000.....	51,299	275,618	*6,540	*16,276	331,391	1,919,778	175,164	1,132,408	159,709	1,492,186	81,386	745,119
\$20,000 under \$25,000.....	26,851	136,570	*4,873	*9,650	261,282	1,395,469	199,965	1,271,457	137,662	1,384,409	64,195	629,704
\$25,000 under \$30,000.....	29,976	172,657	*4,807	*25,947	235,874	1,292,630	199,430	1,307,049	134,183	1,763,137	85,490	803,789
\$30,000 under \$40,000.....	41,580	305,220	7,926	47,723	439,963	2,727,896	411,690	3,059,142	261,297	3,500,999	180,587	1,668,509
\$40,000 under \$50,000.....	30,099	153,659	7,868	21,256	411,038	2,646,712	372,603	2,843,913	289,700	4,979,403	147,297	1,589,451
\$50,000 under \$75,000.....	65,512	439,496	24,523	153,523	882,322	6,401,098	887,226	6,870,795	667,672	11,583,166	376,177	3,743,216
\$75,000 under \$100,000.....	73,577	712,374	14,170	90,584	608,803	6,308,614	656,385	4,890,222	603,208	13,729,201	297,483	3,114,147
\$100,000 under \$200,000.....	59,217	897,027	16,320	72,627	830,713	12,669,474	681,472	5,823,900	1,066,375	45,587,010	461,646	6,791,579
\$200,000 under \$500,000.....	**19,125	**310,360	**7,256	**71,878	354,680	11,737,729	150,288	2,537,500	714,817	81,682,638	209,192	7,048,829
\$500,000 under \$1,000,000.....	**	**	**	**	95,318	5,295,936	36,291	928,322	212,182	59,508,543	53,300	4,279,592
\$1,000,000 under \$1,500,000.....	**	**	**	**	25,201	2,356,157	9,352	334,054	56,348	29,310,977	16,234	1,955,663
\$1,500,000 under \$2,000,000.....	**	**	**	**	12,287	1,399,452	4,103	173,405	25,171	19,510,041	8,072	1,292,469
\$2,000,000 under \$5,000,000.....	**	**	**	**	19,270	2,697,628	6,231	327,895	37,424	48,532,570	14,084	4,064,038
\$5,000,000 under \$10,000,000.....	**	**	**	**	5,234	1,183,298	1,586	159,725	8,888	24,304,391	4,424	2,773,146
\$10,000,000 or more.....	**	**	**	**	3,618	1,563,884	1,088	151,123	5,421	47,847,343	3,192	6,867,334
<b>Taxable returns, total</b> .....	380,770	3,287,723	89,773	507,476	4,224,741	59,628,232	3,343,234	27,422,255	4,129,842	390,150,786	1,772,574	44,048,715
No adjusted gross income.....	*26	*367	*3	*75	984	119,472	858	72,780	1,648	718,882	1,921	1,336,335
\$1 under \$5,000.....	-	-	-	-	*5,557	*5,543	*9	*455	14,682	34,942	5,837	7,484
\$5,000 under \$10,000.....	*3,807	*8,492	-	-	30,287	75,154	12,678	33,671	30,256	128,580	12,703	140,044
\$10,000 under \$15,000.....	16,295	56,592	*4,970	*14,768	121,294	650,998	44,138	214,139	58,315	389,675	24,719	199,201
\$15,000 under \$20,000.....	30,058	211,890	*941	*967	177,288	1,074,916	77,252	445,692	92,480	738,093	30,923	182,955
\$20,000 under \$25,000.....	22,707	119,748	*4,873	*9,650	198,594	1,029,948	119,919	666,093	91,218	974,151	27,545	245,152
\$25,000 under \$30,000.....	25,230	158,319	*3,847	*25,689	173,468	979,618	124,228	743,674	83,203	1,068,674	42,834	329,408
\$30,000 under \$40,000.....	37,557	239,793	6,964	46,791	354,672	2,201,318	314,682	2,014,256	190,546	2,307,516	121,759	853,227
\$40,000 under \$50,000.....	29,839	152,846	*5,919	*21,166	370,581	2,350,005	308,872	2,240,804	235,736	3,963,229	119,077	1,086,909
\$50,000 under \$75,000.....	64,359	432,026	24,518	153,519	850,264	6,168,241	818,161	6,089,728	616,553	10,277,497	333,034	2,719,685
\$75,000 under \$100,000.....	72,577	700,760	14,170	90,584	600,303	6,190,199	634,350	4,549,465	591,702	13,535,034	285,774	2,746,645
\$100,000 under \$200,000.....	59,207	896,909	16,320	72,627	826,374	12,583,052	679,403	5,754,936	1,063,832	45,397,594	458,743	6,351,021
\$200,000 under \$500,000.....	**19,109	**309,980	**7,247	**71,639	354,261	11,714,939	150,093	2,527,494	714,349	81,631,368	208,592	6,852,295
\$500,000 under \$1,000,000.....	**	**	**	**	95,243	5,291,904	36,247	924,072	212,109	59,486,301	53,174	4,184,581
\$1,000,000 or more.....	**	**	**	**	65,571	9,192,925	22,344	1,145,023	133,214	169,493,251	45,936	16,813,776
<b>Non-taxable returns, total</b> .....	119,817	469,704	36,412	196,146	1,146,032	6,221,828	1,037,130	11,043,438	606,385	8,539,741	725,571	38,648,649

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Estate and trust				Farm				Unemployment compensation			
	Net income		Net loss		Net income		Net loss		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount				
(95)	(96)	(97)	(98)	(99)	(100)	(101)	(102)	(103)	(104)			
<b>All returns, total.....</b>	<b>507,008</b>	<b>15,436,171</b>	<b>35,710</b>	<b>1,435,566</b>	<b>588,823</b>	<b>7,371,027</b>	<b>1,416,076</b>	<b>20,610,232</b>	<b>9,094,911</b>	<b>32,740,272</b>		
No adjusted gross income.....	9,394	155,477	4,923	552,034	21,115	325,371	112,842	3,731,131	32,793	137,920		
\$1 under \$5,000.....	13,282	28,285	*352	*242	44,908	100,067	32,150	319,026	271,857	444,791		
\$5,000 under \$10,000.....	19,344	56,803	*971	*1,252	39,815	186,691	66,739	680,426	797,325	2,166,890		
\$10,000 under \$15,000.....	23,631	128,198	*223	*151	40,069	260,232	70,625	854,443	1,017,041	3,451,314		
\$15,000 under \$20,000.....	22,378	141,317	*1,906	*14,194	27,123	261,292	89,792	941,164	1,032,107	3,488,802		
\$20,000 under \$25,000.....	11,616	44,888	*1,636	*4,156	31,953	356,482	72,122	707,778	820,699	2,946,905		
\$25,000 under \$30,000.....	14,345	67,908	*7	*3,346	35,896	401,263	67,373	619,804	667,732	2,521,664		
\$30,000 under \$40,000.....	36,596	286,158	**2,851	**2,348	63,110	690,362	178,635	1,735,792	1,045,515	3,979,881		
\$40,000 under \$50,000.....	42,328	334,299	**	**	49,927	495,545	116,269	1,246,290	823,189	3,209,251		
\$50,000 under \$75,000.....	81,600	877,006	956	2,019	109,678	1,475,498	246,425	2,507,274	1,372,632	5,130,767		
\$75,000 under \$100,000.....	55,107	514,588	3,653	1,186	53,988	787,615	163,335	2,074,689	723,546	2,848,099		
\$100,000 under \$200,000.....	99,326	1,916,516	7,032	51,199	49,216	1,021,689	139,153	2,180,306	430,789	2,125,314		
\$200,000 under \$500,000.....	47,328	2,068,614	6,430	51,259	**19,992	**772,978	41,019	1,390,904	**59,688	**288,672		
\$500,000 under \$1,000,000.....	16,529	1,695,890	1,810	60,197	**	**	12,090	663,997	**	**		
\$1,000,000 under \$1,500,000.....	5,336	1,103,936	604	54,656	788	64,805	3,138	195,878	**	**		
\$1,500,000 under \$2,000,000.....	2,313	463,023	462	23,642	364	36,976	1,461	143,318	**	**		
\$2,000,000 under \$5,000,000.....	4,191	1,625,896	996	120,671	666	70,730	2,006	334,725	**	**		
\$5,000,000 under \$10,000,000.....	1,352	1,026,285	394	64,570	128	27,110	548	127,247	**	**		
\$10,000,000 or more.....	1,010	2,901,063	502	428,443	88	36,321	354	156,040	**	**		
<b>Taxable returns, total.....</b>	<b>441,882</b>	<b>14,937,313</b>	<b>25,408</b>	<b>901,846</b>	<b>367,934</b>	<b>5,254,511</b>	<b>1,001,564</b>	<b>13,260,799</b>	<b>5,895,339</b>	<b>22,433,830</b>		
No adjusted gross income.....	226	29,519	91	64,514	223	27,849	418	52,287	*6	*13		
\$1 under \$5,000.....	*6,525	*11,335	--	--	*951	*47	*951	*169	20,968	23,897		
\$5,000 under \$10,000.....	*5,814	*23,436	--	--	*6,642	*36,196	9,503	55,236	95,632	228,707		
\$10,000 under \$15,000.....	14,335	88,257	--	--	10,167	75,626	17,574	156,410	412,865	1,371,383		
\$15,000 under \$20,000.....	13,310	90,600	--	--	7,592	39,501	42,344	410,799	504,078	1,728,548		
\$20,000 under \$25,000.....	*8,010	*15,197	*1,632	*2,910	17,806	127,658	45,692	372,041	468,742	1,670,200		
\$25,000 under \$30,000.....	12,739	44,317	--	--	19,516	144,618	44,662	308,787	422,340	1,559,452		
\$30,000 under \$40,000.....	35,541	286,097	*944	*485	44,165	481,167	139,922	1,232,446	761,734	3,000,748		
\$40,000 under \$50,000.....	37,117	232,621	**	**	40,490	383,772	100,909	1,047,428	697,806	2,739,952		
\$50,000 under \$75,000.....	77,059	816,721	*944	*1,950	96,635	1,215,855	238,021	2,408,554	1,299,150	4,856,855		
\$75,000 under \$100,000.....	54,069	510,728	*3,640	*558	52,548	695,695	162,271	2,043,047	721,935	2,844,650		
\$100,000 under \$200,000.....	99,206	1,914,901	6,998	49,523	49,195	1,019,962	138,771	2,172,713	430,431	2,120,956		
\$200,000 under \$500,000.....	47,219	2,062,121	6,399	47,019	**19,971	**772,531	40,946	1,382,737	**59,651	**288,470		
\$500,000 under \$1,000,000.....	16,518	1,692,492	1,804	60,083	**	**	12,080	661,363	**	**		
\$1,000,000 or more.....	14,194	7,118,969	2,955	674,806	2,031	234,035	7,501	956,781	**	**		
<b>Nontaxable returns, total.....</b>	<b>65,127</b>	<b>498,857</b>	<b>10,302</b>	<b>533,720</b>	<b>220,889</b>	<b>2,116,516</b>	<b>414,512</b>	<b>7,349,433</b>	<b>3,199,573</b>	<b>10,306,441</b>		

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Social security benefits			Taxable			Foreign earned income exclusion		Other income			Net operating loss		
	Total			Taxable			Foreign earned income exclusion		Net income		Net loss		Net operating loss	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(105)	(106)	(107)	(108)	(109)	(110)	(111)	(112)	(113)	(114)	(115)	(116)	(117)	(118)	
<b>All returns, total</b> .....	<b>14,759,589</b>	<b>231,873,220</b>	<b>11,691,859</b>	<b>110,462,387</b>	<b>295,313</b>	<b>15,446,376</b>	<b>5,532,206</b>	<b>31,965,345</b>	<b>359,344</b>	<b>8,767,672</b>	<b>829,838</b>	<b>75,011,558</b>		
No adjusted gross income.....	162,539	2,137,048	230	3,837	68,084	2,845,066	91,335	814,288	158,083	5,005,203	444,742	66,320,668		
\$1 under \$5,000.....	502,777	6,315,962	12,888	35,533	44,553	1,908,409	247,620	357,663	5,216	68,378	82,032	580,272		
\$5,000 under \$10,000.....	690,904	8,889,131	12,961	63,072	13,557	777,768	268,303	654,677	7,093	39,815	57,365	415,511		
\$10,000 under \$15,000.....	900,961	12,808,725	45,722	174,282	10,363	630,136	272,152	722,322	3,373	35,221	35,527	361,761		
\$15,000 under \$20,000.....	903,809	13,515,682	263,612	292,331	19,834	802,921	282,523	894,339	6,612	137,771	29,626	276,620		
\$20,000 under \$25,000.....	1,059,012	16,228,719	862,766	1,291,194	*6,251	*332,756	295,670	892,673	13,065	76,437	12,571	119,144		
\$25,000 under \$30,000.....	1,127,889	17,312,157	1,082,344	2,595,633	6,961	362,370	263,755	876,136	13,339	105,557	15,447	203,900		
\$30,000 under \$40,000.....	1,886,404	28,080,342	1,886,404	8,479,384	16,705	969,068	477,498	1,520,185	24,449	158,985	32,498	355,076		
\$40,000 under \$50,000.....	1,479,795	21,869,091	1,479,795	11,633,412	14,126	835,606	454,324	1,192,535	21,503	146,553	14,750	209,971		
\$50,000 under \$75,000.....	2,792,896	43,002,845	2,792,896	33,547,931	23,505	1,296,815	1,013,580	3,190,922	21,074	158,543	35,635	644,547		
\$75,000 under \$100,000.....	1,421,880	25,487,669	1,421,880	21,568,400	16,129	984,434	684,496	2,202,247	21,047	290,622	19,178	361,155		
\$100,000 under \$200,000.....	1,348,268	25,856,885	1,347,913	21,966,101	25,693	1,688,584	770,917	5,197,477	25,847	626,403	28,507	1,015,506		
\$200,000 under \$500,000.....	360,323	7,583,544	360,323	6,445,931	20,819	1,410,519	279,359	4,842,633	26,955	907,074	14,290	986,465		
\$500,000 under \$1,000,000.....	75,757	1,690,082	75,750	1,434,320	5,674	379,155	73,517	2,393,093	6,418	319,732	4,144	606,910		
\$1,000,000 under \$1,500,000.....	20,117	456,292	20,117	387,845	1,457	105,156	21,567	1,272,492	2,122	108,231	1,349	320,592		
\$1,500,000 under \$2,000,000.....	8,685	208,421	8,685	177,157	548	40,048	9,869	795,085	792	48,107	641	216,842		
\$2,000,000 under \$5,000,000.....	12,613	304,518	12,613	258,838	798	58,079	17,140	1,623,513	1,455	96,740	984	706,174		
\$5,000,000 under \$10,000,000.....	3,053	76,894	3,053	65,359	167	12,856	4,983	860,038	487	70,373	310	366,400		
\$10,000,000 or more.....	1,907	49,211	1,907	41,829	90	6,630	3,598	1,663,026	415	367,925	241	944,042		
<b>Taxable returns, total</b> .....	<b>12,281,581</b>	<b>195,183,007</b>	<b>11,181,112</b>	<b>108,338,902</b>	<b>139,031</b>	<b>8,005,551</b>	<b>4,388,149</b>	<b>27,634,436</b>	<b>161,432</b>	<b>3,360,133</b>	<b>163,559</b>	<b>16,567,552</b>		
No adjusted gross income.....	389	7,242	58	891	--	--	781	97,648	**43	**40,675	4,288	10,306,913		
\$1 under \$5,000.....	18,854	185,253	--	--	--	--	70,408	74,693	--	--	*994	*9,559		
\$5,000 under \$10,000.....	73,973	672,310	*972	*5,999	*3,725	*105,006	65,150	178,295	--	--	5,874	33,660		
\$10,000 under \$15,000.....	457,382	5,187,568	21,461	96,744	*2,126	*125,857	144,734	295,532	**	**	7,803	31,652		
\$15,000 under \$20,000.....	597,919	8,370,580	213,516	205,113	12,400	446,977	143,157	351,991	*2,376	*65,145	8,581	86,880		
\$20,000 under \$25,000.....	915,700	13,753,716	763,741	1,143,245	*3,945	*198,182	191,129	445,532	*4,009	*14,342	4,497	38,543		
\$25,000 under \$30,000.....	1,005,393	15,345,639	969,754	2,357,671	*2,791	*186,920	180,199	591,502	13,132	94,580	7,917	100,954		
\$30,000 under \$40,000.....	1,785,146	26,652,461	1,785,146	8,062,266	13,877	714,377	373,159	1,098,112	16,555	81,352	20,759	124,928		
\$40,000 under \$50,000.....	1,432,965	21,122,709	1,432,965	11,257,928	11,266	616,136	405,726	888,493	19,333	142,888	8,975	117,131		
\$50,000 under \$75,000.....	2,755,653	42,480,465	2,755,653	33,123,319	17,892	960,448	964,409	2,861,673	20,898	143,506	27,267	382,371		
\$75,000 under \$100,000.....	1,412,634	25,272,948	1,412,634	21,385,889	16,083	978,292	670,938	2,143,861	20,776	241,109	17,571	320,459		
\$100,000 under \$200,000.....	1,343,895	25,763,854	1,343,539	21,904,026	25,500	1,671,156	768,853	5,186,650	25,732	623,165	27,452	937,123		
\$200,000 under \$500,000.....	359,669	7,570,396	359,669	6,434,756	20,718	1,402,212	278,949	4,826,602	26,908	904,980	14,016	951,458		
\$500,000 under \$1,000,000.....	75,672	1,683,359	75,665	1,430,733	5,653	377,442	73,442	2,384,717	6,405	319,135	4,076	586,020		
\$1,000,000 or more.....	46,338	1,094,507	46,338	930,322	3,056	222,546	57,115	6,209,134	5,264	689,257	3,488	2,539,902		
<b>Nontaxable returns, total</b> .....	<b>2,478,008</b>	<b>36,690,213</b>	<b>510,747</b>	<b>2,123,485</b>	<b>156,282</b>	<b>7,440,825</b>	<b>1,144,057</b>	<b>4,330,909</b>	<b>197,913</b>	<b>5,407,539</b>	<b>666,278</b>	<b>58,444,003</b>		

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Gambling earnings		Total		IRA Payments		Student loan interest deduction		Educator expenses deduction		Tuition and fees deduction	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(117)	(118)	(119)	(120)	(121)	(122)	(123)	(124)	(125)	(126)	(127)	(128)
<b>All returns, total.....</b>	<b>1,708,598</b>	<b>23,313,432</b>	<b>32,153,965</b>	<b>98,046,679</b>	<b>3,330,763</b>	<b>10,028,607</b>	<b>7,527,249</b>	<b>4,398,734</b>	<b>3,402,468</b>	<b>858,457</b>	<b>4,710,253</b>	<b>10,589,279</b>
No adjusted gross income.....	16,315	107,358	394,797	1,478,303	21,054	62,346	40,896	25,322	2,467	548	97,280	312,240
\$1 under \$5,000.....	28,806	51,956	1,479,734	1,684,739	32,383	75,210	105,566	63,656	17,171	3,932	271,730	753,433
\$5,000 under \$10,000.....	44,973	133,461	2,211,313	2,577,229	57,575	119,347	221,835	93,028	39,157	8,950	309,589	766,554
\$10,000 under \$15,000.....	75,937	336,881	2,208,817	2,679,213	90,778	169,536	335,544	140,258	68,916	16,762	202,338	422,876
\$15,000 under \$20,000.....	110,740	439,739	1,933,271	3,071,773	156,851	336,800	418,998	176,909	85,250	18,090	223,181	461,527
\$20,000 under \$25,000.....	87,935	411,560	1,785,919	3,131,962	196,575	460,166	498,961	259,932	84,478	20,059	172,503	338,270
\$25,000 under \$30,000.....	80,562	340,675	1,721,865	3,255,161	224,481	579,908	531,206	255,064	107,289	25,776	167,987	338,782
\$30,000 under \$40,000.....	186,210	945,704	3,088,575	6,150,776	427,020	1,137,980	1,074,988	628,189	350,026	81,662	253,154	488,673
\$40,000 under \$50,000.....	133,581	653,336	2,917,368	6,400,943	427,843	1,315,005	971,701	596,038	378,452	91,423	352,836	781,209
\$50,000 under \$75,000.....	346,684	2,260,148	5,467,314	13,519,889	710,645	2,168,776	1,724,663	1,065,413	828,415	212,230	736,272	1,413,133
\$75,000 under \$100,000.....	240,261	2,290,775	3,612,142	11,039,345	383,663	1,240,749	**1,602,891	**1,094,924	**3,364,656	**360,485	739,095	1,717,270
\$100,000 under \$200,000.....	267,019	4,269,711	3,998,494	20,491,654	479,712	1,704,235	**	**	**	**	1,184,287	2,795,311
\$200,000 under \$500,000.....	68,901	3,588,365	1,001,673	14,265,689	95,277	511,834	**	**	**	**	**	**
\$500,000 under \$1,000,000.....	12,630	1,729,516	208,574	4,903,045	**26,907	**146,816	**	**	**	**	**	**
\$1,000,000 under \$1,500,000.....	3,431	913,727	52,311	1,331,396	**	**	**	**	**	**	**	**
\$1,500,000 under \$2,000,000.....	1,636	542,351	23,143	600,344	**	**	**	**	**	**	**	**
\$2,000,000 under \$5,000,000.....	2,205	1,344,665	34,664	956,859	**	**	**	**	**	**	**	**
\$5,000,000 under \$10,000,000.....	475	638,832	8,483	255,903	**	**	**	**	**	**	**	**
\$10,000,000 or more.....	296	2,314,674	5,506	252,457	**	**	**	**	**	**	**	**
<b>Taxable returns, total.....</b>	<b>1,397,838</b>	<b>20,654,861</b>	<b>23,114,031</b>	<b>82,200,592</b>	<b>2,826,609</b>	<b>8,744,852</b>	<b>6,177,277</b>	<b>3,703,085</b>	<b>3,113,473</b>	<b>788,868</b>	<b>3,516,096</b>	<b>7,584,761</b>
No adjusted gross income.....	**55	**3,220	2,106	19,560	31	154	396	262	*4	*1	36	109
\$1 under \$5,000.....	**	**	17,673	11,813	*2,022	*6,065	**	**	**	**	**	**
\$5,000 under \$10,000.....	*6,801	*24,950	246,730	274,884	*8,012	*12,685	27,895	11,921	*13,003	*3,185	45,120	101,941
\$10,000 under \$15,000.....	26,226	67,900	734,447	869,029	30,658	47,819	163,962	71,217	40,084	9,820	89,583	179,737
\$15,000 under \$20,000.....	58,725	211,314	931,151	1,320,362	86,315	172,615	257,352	108,469	44,139	9,306	107,129	207,033
\$20,000 under \$25,000.....	56,045	201,339	1,064,115	1,649,581	118,262	288,117	343,218	165,266	58,705	13,676	74,297	123,949
\$25,000 under \$30,000.....	56,002	185,607	1,088,119	1,782,010	158,867	367,661	391,114	199,685	77,541	18,484	93,079	160,880
\$30,000 under \$40,000.....	153,618	661,323	2,404,413	4,517,652	374,209	991,766	872,155	514,453	293,538	68,163	182,149	300,431
\$40,000 under \$50,000.....	121,259	570,623	2,557,724	5,381,222	381,505	1,167,908	880,532	528,469	355,488	84,926	306,346	694,187
\$50,000 under \$75,000.....	331,293	1,934,245	5,173,863	12,556,449	685,444	2,102,288	1,649,459	1,021,376	794,487	203,369	704,111	1,328,338
\$75,000 under \$100,000.....	233,406	2,000,583	3,569,618	10,813,128	379,756	1,226,547	**1,591,195	**1,081,966	**359,404	**730,810	1,694,934	2,793,222
\$100,000 under \$200,000.....	285,644	4,132,805	3,990,662	20,453,840	479,415	1,702,925	**	**	**	**	1,183,435	2,793,222
\$200,000 under \$500,000.....	68,291	3,420,570	1,000,923	14,257,454	95,222	511,567	**	**	**	**	**	**
\$500,000 under \$1,000,000.....	12,508	1,637,848	208,444	4,901,340	**26,892	**146,735	**	**	**	**	**	**
\$1,000,000 or more.....	7,967	5,602,535	124,044	3,392,266	**	**	**	**	**	**	**	**
<b>Nontaxable returns, total.....</b>	<b>310,760</b>	<b>2,658,571</b>	<b>9,039,934</b>	<b>15,846,087</b>	<b>504,154</b>	<b>1,283,755</b>	<b>1,349,972</b>	<b>695,649</b>	<b>286,995</b>	<b>69,589</b>	<b>1,194,157</b>	<b>3,004,518</b>

Footnotes at end of table



**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Statutory adjustments--continued											
	Health savings account deduction		Deduction for self-employment tax		Moving expense adjustment		Payments to a Keogh plan		Penalty on early withdrawal of savings		Alimony paid	
	Number of returns (129)	Amount (130)	Number of returns (131)	Amount (132)	Number of returns (133)	Amount (134)	Number of returns (135)	Amount (136)	Number of returns (137)	Amount (138)	Number of returns (139)	Amount (140)
<b>All returns, total.....</b>	<b>90,857</b>	<b>190,732</b>	<b>15,920,203</b>	<b>21,109,366</b>	<b>1,096,436</b>	<b>2,952,043</b>	<b>1,201,332</b>	<b>19,295,952</b>	<b>780,327</b>	<b>209,833</b>	<b>574,001</b>	<b>8,470,128</b>
No adjusted gross income.....	1,825	4,613	217,951	181,694	4,696	21,089	5,486	41,256	16,900	7,707	13,774	325,634
\$1 under \$5,000.....	*1,788	*993	1,096,056	260,984	14,809	17,738	*1,771	*1,948	39,641	2,030	6,040	67,860
\$5,000 under \$10,000.....	*116	*404	1,666,350	812,168	29,237	52,243	11,070	33,749	62,851	9,705	9,226	69,647
\$10,000 under \$15,000.....	*2,733	*3,233	1,582,468	1,093,261	48,561	79,969	9,519	38,512	53,036	14,550	15,373	109,508
\$15,000 under \$20,000.....	*4,222	*2,912	1,114,136	960,156	61,295	145,367	9,964	47,671	50,582	27,244	9,287	37,095
\$20,000 under \$25,000.....	*2,977	*1,525	908,110	878,782	67,793	143,009	8,017	25,469	40,718	3,202	23,878	124,337
\$25,000 under \$30,000.....	*2,922	*9,476	779,657	817,649	71,882	165,900	17,386	77,409	41,099	7,287	23,590	135,806
\$30,000 under \$40,000.....	*8,756	*14,606	1,228,899	1,362,267	163,637	351,764	48,455	283,377	66,792	15,393	46,504	292,013
\$40,000 under \$50,000.....	4,251	2,781	1,110,985	1,365,088	112,859	222,768	55,405	375,066	72,350	27,291	36,162	266,245
\$50,000 under \$75,000.....	16,159	36,340	2,169,798	2,883,766	211,944	472,305	146,979	1,072,808	139,618	22,549	140,384	1,497,567
\$75,000 under \$100,000.....	9,368	17,330	1,354,772	2,247,065	127,528	397,699	170,909	1,595,325	92,819	19,052	79,007	879,962
\$100,000 under \$200,000.....	21,096	52,429	1,721,722	4,019,246	144,949	633,847	368,961	5,572,660	80,944	31,612	100,869	1,699,503
\$200,000 under \$500,000.....	11,504	32,959	721,482	2,598,747	*37,245	*248,345	259,761	6,606,662	18,918	18,360	49,785	1,503,261
\$500,000 under \$1,000,000.....	2,195	8,122	155,438	811,844	**	**	58,999	2,326,758	**4,068	**3,849	12,271	743,136
\$1,000,000 under \$1,500,000.....	497	1,511	38,571	259,501	**	**	13,748	559,222	**	**	3,211	236,351
\$1,500,000 under \$2,000,000.....	187	606	16,802	130,128	**	**	5,324	225,683	**	**	1,354	108,270
\$2,000,000 under \$5,000,000.....	233	795	26,032	239,008	**	**	7,107	318,455	**	**	2,258	216,603
\$5,000,000 under \$10,000,000.....	19	62	6,552	79,561	**	**	1,531	58,976	**	**	658	74,435
\$10,000,000 or more.....	11	34	4,424	108,453	**	**	941	34,948	**	**	369	82,896
<b>Taxable returns, total.....</b>	<b>71,586</b>	<b>151,905</b>	<b>9,682,839</b>	<b>16,535,120</b>	<b>912,622</b>	<b>2,474,509</b>	<b>1,135,246</b>	<b>18,627,877</b>	<b>591,587</b>	<b>157,024</b>	<b>511,265</b>	<b>7,681,044</b>
No adjusted gross income.....	--	--	1,925	5,493	--	--	57	1,989	*18	*3	70	8,821
\$1 under \$5,000.....	--	--	15,673	2,758	--	--	*3	*70	--	--	--	--
\$5,000 under \$10,000.....	--	--	153,065	70,617	*3,999	*860	*973	*1,945	*12,574	*1,730	*2,022	*7,278
\$10,000 under \$15,000.....	--	--	415,894	286,473	34,653	47,532	*4,796	*12,693	22,854	2,778	*9,667	*64,929
\$15,000 under \$20,000.....	*1,878	*1,934	443,337	361,125	38,660	60,582	*4,105	*13,069	35,311	8,821	*6,045	*15,416
\$20,000 under \$25,000.....	*2,977	*1,525	474,215	446,485	48,024	99,737	5,695	10,973	32,657	2,924	16,152	56,943
\$25,000 under \$30,000.....	*939	*451	402,859	388,635	48,906	101,184	9,872	49,417	28,054	3,587	19,285	94,937
\$30,000 under \$40,000.....	*3,818	*6,721	854,519	905,356	130,658	282,277	39,078	230,991	62,438	15,199	39,122	225,749
\$40,000 under \$50,000.....	*4,246	*2,767	906,517	1,101,212	103,904	185,990	47,321	351,249	67,347	27,163	30,256	193,957
\$50,000 under \$75,000.....	13,629	28,467	1,997,938	2,582,936	194,480	418,117	139,127	1,013,711	134,159	22,001	139,009	1,475,813
\$75,000 under \$100,000.....	8,406	13,605	1,333,213	2,101,940	127,173	396,811	168,162	1,545,684	92,432	19,040	78,953	878,934
\$100,000 under \$200,000.....	21,054	52,364	1,715,053	4,006,746	144,933	633,735	368,714	5,566,905	80,782	31,580	100,849	1,698,831
\$200,000 under \$500,000.....	11,489	32,943	720,953	2,597,433	*37,234	*248,285	259,706	6,805,491	18,887	18,349	49,736	1,500,505
\$500,000 under \$1,000,000.....	2,195	8,122	155,348	811,491	**	**	58,991	2,326,486	**4,063	**3,848	12,257	742,522
\$1,000,000 or more.....	946	3,007	92,330	816,422	**	**	28,647	1,197,203	**	**	7,843	714,410
<b>Nontaxable returns, total.....</b>	<b>19,271</b>	<b>38,827</b>	<b>6,237,364</b>	<b>4,574,246</b>	<b>183,814</b>	<b>477,534</b>	<b>66,086</b>	<b>368,075</b>	<b>188,739</b>	<b>52,809</b>	<b>62,736</b>	<b>789,084</b>

Footnotes at end of table

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Statutory adjustments--continued										Basic standard deduction		Additional standard deduction	
	Self-employed health insurance deduction		Medical savings account deduction		Certain business expenses of reservist, performing artist, etc.		Other adjustments <sup>1</sup>		Basic standard deduction		Additional standard deduction			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
	(141)	(142)	(143)	(144)	(145)	(146)	(147)	(148)	(149)	(150)	(151)	(152)		
<b>All returns, total.....</b>	<b>3,883,687</b>	<b>18,457,063</b>	<b>32,334</b>	<b>66,602</b>	<b>105,135</b>	<b>252,597</b>	<b>188,210</b>	<b>1,107,387</b>	<b>84,016,753</b>	<b>545,082,218</b>	<b>10,985,079</b>	<b>15,850,401</b>		
No adjusted gross income.....	103,062	427,133	*76	*189	*973	*6,323	2,904	62,209	--	--	--	--		
\$1 under \$5,000.....	121,409	335,788	--	--	*5,325	*9,687	*960	*91,481	11,339,898	48,470,763	917,181	1,249,705		
\$5,000 under \$10,000.....	184,111	599,286	*39	*146	*7,511	*7,560	*4,994	*4,441	11,492,586	65,380,649	1,404,312	1,889,989		
\$10,000 under \$15,000.....	185,560	588,790	--	--	*5,989	*15,457	*4,978	*6,500	10,573,534	66,064,801	1,733,887	2,461,729		
\$15,000 under \$20,000.....	224,573	807,376	**33	**122	*9,967	*16,054	*3,833	*34,212	9,872,234	64,424,603	1,488,594	2,206,631		
\$20,000 under \$25,000.....	221,701	844,301	**	**	*5,943	*15,192	*9,883	*14,323	8,113,323	53,800,446	945,230	1,387,237		
\$25,000 under \$30,000.....	199,853	757,161	*2,248	*1,605	*1,983	*12,165	*8,777	*71,275	6,608,405	44,680,416	713,028	1,025,294		
\$30,000 under \$40,000.....	346,693	1,320,150	*3,797	*8,097	*12,084	*51,572	16,159	115,034	9,373,908	65,617,788	1,037,041	1,530,329		
\$40,000 under \$50,000.....	292,836	1,244,769	*4,947	*11,482	*6,930	*37,114	26,193	64,651	5,913,645	44,636,416	737,824	1,089,702		
\$50,000 under \$75,000.....	569,394	2,541,876	7,781	11,803	15,933	25,135	39,709	96,187	7,388,858	62,009,071	1,172,339	1,716,609		
\$75,000 under \$100,000.....	367,309	1,731,369	3,671	8,257	12,577	17,898	26,881	129,259	2,193,198	19,764,099	481,954	737,199		
\$100,000 under \$200,000.....	575,388	3,357,394	4,206	8,553	17,597	31,644	25,921	148,811	959,177	8,616,187	295,147	463,143		
\$200,000 under \$500,000.....	344,560	2,575,846	*5,539	*16,530	2,115	6,255	13,853	172,740	132,485	1,128,382	**58,540	**92,823		
\$500,000 under \$1,000,000.....	91,630	814,569	**	**	*174	*347	2,168	42,534	**55,502	**488,598	**	**		
\$1,000,000 under \$1,500,000.....	24,135	223,942	**	**	*11	*51	478	12,569	**	**	**	**		
\$1,500,000 under \$2,000,000.....	10,519	101,606	**	**	*17	*105	174	21,568	**	**	**	**		
\$2,000,000 under \$5,000,000.....	15,296	148,290	**	**	*77	*38	241	13,750	**	**	**	**		
\$5,000,000 under \$10,000,000.....	3,506	34,229	**	**	**	**	55	4,986	**	**	**	**		
\$10,000,000 or more.....	2,150	23,187	**	**	--	--	49	256	**	**	**	**		
<b>Taxable returns, total.....</b>	<b>2,867,457</b>	<b>14,283,550</b>	<b>27,875</b>	<b>59,989</b>	<b>86,355</b>	<b>188,265</b>	<b>163,850</b>	<b>860,380</b>	<b>48,794,049</b>	<b>315,327,761</b>	<b>7,409,228</b>	<b>10,605,059</b>		
No adjusted gross income.....	385	2,589	**5	**8	--	--	**	**	--	--	--	--		
\$1 under \$5,000.....	*2,996	*2,450	--	--	*2,000	*470	--	--	743,954	1,385,229	*6,976	*10,771		
\$5,000 under \$10,000.....	23,521	61,114	--	--	*2,006	*1,609	--	--	3,850,335	18,191,924	133,698	160,046		
\$10,000 under \$15,000.....	62,878	150,459	--	--	*2,994	*9,900	**2,980	**5,827	5,326,439	25,871,729	934,521	1,137,415		
\$15,000 under \$20,000.....	111,810	341,380	--	--	*9,967	*16,054	*1,890	*4,315	5,467,338	30,191,853	991,788	1,373,324		
\$20,000 under \$25,000.....	124,469	409,397	**	**	*4,972	*14,066	*8,944	*11,729	4,974,946	29,202,028	887,737	1,318,874		
\$25,000 under \$30,000.....	121,675	357,536	*160	*362	*1,983	*12,165	*5,960	*47,027	4,605,349	28,092,840	687,978	995,751		
\$30,000 under \$40,000.....	246,124	852,517	*2,858	*7,411	*7,072	*15,413	*14,868	*101,205	7,752,944	51,162,649	1,023,626	1,513,051		
\$40,000 under \$50,000.....	238,040	943,810	*4,193	*9,152	*6,930	*37,114	22,049	53,918	5,449,080	40,234,727	734,938	1,086,073		
\$50,000 under \$75,000.....	513,538	2,233,052	7,612	11,233	15,933	25,135	37,774	90,613	7,287,716	61,038,013	1,172,339	1,716,609		
\$75,000 under \$100,000.....	357,210	1,667,239	3,519	7,721	12,577	17,898	26,471	128,766	2,189,438	19,727,670	481,954	737,199		
\$100,000 under \$200,000.....	573,361	3,343,153	3,995	7,763	17,597	31,644	25,914	148,776	958,673	8,613,260	295,144	463,139		
\$200,000 under \$500,000.....	344,289	2,573,616	**5,534	**16,340	2,115	6,255	13,841	172,552	132,363	1,127,481	**58,530	**92,810		
\$500,000 under \$1,000,000.....	91,579	814,226	**	**	*174	*347	2,164	42,526	**55,475	*488,358	**	**		
\$1,000,000 or more.....	55,583	531,031	**	**	*35	*195	997	53,127	**	**	**	**		
<b>Nontaxable returns, total.....</b>	<b>1,016,230</b>	<b>4,173,513</b>	<b>4,460</b>	<b>6,613</b>	<b>18,780</b>	<b>64,332</b>	<b>24,360</b>	<b>247,006</b>	<b>35,222,705</b>	<b>229,754,456</b>	<b>3,575,851</b>	<b>5,245,342</b>		

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Total itemized deductions		Exemptions		Taxable income		Alternative minimum tax		Income tax before credits	
	Number of returns	Amount	Number of exemptions	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(153)	(154)	(155)	(156)	(157)	(158)	(159)	(160)	(161)	(162)
<b>All returns, total.....</b>	<b>46,335,237</b>	<b>998,238,457</b>	<b>263,896,304</b>	<b>800,690,043</b>	<b>102,737,959</b>	<b>4,670,165,637</b>	<b>3,086,299</b>	<b>13,029,239</b>	<b>102,740,921</b>	<b>884,342,703</b>
No adjusted gross income.....	—	—	3,009,365	9,328,549	—	—	4,714	88,495	6,053	88,595
\$1 under \$5,000.....	327,379	4,563,499	9,056,607	28,260,727	770,661	640,562	*48	*320	765,028	56,949
\$5,000 under \$10,000.....	642,831	8,961,384	15,388,181	47,650,542	4,568,607	8,104,274	*35	*612	4,566,281	795,408
\$10,000 under \$15,000.....	1,078,646	13,922,621	19,769,779	61,225,777	6,711,012	28,646,575	*3,082	*1,782	6,707,180	2,855,468
\$15,000 under \$20,000.....	1,408,086	18,598,549	20,700,566	64,117,918	8,675,478	58,941,087	1,672	3,386	8,673,382	6,405,800
\$20,000 under \$25,000.....	1,591,869	20,703,604	18,742,097	58,055,664	8,869,385	88,185,951	*972	*1,537	8,869,415	10,246,288
\$25,000 under \$30,000.....	1,897,697	25,375,405	16,697,867	51,723,895	8,190,735	113,029,249	*1,339	*1,171	8,190,384	13,605,319
\$30,000 under \$40,000.....	4,539,560	61,387,536	28,069,725	86,956,596	13,667,201	269,409,156	1,664	448	13,665,175	33,909,679
\$40,000 under \$50,000.....	4,654,789	67,716,878	22,973,683	71,176,328	10,483,803	290,236,146	11,818	19,019	10,483,826	39,642,066
\$50,000 under \$75,000.....	10,658,268	179,370,959	44,641,979	138,320,228	17,969,103	729,503,069	89,396	116,192	17,970,704	106,105,425
\$75,000 under \$100,000.....	7,926,317	155,165,381	28,056,786	86,941,148	10,092,898	810,458,963	155,065	224,349	10,098,240	94,252,455
\$100,000 under \$200,000.....	8,776,391	230,552,713	27,993,658	86,428,817	9,722,061	962,802,185	1,095,242	2,058,479	9,725,927	180,296,381
\$200,000 under \$500,000.....	2,215,675	100,098,177	6,837,765	10,483,853	2,344,766	565,602,397	1,529,159	6,831,014	2,346,445	140,884,022
\$500,000 under \$1,000,000.....	398,317	33,134,642	1,271,747	( <sup>2</sup> )	432,469	260,116,504	149,042	1,645,295	432,894	72,586,321
\$1,000,000 under \$1,500,000.....	93,599	12,808,118	298,438	( <sup>2</sup> )	103,839	112,688,920	24,574	452,148	103,912	31,738,220
\$1,500,000 under \$2,000,000.....	40,698	7,798,955	128,187	( <sup>2</sup> )	45,055	69,942,269	9,720	257,229	45,070	19,863,397
\$2,000,000 under \$5,000,000.....	60,674	18,568,009	187,973	( <sup>2</sup> )	65,421	176,063,515	13,423	538,675	65,506	49,035,611
\$5,000,000 under \$10,000,000.....	15,036	10,347,550	44,755	( <sup>2</sup> )	15,810	97,901,784	3,258	269,065	15,827	26,381,638
\$10,000,000 or more.....	9,404	29,164,477	27,147	( <sup>2</sup> )	9,656	227,893,131	2,077	520,024	9,672	55,593,664
<b>Taxable returns, total.....</b>	<b>40,289,338</b>	<b>877,914,918</b>	<b>169,330,778</b>	<b>507,549,144</b>	<b>89,085,918</b>	<b>4,561,930,225</b>	<b>3,087,178</b>	<b>13,019,575</b>	<b>89,101,934</b>	<b>872,797,576</b>
No adjusted gross income.....	—	—	8,807	27,546	—	—	4,549	87,959	4,566	87,966
\$1 under \$5,000.....	9,563	14,650	*119	*370	753,472	634,863	*45	*320	753,517	56,586
\$5,000 under \$10,000.....	33,562	121,481	1,256,383	3,889,152	3,883,753	7,519,617	*31	*606	3,883,897	736,946
\$10,000 under \$15,000.....	344,344	2,441,242	4,916,665	15,226,002	5,672,641	25,956,921	*3,043	*1,732	5,672,789	2,589,859
\$15,000 under \$20,000.....	675,561	5,892,563	6,851,337	21,217,181	6,143,669	49,150,506	1,662	3,379	6,143,870	5,402,263
\$20,000 under \$25,000.....	957,788	9,704,507	7,376,150	22,847,617	5,932,700	70,186,016	*34	*245	5,932,734	8,411,958
\$25,000 under \$30,000.....	1,239,225	13,608,796	7,887,394	24,427,436	5,850,577	93,847,694	*1,339	*1,171	5,850,586	11,607,714
\$30,000 under \$40,000.....	3,528,911	42,064,718	17,612,896	54,557,609	11,283,822	243,141,006	1,664	448	11,283,839	31,116,541
\$40,000 under \$50,000.....	4,015,285	53,453,254	17,912,439	55,492,053	9,467,311	274,229,656	10,880	18,917	9,467,339	37,888,193
\$50,000 under \$75,000.....	10,062,909	161,658,337	41,220,731	127,727,148	17,349,074	716,600,109	87,459	115,379	17,350,625	104,629,173
\$75,000 under \$100,000.....	7,831,712	150,059,749	27,562,332	85,408,967	10,017,941	608,245,670	150,582	218,088	10,021,150	93,989,652
\$100,000 under \$200,000.....	8,759,756	228,609,463	27,936,327	86,252,377	9,714,664	962,402,713	1,094,647	2,057,941	9,718,430	180,237,937
\$200,000 under \$500,000.....	2,213,502	99,366,543	6,832,182	10,475,686	2,344,191	565,494,806	1,529,151	6,830,959	2,345,868	140,861,800
\$500,000 under \$1,000,000.....	397,980	32,867,502	1,270,854	( <sup>2</sup> )	432,358	260,061,711	149,042	1,645,295	432,783	72,554,716
\$1,000,000 or more.....	219,238	78,052,114	686,071	( <sup>2</sup> )	239,746	684,458,938	53,052	2,037,141	239,951	182,626,270
<b>Nontaxable returns, total.....</b>	<b>6,045,899</b>	<b>120,323,539</b>	<b>94,565,527</b>	<b>293,140,899</b>	<b>13,652,040</b>	<b>108,235,412</b>	<b>9,121</b>	<b>9,664</b>	<b>13,638,987</b>	<b>11,545,127</b>

(<sup>1</sup>) Other adjustments does not include the foreign housing adjustment.  
 (<sup>2</sup>) No exemption allowed at these income levels.  
 \* Estimate should be used with caution due to the small number of sample returns on which it is based.  
 \*\* Data combined to avoid disclosure of information for specific taxpayers.  
 NOTE: Datait may not add to totals because of rounding.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income**

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Number of returns		Adjusted gross income less deficit		Salaries and wages		Taxable interest		Tax-exempt interest		Ordinary dividends		Qualified dividends	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)		
<b>All returns, total.....</b>	<b>0.03</b>	<b>0.11</b>	<b>0.14</b>	<b>0.21</b>	<b>0.35</b>	<b>1.06</b>	<b>1.51</b>	<b>1.76</b>	<b>0.55</b>	<b>1.00</b>	<b>0.62</b>	<b>1.13</b>		
No adjusted gross income.....	1.71	1.06	3.45	4.22	2.31	2.00	8.79	5.78	2.63	2.49	2.96	3.24		
\$1 under \$5,000.....	1.12	1.30	1.29	1.88	2.40	5.19	11.17	22.23	3.12	5.06	3.56	6.12		
\$5,000 under \$10,000.....	1.11	1.13	1.28	1.41	2.34	5.28	10.34	18.95	3.23	5.60	3.64	6.99		
\$10,000 under \$15,000.....	1.13	1.14	1.33	1.44	2.21	5.26	9.82	23.49	3.18	5.80	3.65	6.97		
\$15,000 under \$20,000.....	1.16	1.16	1.32	1.39	2.19	5.19	9.64	23.69	3.19	6.29	3.63	7.69		
\$20,000 under \$25,000.....	1.27	1.28	1.39	1.45	2.39	6.54	10.65	19.99	3.52	7.29	4.09	8.47		
\$25,000 under \$30,000.....	1.37	1.37	1.48	1.54	2.45	6.93	9.98	16.77	3.53	7.76	4.02	9.13		
\$30,000 under \$40,000.....	1.04	1.05	1.12	1.18	1.70	5.31	7.63	14.65	2.52	5.90	2.85	7.24		
\$40,000 under \$50,000.....	1.07	1.07	1.15	1.22	1.68	5.75	7.09	16.77	2.54	6.37	2.83	7.86		
\$50,000 under \$75,000.....	0.73	0.74	0.79	0.85	1.08	4.11	4.73	8.74	1.62	4.37	1.82	5.08		
\$75,000 under \$100,000.....	0.91	0.91	0.99	1.06	1.21	5.37	5.44	10.12	1.80	5.64	2.05	6.83		
\$100,000 under \$200,000.....	0.91	0.85	0.99	1.02	1.03	3.97	3.12	4.79	1.31	3.88	1.44	4.45		
\$200,000 under \$500,000.....	0.90	0.80	1.01	1.12	0.93	3.40	1.97	3.68	1.06	2.91	1.12	3.33		
\$500,000 under \$1,000,000.....	1.05	0.93	1.21	1.43	1.06	2.64	1.74	3.31	1.14	3.01	1.18	3.31		
\$1,000,000 under \$1,500,000.....	1.29	1.21	1.48	1.93	1.30	2.69	1.84	3.17	1.36	3.26	1.42	3.61		
\$1,500,000 under \$2,000,000.....	1.04	1.05	1.20	1.67	1.05	2.63	1.51	3.36	1.10	3.33	1.14	3.70		
\$2,000,000 under \$5,000,000.....	0.56	0.47	0.66	0.96	0.56	1.36	0.76	1.51	0.59	1.64	0.61	1.85		
\$5,000,000 under \$10,000,000.....	0.61	0.49	0.68	0.93	0.61	0.92	0.72	0.58	0.62	1.23	0.64	1.37		
\$10,000,000 or more.....	0.03	0.01	0.03	—	0.03	0.01	0.03	0.11	0.03	—	—	—		
<b>Taxable returns, total.....</b>	<b>0.22</b>	<b>0.14</b>	<b>0.26</b>	<b>0.24</b>	<b>0.40</b>	<b>1.15</b>	<b>1.60</b>	<b>1.83</b>	<b>0.60</b>	<b>1.05</b>	<b>0.68</b>	<b>1.18</b>		
No adjusted gross income.....	15.43	1.57	21.47	10.94	13.54	1.62	16.64	26.34	15.26	1.35	16.92	1.95		
\$1 under \$5,000.....	4.64	5.34	6.67	8.19	6.20	10.89	27.33	45.27	6.20	9.44	6.58	11.08		
\$5,000 under \$10,000.....	2.11	2.16	2.22	2.33	4.49	12.71	22.43	32.76	5.97	11.25	6.66	12.67		
\$10,000 under \$15,000.....	1.72	1.73	1.97	2.06	3.20	7.49	14.73	23.58	4.63	8.32	5.27	9.77		
\$15,000 under \$20,000.....	1.64	1.64	1.86	1.95	2.86	6.55	12.35	35.00	4.14	8.11	4.69	9.70		
\$20,000 under \$25,000.....	1.67	1.68	1.87	1.95	2.81	7.24	12.39	24.50	4.04	8.18	4.66	9.69		
\$25,000 under \$30,000.....	1.69	1.69	1.85	1.93	2.83	7.48	10.94	20.12	3.98	8.63	4.52	10.26		
\$30,000 under \$40,000.....	1.18	1.18	1.27	1.34	1.85	5.61	8.24	16.73	2.74	6.36	3.09	7.81		
\$40,000 under \$50,000.....	1.15	1.16	1.24	1.32	1.77	6.06	7.39	18.75	2.67	6.83	2.97	8.42		
\$50,000 under \$75,000.....	0.75	0.77	0.81	0.88	1.11	4.22	4.85	9.44	1.65	4.49	1.86	5.25		
\$75,000 under \$100,000.....	0.92	0.92	0.99	1.07	1.22	5.49	5.56	10.69	1.82	5.78	2.07	7.04		
\$100,000 under \$200,000.....	0.91	0.85	0.99	1.02	1.03	4.01	3.13	4.90	1.32	3.90	1.44	4.47		
\$200,000 under \$500,000.....	0.90	0.80	1.02	1.12	0.93	3.43	1.97	3.71	1.06	2.93	1.12	3.34		
\$500,000 under \$1,000,000.....	1.05	0.93	1.21	1.43	1.06	2.66	1.74	3.33	1.14	3.02	1.18	3.32		
\$1,000,000 or more.....	0.55	0.21	0.65	0.53	0.55	0.54	0.73	0.81	0.58	0.63	0.60	0.70		
<b>Nontaxable returns, total.....</b>	<b>0.45</b>	<b>0.86</b>	<b>0.55</b>	<b>0.85</b>	<b>1.09</b>	<b>2.49</b>	<b>4.69</b>	<b>6.51</b>	<b>1.51</b>	<b>3.19</b>	<b>1.72</b>	<b>3.86</b>		

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	State income tax refunds		Alimony received		Net income		Business or profession		Net loss		Capital gain distributions		Sales of capital assets	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
<b>All returns, total</b> .....	0.67	0.86	4.86	6.81	0.47	0.93	1.29	1.75	2.33	6.95	0.97	0.53		
No adjusted gross income.....	7.24	7.56	37.37	38.10	5.04	5.48	2.85	3.49	27.46	24.86	5.52	2.41		
\$1 under \$5,000.....	11.34	16.62	45.01	54.07	2.98	4.62	8.22	12.99	8.74	16.19	5.56	10.77		
\$5,000 under \$10,000.....	8.54	12.50	18.86	21.46	2.52	3.08	7.50	10.59	10.74	19.19	5.47	9.26		
\$10,000 under \$15,000.....	6.82	10.48	16.30	18.93	2.59	3.16	6.72	9.99	10.55	25.36	5.46	8.05		
\$15,000 under \$20,000.....	5.97	10.46	15.43	18.39	3.13	4.01	6.37	9.73	10.73	18.11	5.33	7.80		
\$20,000 under \$25,000.....	5.10	7.24	16.12	18.84	3.53	4.77	7.05	11.15	12.24	25.77	5.78	10.69		
\$25,000 under \$30,000.....	4.57	6.83	18.04	20.03	3.82	5.23	6.51	9.11	12.21	20.66	5.80	9.59		
\$30,000 under \$40,000.....	2.78	3.88	12.30	14.92	2.96	4.28	4.95	7.81	8.55	19.48	4.33	6.74		
\$40,000 under \$50,000.....	2.58	3.84	13.08	16.61	3.10	4.78	5.18	7.47	8.85	18.96	4.17	6.78		
\$50,000 under \$75,000.....	1.57	2.24	11.06	13.91	2.20	3.59	3.71	5.66	5.44	16.13	2.75	4.41		
\$75,000 under \$100,000.....	1.72	2.57	--	--	2.82	4.31	4.82	7.18	6.73	26.41	3.17	4.76		
\$100,000 under \$200,000.....	1.51	2.16	27.34	26.60	2.21	2.63	4.25	5.50	5.46	18.27	2.13	2.70		
\$200,000 under \$500,000.....	1.68	2.99	17.48	21.71	2.04	2.55	4.19	5.77	5.78	27.40	1.59	2.22		
\$500,000 under \$1,000,000.....	1.82	3.05	--	--	2.39	4.06	4.48	5.83	8.97	23.92	1.58	2.15		
\$1,000,000 under \$1,500,000.....	2.02	4.81	--	--	2.84	4.09	4.72	6.52	12.43	35.43	1.73	2.20		
\$1,500,000 under \$2,000,000.....	1.63	3.18	--	--	2.77	5.23	4.48	7.26	11.60	41.87	1.43	2.00		
\$2,000,000 under \$5,000,000.....	0.90	1.84	--	--	1.58	3.38	2.34	3.28	8.89	16.59	0.74	0.91		
\$5,000,000 under \$10,000,000.....	0.84	2.06	--	--	1.44	1.62	1.81	0.60	12.53	11.64	0.70	0.66		
\$10,000,000 or more.....	0.04	0.02	--	--	0.16	1.10	--	--	--	--	--	--		
<b>Taxable returns, total</b> .....	0.70	0.90	5.58	7.50	0.83	1.13	1.66	2.23	2.52	7.68	1.05	0.54		
No adjusted gross income.....	13.16	20.78	99.87	99.87	34.92	15.59	25.90	14.91	67.27	61.63	18.76	2.68		
\$1 under \$5,000.....	40.17	51.41	--	--	25.64	57.48	99.95	99.95	13.25	22.93	8.16	9.61		
\$5,000 under \$10,000.....	29.25	36.02	37.77	40.05	9.45	12.13	21.94	27.97	15.50	29.73	9.00	16.12		
\$10,000 under \$15,000.....	10.61	14.84	22.90	25.97	5.31	6.64	11.68	15.84	14.21	38.47	7.74	10.13		
\$15,000 under \$20,000.....	8.41	12.20	18.65	22.36	5.01	6.75	10.53	15.93	13.10	24.56	6.87	9.59		
\$20,000 under \$25,000.....	6.41	9.44	21.82	25.89	5.05	7.16	9.52	15.33	13.97	30.48	6.59	10.25		
\$25,000 under \$30,000.....	5.57	8.88	21.78	24.89	5.41	7.70	8.44	11.07	13.34	22.80	6.62	11.29		
\$30,000 under \$40,000.....	3.14	4.52	13.19	16.00	3.64	5.30	5.96	9.09	9.06	21.03	4.71	7.40		
\$40,000 under \$50,000.....	2.80	4.28	13.20	16.76	3.45	5.42	5.98	8.64	8.98	19.37	4.45	7.31		
\$50,000 under \$75,000.....	1.62	2.31	11.12	13.94	2.32	3.83	3.82	5.88	5.53	16.47	2.85	4.65		
\$75,000 under \$100,000.....	1.73	2.59	--	--	2.86	4.40	4.86	7.30	6.75	26.45	3.21	4.92		
\$100,000 under \$200,000.....	1.51	2.16	27.34	26.60	2.21	2.64	4.26	5.54	5.46	18.29	2.13	2.72		
\$200,000 under \$500,000.....	1.68	3.00	17.51	21.73	2.05	2.55	4.20	5.85	5.78	27.40	1.59	2.22		
\$500,000 under \$1,000,000.....	1.82	3.05	--	--	2.40	4.06	4.49	5.87	8.97	23.94	1.58	2.15		
\$1,000,000 or more.....	0.86	1.08	--	--	1.37	1.75	2.24	1.70	7.97	21.34	0.72	0.33		
<b>Non-taxable returns, total</b> .....	2.52	3.32	9.99	12.32	0.98	1.70	2.37	2.89	6.23	8.28	2.76	3.04		

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D													
	Taxable net loss		Short-term capital gain		Short-term capital loss		Short-term loss carryover		Net short-term gain from sales of capital assets		Net short-term loss from sales of capital assets			
	Number of returns (25)	Amount (26)	Number of returns (27)	Amount (28)	Number of returns (29)	Amount (30)	Number of returns (31)	Amount (32)	Number of returns (33)	Amount (34)	Number of returns (35)	Amount (36)		
<b>All returns, total</b> .....	0.94	0.99	1.56	1.50	1.31	1.03	1.70	1.14	1.50	2.12	1.79	2.24		
No adjusted gross income.....	2.47	2.65	7.99	4.65	3.80	2.71	4.32	2.86	6.65	6.54	6.77	6.21		
\$1 under \$5,000.....	4.34	4.27	8.63	15.97	6.47	8.35	7.52	8.76	7.93	13.54	10.13	16.24		
\$5,000 under \$10,000.....	4.98	5.08	9.10	13.74	7.49	8.97	9.25	8.70	8.70	12.99	10.42	20.10		
\$10,000 under \$15,000.....	5.04	5.25	8.82	16.57	7.88	8.90	10.37	10.17	8.57	16.04	10.46	12.82		
\$15,000 under \$20,000.....	5.29	5.59	8.92	16.58	7.89	8.41	10.15	9.25	8.88	15.69	10.97	16.39		
\$20,000 under \$25,000.....	5.69	6.17	9.54	26.71	8.46	9.07	11.08	9.70	9.57	24.02	11.86	19.83		
\$25,000 under \$30,000.....	5.79	6.27	9.62	17.60	8.62	9.99	11.10	11.72	9.34	17.67	12.26	17.51		
\$30,000 under \$40,000.....	4.10	4.50	7.35	13.13	6.15	6.41	8.85	7.43	7.11	14.78	8.01	10.88		
\$40,000 under \$50,000.....	4.14	4.48	6.79	13.58	6.12	6.54	8.39	7.31	6.67	12.19	7.87	12.40		
\$50,000 under \$75,000.....	2.80	3.09	4.52	9.61	4.21	4.42	6.02	5.02	4.45	8.51	5.34	8.16		
\$75,000 under \$100,000.....	3.22	3.58	5.00	10.03	4.63	4.77	6.48	5.14	4.87	9.32	5.89	10.01		
\$100,000 under \$200,000.....	2.23	2.42	3.32	5.89	2.93	3.17	4.10	3.45	3.20	6.14	3.79	6.63		
\$200,000 under \$500,000.....	1.78	1.88	2.40	5.43	2.08	2.69	2.87	3.07	2.30	6.39	2.71	5.26		
\$500,000 under \$1,000,000.....	1.99	2.03	2.28	5.23	1.98	2.90	2.60	3.12	2.22	5.24	2.58	5.79		
\$1,000,000 under \$1,500,000.....	2.38	2.42	2.44	5.23	2.14	3.35	2.75	3.61	2.37	6.41	2.79	6.75		
\$1,500,000 under \$2,000,000.....	2.08	2.13	2.03	5.33	1.83	3.29	2.40	3.87	2.01	7.03	2.35	5.21		
\$2,000,000 under \$5,000,000.....	1.29	1.31	1.10	2.68	1.00	1.79	1.32	2.02	1.09	3.47	1.28	3.38		
\$5,000,000 under \$10,000,000.....	1.38	1.40	0.93	1.50	0.97	0.87	1.24	1.03	0.98	2.25	1.12	1.08		
\$10,000,000 or more.....	0.16	0.16	—	—	0.06	0.02	0.11	0.03	—	—	0.08	—		
<b>Taxable returns, total</b> .....	1.11	1.20	1.69	1.56	1.52	1.24	2.07	1.38	1.64	2.28	1.98	2.57		
No adjusted gross income.....	21.86	20.62	19.00	4.45	20.67	7.08	24.52	6.77	28.01	12.73	16.55	26.79		
\$1 under \$5,000.....	17.61	18.72	14.90	27.67	23.96	38.75	33.11	38.65	14.76	26.25	36.40	57.82		
\$5,000 under \$10,000.....	11.91	13.11	16.48	25.50	18.33	26.30	24.12	28.71	17.03	25.42	22.33	26.12		
\$10,000 under \$15,000.....	8.14	8.65	12.36	22.65	12.62	17.91	17.32	20.37	12.16	22.07	16.32	34.25		
\$15,000 under \$20,000.....	7.12	7.60	12.51	23.82	10.89	12.91	14.68	14.15	12.32	21.42	14.05	26.79		
\$20,000 under \$25,000.....	6.91	7.59	11.63	37.10	10.27	12.16	14.46	13.32	11.71	34.28	13.86	24.97		
\$25,000 under \$30,000.....	6.78	7.39	11.07	20.51	10.54	13.73	13.99	16.59	10.95	20.25	14.71	22.48		
\$30,000 under \$40,000.....	4.60	5.07	8.07	15.05	7.02	7.94	10.29	9.11	7.83	16.85	9.11	13.73		
\$40,000 under \$50,000.....	4.43	4.80	7.13	14.73	6.77	7.82	9.45	8.82	7.06	13.62	8.64	14.69		
\$50,000 under \$75,000.....	2.88	3.18	4.68	10.16	4.36	4.90	6.27	5.80	4.59	9.08	5.52	8.95		
\$75,000 under \$100,000.....	3.26	3.63	5.06	10.20	4.73	5.02	6.64	5.42	4.94	9.58	6.02	10.52		
\$100,000 under \$200,000.....	2.24	2.42	3.33	5.94	2.94	3.25	4.13	3.55	3.21	6.22	3.80	6.72		
\$200,000 under \$500,000.....	1.78	1.88	2.40	5.46	2.08	2.74	2.88	3.13	2.31	6.44	2.71	5.30		
\$500,000 under \$1,000,000.....	1.99	2.03	2.28	5.25	1.98	2.96	2.60	3.18	2.22	5.28	2.59	5.86		
\$1,000,000 or more.....	1.22	1.24	1.04	0.89	0.96	1.03	1.27	1.19	1.06	1.76	1.22	1.66		
<b>Nontaxable returns, total</b> .....	1.80	1.78	4.19	5.43	2.65	2.16	3.04	2.34	3.80	5.09	4.20	4.54		

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued											
	Short-term gain from other forms (2119, 4797, etc.)		Short-term loss from other forms (4684, 6781, and 8624)		Net short-term partnership/ S-corp gain		Net short-term partnership/ S-corp loss		Long-term capital gain		Long-term capital loss	
	Number of returns (37)	Amount (38)	Number of returns (39)	Amount (40)	Number of returns (41)	Amount (42)	Number of returns (43)	Amount (44)	Number of returns (45)	Amount (46)	Number of returns (47)	Amount (48)
<b>All returns, total.....</b>	<b>6.71</b>	<b>4.40</b>	<b>7.88</b>	<b>5.72</b>	<b>3.35</b>	<b>1.74</b>	<b>4.66</b>	<b>4.23</b>	<b>0.99</b>	<b>0.54</b>	<b>1.01</b>	<b>0.81</b>
No adjusted gross income	31.18	9.43	21.05	20.82	14.01	2.97	20.38	9.36	5.28	2.39	2.66	2.07
\$1 under \$5,000.....	71.50	62.00	63.31	43.59	26.13	34.14	36.58	63.05	5.71	11.78	4.54	5.55
\$5,000 under \$10,000.....	45.66	55.06	73.77	74.64	27.27	30.27	48.19	93.02	5.68	11.34	5.16	5.84
\$10,000 under \$15,000.....	55.62	64.61	60.89	60.43	33.91	53.96	29.92	35.36	5.64	9.14	5.33	5.69
\$15,000 under \$20,000.....	37.67	60.24	53.02	51.02	26.86	63.96	35.66	44.34	5.52	7.94	5.64	5.98
\$20,000 under \$25,000.....	44.97	65.52	55.66	56.13	25.48	59.96	29.92	67.92	6.03	9.59	6.02	6.61
\$25,000 under \$30,000.....	84.82	61.98	50.55	57.27	27.23	48.75	27.20	47.17	6.05	10.58	6.14	6.61
\$30,000 under \$40,000.....	34.79	60.39	49.62	41.80	20.64	27.61	26.80	44.82	4.55	6.92	4.40	4.61
\$40,000 under \$50,000.....	40.00	46.58	53.52	48.63	18.22	37.27	29.41	50.62	4.29	6.91	4.47	4.96
\$50,000 under \$75,000.....	24.43	52.44	35.12	41.30	12.58	28.50	20.37	17.40	2.87	4.52	3.00	3.22
\$75,000 under \$100,000.....	27.86	38.07	38.19	45.91	14.19	24.38	18.65	53.37	3.32	4.92	3.45	3.73
\$100,000 under \$200,000.....	17.60	29.58	21.43	32.64	7.64	16.88	9.53	16.36	2.17	2.74	2.39	2.45
\$200,000 under \$500,000.....	9.79	23.78	13.23	21.22	4.33	10.43	6.02	16.36	1.57	2.22	1.92	2.31
\$500,000 under \$1,000,000.....	7.45	16.64	7.61	13.72	3.17	8.56	5.22	10.61	1.57	2.16	2.10	2.61
\$1,000,000 under \$1,500,000.....	6.60	14.64	5.94	18.09	2.98	6.88	4.50	16.17	1.70	2.21	2.54	3.30
\$1,500,000 under \$2,000,000.....	5.71	15.24	4.93	18.03	2.48	6.59	4.05	10.19	1.40	2.01	2.23	2.55
\$2,000,000 under \$5,000,000.....	2.89	8.20	2.14	6.04	1.19	3.30	2.00	4.96	0.72	0.91	1.41	2.25
\$5,000,000 under \$10,000,000.....	1.93	2.96	1.47	2.29	0.94	1.77	1.66	1.47	0.69	0.67	1.49	1.37
\$10,000,000 or more.....	—	—	—	—	—	—	—	—	0.03	—	—	—
<b>Taxable returns, total.....</b>	<b>7.11</b>	<b>4.32</b>	<b>8.61</b>	<b>6.05</b>	<b>3.56</b>	<b>1.81</b>	<b>4.99</b>	<b>4.63</b>	<b>1.07</b>	<b>0.55</b>	<b>1.20</b>	<b>1.01</b>
No adjusted gross income	13.43	0.53	12.73	2.64	21.73	3.48	23.37	9.93	18.17	2.78	20.65	2.30
\$1 under \$5,000.....	—	—	99.95	99.95	99.64	99.41	57.63	92.84	8.39	9.86	17.35	22.72
\$5,000 under \$10,000.....	—	—	91.63	91.63	45.49	55.45	99.95	99.95	9.32	17.08	12.16	15.92
\$10,000 under \$15,000.....	—	—	99.69	99.69	46.07	79.79	59.20	64.58	8.17	10.64	8.62	9.81
\$15,000 under \$20,000.....	64.23	72.73	69.90	69.88	33.67	39.12	59.73	95.80	7.03	9.74	7.59	8.50
\$20,000 under \$25,000.....	66.41	62.78	97.24	88.07	29.48	66.91	39.04	78.17	6.83	10.50	7.29	8.80
\$25,000 under \$30,000.....	86.64	82.91	61.05	89.87	33.58	74.76	31.02	59.19	6.91	12.79	7.15	8.14
\$30,000 under \$40,000.....	42.30	66.92	56.40	56.08	25.27	38.14	29.34	50.17	4.96	7.68	4.91	5.53
\$40,000 under \$50,000.....	47.23	44.08	60.16	62.27	19.47	39.54	32.67	72.54	4.62	7.48	4.75	5.58
\$50,000 under \$75,000.....	26.50	53.47	37.81	50.66	13.23	32.72	21.26	26.08	2.97	4.79	3.08	3.47
\$75,000 under \$100,000.....	26.82	40.90	38.47	47.08	14.51	25.26	19.11	56.12	3.37	5.11	3.48	3.87
\$100,000 under \$200,000.....	17.95	30.16	21.72	32.77	7.74	17.62	9.59	17.26	2.18	2.76	2.39	2.50
\$200,000 under \$500,000.....	9.82	23.86	13.29	21.66	4.34	10.57	6.04	16.57	1.58	2.23	1.93	2.34
\$500,000 under \$1,000,000.....	7.46	16.66	7.62	13.89	3.17	8.61	5.23	11.24	1.57	2.17	2.10	2.65
\$1,000,000 or more.....	2.30	2.31	1.81	2.52	1.09	0.91	1.85	2.74	0.71	0.34	1.33	1.25
<b>Nontaxable returns, total.....</b>	<b>18.42</b>	<b>29.52</b>	<b>18.75</b>	<b>16.60</b>	<b>10.01</b>	<b>5.51</b>	<b>13.07</b>	<b>9.76</b>	<b>2.80</b>	<b>2.93</b>	<b>1.91</b>	<b>1.64</b>

Footnotes at end of table

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued											
	Net long-term gain from sales of capital assets		Net long-term loss from sales of capital assets		Long-term loss carryover		Long-term gain from other forms (2119, 4797, etc.)		Long-term loss from other forms (4684, 6781, and 8824)		Net long-term partnership/S-corp gain	
	Number of returns (49)	Amount (50)	Number of returns (51)	Amount (52)	Number of returns (53)	Amount (54)	Number of returns (55)	Amount (56)	Number of returns (57)	Amount (58)	Number of returns (59)	Amount (60)
<b>All returns, total.....</b>	<b>1.12</b>	<b>0.81</b>	<b>1.36</b>	<b>1.67</b>	<b>1.14</b>	<b>0.90</b>	<b>1.77</b>	<b>1.15</b>	<b>9.37</b>	<b>6.38</b>	<b>2.48</b>	<b>0.84</b>
No adjusted gross income.....	5.70	5.28	4.24	5.47	3.20	2.26	6.05	4.00	25.06	19.03	10.71	3.81
\$1 under \$5,000 .....	5.80	11.73	6.62	10.33	5.08	6.19	16.25	25.08	63.34	43.59	21.38	54.75
\$5,000 under \$10,000 .....	6.01	11.67	7.07	10.36	5.87	6.54	14.49	27.30	74.17	75.23	18.97	32.41
\$10,000 under \$15,000 .....	6.12	9.61	7.02	9.25	6.26	6.49	11.00	23.64	66.65	74.47	23.47	31.89
\$15,000 under \$20,000 .....	6.23	9.43	7.39	11.72	6.75	6.74	10.87	19.76	63.29	49.57	19.70	28.29
\$20,000 under \$25,000 .....	7.03	11.20	8.16	11.57	7.03	7.16	10.99	18.25	66.29	60.74	21.95	27.37
\$25,000 under \$30,000 .....	6.92	11.86	7.91	11.06	7.55	7.40	11.14	23.67	72.70	71.80	19.53	32.38
\$30,000 under \$40,000 .....	5.21	8.74	5.84	8.43	5.26	5.10	8.45	12.53	45.97	36.98	14.94	23.49
\$40,000 under \$50,000 .....	4.87	8.06	5.72	8.23	5.51	5.93	8.85	14.41	53.67	48.95	13.41	24.41
\$50,000 under \$75,000 .....	3.25	5.38	3.84	5.55	3.68	3.57	5.75	7.90	33.08	43.48	9.26	16.73
\$75,000 under \$100,000 .....	3.75	6.13	4.30	6.45	4.21	4.32	6.40	8.66	38.84	42.73	9.88	15.19
\$100,000 under \$200,000 .....	2.43	3.57	3.11	4.64	2.06	2.05	3.81	4.52	23.73	35.75	5.37	8.09
\$200,000 under \$500,000 .....	1.77	2.98	2.46	3.97	1.94	2.81	2.63	3.59	14.93	22.75	3.11	7.07
\$500,000 under \$1,000,000 .....	1.76	2.98	2.54	5.33	1.97	2.68	2.39	3.56	9.74	14.08	2.49	4.54
\$1,000,000 under \$1,500,000 .....	1.87	3.14	2.99	6.62	2.26	3.17	2.39	3.68	7.50	19.46	2.31	4.26
\$1,500,000 under \$2,000,000 .....	1.56	2.85	2.63	4.50	1.93	2.56	2.05	3.45	6.55	21.75	1.95	3.71
\$2,000,000 under \$5,000,000 .....	0.82	1.42	1.55	7.44	1.14	2.11	1.05	1.73	2.89	7.28	0.93	1.79
\$5,000,000 under \$10,000,000 .....	0.78	1.09	1.37	3.30	1.11	1.28	0.87	1.12	2.15	4.13	0.79	1.05
\$10,000,000 or more .....	0.04	--	--	--	0.09	0.01	0.05	--	--	--	--	--
<b>Taxable returns, total.....</b>	<b>1.22</b>	<b>0.83</b>	<b>1.56</b>	<b>1.90</b>	<b>1.35</b>	<b>1.11</b>	<b>1.94</b>	<b>1.19</b>	<b>10.30</b>	<b>6.93</b>	<b>2.62</b>	<b>0.85</b>
No adjusted gross income .....	20.83	6.37	31.13	7.65	17.92	3.68	18.94	3.98	17.95	2.61	15.92	4.10
\$1 under \$5,000 .....	9.36	12.62	20.78	36.38	18.14	24.07	47.35	49.68	99.95	99.95	40.74	48.60
\$5,000 under \$10,000 .....	10.70	13.33	16.56	28.19	14.08	17.59	37.66	75.34	91.63	91.63	26.30	37.61
\$10,000 under \$15,000 .....	8.78	12.34	10.92	13.23	10.55	11.93	21.78	34.57	--	--	32.55	52.64
\$15,000 under \$20,000 .....	7.97	11.91	9.93	18.42	9.16	9.81	14.68	30.78	87.08	68.52	27.65	43.08
\$20,000 under \$25,000 .....	8.02	13.24	9.90	14.74	8.74	9.80	13.59	21.91	97.24	88.21	25.82	32.13
\$25,000 under \$30,000 .....	7.98	14.06	9.09	13.51	8.93	9.16	13.52	31.17	76.79	90.18	22.26	36.09
\$30,000 under \$40,000 .....	5.66	9.16	6.43	9.62	5.87	6.24	9.72	15.03	50.55	46.35	17.72	28.66
\$40,000 under \$50,000 .....	5.21	8.81	6.07	8.82	6.36	6.36	9.94	16.72	60.17	62.37	14.37	23.96
\$50,000 under \$75,000 .....	3.36	5.70	3.92	5.81	3.69	3.87	6.16	8.59	34.95	50.37	9.59	19.07
\$75,000 under \$100,000 .....	3.82	6.38	4.33	6.59	4.28	4.50	6.56	9.10	40.07	43.52	10.05	15.77
\$100,000 under \$200,000 .....	2.44	3.60	3.12	4.73	2.67	2.72	3.82	4.56	23.96	35.84	5.42	8.35
\$200,000 under \$500,000 .....	1.78	2.99	2.46	4.00	1.94	2.84	2.64	3.60	14.99	23.20	3.12	7.15
\$500,000 under \$1,000,000 .....	1.76	2.98	2.54	5.38	1.97	2.70	2.39	3.57	9.76	14.23	2.49	4.57
\$1,000,000 or more .....	0.81	0.56	1.43	2.92	1.08	1.13	0.98	0.79	2.52	3.24	0.87	0.48
<b>Non-taxable returns, total.....</b>	<b>2.98</b>	<b>4.18</b>	<b>2.86</b>	<b>3.59</b>	<b>2.16</b>	<b>1.80</b>	<b>4.48</b>	<b>4.51</b>	<b>20.47</b>	<b>16.31</b>	<b>7.89</b>	<b>5.24</b>

Footnotes at end of table.



**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--cont						Sale of property other than capital assets				Total taxable IRA distributions	
	Net long-term partnership/S-corp loss			Schedule D capital gain distributions			Net gain		Net loss		Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
											(61)	(62)
<b>All returns, total</b> .....	<b>3.99</b>	<b>3.79</b>	<b>1.10</b>	<b>2.06</b>	<b>2.78</b>	<b>3.43</b>	<b>3.05</b>	<b>3.83</b>	<b>1.20</b>	<b>1.98</b>	<b>1.20</b>	<b>1.98</b>
No adjusted gross income.....	16.22	3.97	4.85	7.58	8.27	7.33	7.74	7.40	8.95	10.72	8.95	10.72
\$1 under \$5,000.....	24.74	44.59	5.99	10.31	19.90	34.07	19.73	32.67	8.49	11.58	8.49	11.58
\$5,000 under \$10,000.....	34.21	39.59	6.53	9.41	19.54	28.07	18.28	33.95	5.55	7.57	5.55	7.57
\$10,000 under \$15,000.....	25.97	46.18	6.49	11.27	18.31	28.50	24.28	36.19	4.57	6.11	4.57	6.11
\$15,000 under \$20,000.....	23.44	35.44	6.37	10.31	16.42	22.20	18.30	27.73	4.41	6.68	4.41	6.68
\$20,000 under \$25,000.....	25.31	39.84	7.16	13.37	16.94	22.35	19.36	30.64	5.27	7.68	5.27	7.68
\$25,000 under \$30,000.....	23.83	63.12	7.44	14.04	14.91	25.77	21.44	45.35	5.20	7.64	5.20	7.64
\$30,000 under \$40,000.....	20.75	35.71	5.41	12.06	12.42	16.24	14.54	25.28	4.07	6.22	4.07	6.22
\$40,000 under \$50,000.....	19.15	31.79	5.04	8.93	12.09	23.54	17.62	39.33	4.23	6.41	4.23	6.41
\$50,000 under \$75,000.....	12.86	20.79	3.34	7.31	8.47	13.17	10.60	18.21	2.98	4.77	2.98	4.77
\$75,000 under \$100,000.....	14.06	25.84	3.81	9.80	10.44	16.08	11.56	17.68	4.00	6.10	4.00	6.10
\$100,000 under \$200,000.....	8.15	15.57	2.44	5.28	6.42	10.48	6.98	13.08	3.27	5.09	3.27	5.09
\$200,000 under \$500,000.....	5.27	11.24	1.71	4.00	4.60	9.18	4.33	8.90	3.44	6.82	3.44	6.82
\$500,000 under \$1,000,000.....	4.60	10.92	1.68	4.17	4.01	8.14	3.51	8.22	4.07	8.63	4.07	8.63
\$1,000,000 under \$1,500,000.....	4.77	12.96	1.89	8.75	4.02	9.69	3.48	8.79	4.57	11.72	4.57	11.72
\$1,500,000 under \$2,000,000.....	4.38	7.12	1.55	10.10	3.60	11.40	3.06	9.16	3.95	11.78	3.95	11.78
\$2,000,000 under \$5,000,000.....	2.48	5.99	0.84	4.31	1.76	5.30	1.62	4.42	2.31	7.12	2.31	7.12
\$5,000,000 under \$10,000,000.....	2.01	1.57	0.81	1.29	1.40	5.10	1.36	1.76	2.14	12.13	2.14	12.13
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	0.32	0.29	0.32	0.29
<b>Taxable returns, total</b> .....	<b>4.33</b>	<b>3.88</b>	<b>1.20</b>	<b>2.20</b>	<b>3.17</b>	<b>3.88</b>	<b>3.49</b>	<b>4.02</b>	<b>1.35</b>	<b>2.14</b>	<b>1.35</b>	<b>2.14</b>
No adjusted gross income.....	30.01	1.96	19.18	13.46	23.87	7.56	27.89	10.06	13.78	23.07	13.78	23.07
\$1 under \$5,000.....	--	--	11.47	16.94	90.05	63.15	74.70	95.26	52.89	60.82	52.89	60.82
\$5,000 under \$10,000.....	67.17	73.56	11.95	18.25	40.84	54.41	44.59	62.09	16.78	22.87	16.78	22.87
\$10,000 under \$15,000.....	54.13	97.84	10.15	16.54	35.78	51.60	46.18	55.93	6.84	9.34	6.84	9.34
\$15,000 under \$20,000.....	33.21	56.10	8.07	12.12	26.37	44.88	25.91	52.90	5.81	8.51	5.81	8.51
\$20,000 under \$25,000.....	33.06	49.21	8.21	15.77	23.76	30.11	28.82	44.55	5.95	8.59	5.95	8.59
\$25,000 under \$30,000.....	29.74	64.53	8.29	14.94	20.48	34.39	29.29	53.48	5.64	8.36	5.64	8.36
\$30,000 under \$40,000.....	24.16	45.92	5.88	13.34	14.25	17.74	16.10	30.20	4.27	6.51	4.27	6.51
\$40,000 under \$50,000.....	19.83	36.18	5.28	9.48	13.82	27.99	19.63	46.31	4.33	6.59	4.33	6.59
\$50,000 under \$75,000.....	13.38	24.38	3.41	7.62	8.98	14.10	11.44	22.62	3.02	4.82	3.02	4.82
\$75,000 under \$100,000.....	14.28	27.09	3.85	10.00	10.73	16.94	11.71	18.51	4.03	6.16	4.03	6.16
\$100,000 under \$200,000.....	8.16	15.88	2.45	5.31	6.47	10.53	7.02	13.30	3.27	5.10	3.27	5.10
\$200,000 under \$500,000.....	5.27	11.57	1.71	4.01	4.61	9.24	4.34	9.04	3.44	6.83	3.44	6.83
\$500,000 under \$1,000,000.....	4.60	11.36	1.68	4.17	4.02	8.17	3.51	8.42	4.07	8.64	4.07	8.64
\$1,000,000 or more.....	2.26	3.22	0.81	2.58	1.61	2.59	1.49	2.49	2.22	5.25	2.22	5.25
<b>Non-taxable returns, total</b> .....	<b>10.30</b>	<b>11.15</b>	<b>2.93</b>	<b>5.19</b>	<b>5.93</b>	<b>6.88</b>	<b>6.29</b>	<b>6.61</b>	<b>2.82</b>	<b>4.36</b>	<b>2.82</b>	<b>4.36</b>

Footnotes at end of table

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Pensions and annuities			Rent			Royalty					
	Total		Taxable	Net income		Net loss (includes nondeductible loss)	Net income		Net loss			
	Number of returns (71)	Amount (72)	Number of returns (73)	Amount (74)	Number of returns (75)	Amount (76)	Number of returns (77)	Amount (78)	Number of returns (79)	Amount (80)	Number of returns (81)	Amount (82)
<b>All returns, total.....</b>	<b>0.65</b>	<b>1.29</b>	<b>0.68</b>	<b>1.03</b>	<b>1.44</b>	<b>1.59</b>	<b>1.44</b>	<b>1.71</b>	<b>2.84</b>	<b>3.65</b>	<b>17.71</b>	<b>29.69</b>
No adjusted gross income.....	5.61	20.88	5.91	8.13	6.90	5.72	4.84	4.81	12.03	9.50	42.15	24.58
\$1 under \$5,000.....	4.79	18.09	4.95	6.45	9.00	12.80	10.13	16.36	16.43	22.90	97.81	80.90
\$5,000 under \$10,000.....	3.32	8.87	3.38	4.10	7.17	9.25	8.60	12.44	14.88	39.45	99.94	99.94
\$10,000 under \$15,000.....	2.72	7.02	2.76	3.34	6.58	8.42	8.42	12.60	14.68	25.96	99.93	99.93
\$15,000 under \$20,000.....	2.63	3.83	2.67	3.30	6.39	9.20	7.55	10.34	13.50	20.27	90.23	96.66
\$20,000 under \$25,000.....	3.06	5.16	3.12	4.03	7.21	10.16	7.27	9.31	15.02	28.25	65.98	83.60
\$25,000 under \$30,000.....	3.26	4.76	3.34	4.35	7.71	11.37	7.29	9.49	14.41	25.74	69.23	99.49
\$30,000 under \$40,000.....	2.35	3.57	2.41	3.28	5.40	8.01	5.17	7.09	11.98	23.98	62.13	61.16
\$40,000 under \$50,000.....	2.45	3.79	2.55	3.53	5.62	7.97	5.52	7.59	11.89	20.50	99.95	99.95
\$50,000 under \$75,000.....	1.70	3.00	1.76	2.50	4.05	5.79	3.87	5.15	8.15	17.06	45.79	54.82
\$75,000 under \$100,000.....	2.23	4.62	2.38	3.39	5.22	6.89	4.60	6.02	9.43	19.33	—	—
\$100,000 under \$200,000.....	1.95	3.26	2.11	2.93	3.42	4.39	3.25	3.80	6.49	10.95	31.16	79.90
\$200,000 under \$500,000.....	2.07	4.17	2.37	3.99	2.66	3.82	2.85	3.81	4.72	10.22	27.27	48.79
\$500,000 under \$1,000,000.....	2.47	6.24	2.86	5.66	2.74	4.04	3.10	4.27	4.09	9.95	27.21	71.02
\$1,000,000 under \$1,500,000.....	2.72	7.71	3.08	8.66	2.94	4.10	3.61	7.12	4.09	9.34	28.83	44.13
\$1,500,000 under \$2,000,000.....	2.39	5.69	2.79	7.97	2.64	4.58	3.26	6.39	3.48	11.99	24.87	17.88
\$2,000,000 under \$5,000,000.....	1.33	3.18	1.54	5.01	1.50	2.62	1.87	3.24	1.67	5.56	10.06	18.71
\$5,000,000 under \$10,000,000.....	1.24	1.62	1.40	2.47	1.35	1.18	1.65	1.29	1.32	4.90	8.82	1.08
\$10,000,000 or more.....	0.10	0.01	0.13	0.03	—	—	—	—	—	—	—	—
<b>Taxable returns, total.....</b>	<b>0.74</b>	<b>1.35</b>	<b>0.78</b>	<b>1.11</b>	<b>1.65</b>	<b>1.72</b>	<b>1.67</b>	<b>1.98</b>	<b>3.14</b>	<b>3.84</b>	<b>19.59</b>	<b>34.07</b>
No adjusted gross income.....	29.46	21.92	32.85	21.61	22.66	16.70	27.16	18.28	28.58	11.32	93.70	60.60
\$1 under \$5,000.....	35.38	42.13	35.38	44.27	58.25	76.66	99.32	95.21	49.96	80.92	82.27	82.27
\$5,000 under \$10,000.....	9.96	11.90	9.96	11.86	23.04	29.59	26.53	36.50	44.21	63.56	—	—
\$10,000 under \$15,000.....	4.00	5.82	4.05	4.79	10.54	13.06	15.47	22.91	21.59	30.41	—	—
\$15,000 under \$20,000.....	3.39	4.53	3.43	4.12	9.21	12.70	11.51	15.90	17.50	26.55	81.70	81.70
\$20,000 under \$25,000.....	3.46	5.66	3.52	4.41	8.59	12.18	9.88	12.71	17.52	31.90	70.67	80.74
\$25,000 under \$30,000.....	3.55	5.01	3.63	4.61	9.17	13.02	9.55	12.07	16.47	27.32	70.66	99.89
\$30,000 under \$40,000.....	2.49	3.75	2.55	3.41	6.12	9.11	6.07	8.48	13.09	26.36	75.41	76.51
\$40,000 under \$50,000.....	2.54	3.83	2.63	3.60	6.04	8.53	6.18	8.66	12.20	21.93	99.95	99.95
\$50,000 under \$75,000.....	1.72	3.03	1.78	2.52	4.17	5.98	4.05	5.46	8.29	17.55	46.06	55.04
\$75,000 under \$100,000.....	2.24	4.64	2.39	3.40	5.27	6.97	4.69	6.19	9.61	20.07	—	—
\$100,000 under \$200,000.....	1.96	3.26	2.12	2.93	3.43	4.41	3.26	3.82	6.52	11.02	31.16	79.90
\$200,000 under \$500,000.....	2.07	4.18	2.37	3.99	2.66	3.83	2.86	3.82	4.73	10.25	27.30	48.86
\$500,000 under \$1,000,000.....	2.48	6.24	2.86	5.67	2.74	4.04	3.10	4.29	4.10	9.95	27.21	71.02
\$1,000,000 or more.....	1.28	2.90	1.48	3.45	1.36	1.55	1.78	2.78	1.59	3.12	10.37	10.54
<b>Nontaxable returns, total.....</b>	<b>1.64</b>	<b>4.42</b>	<b>1.70</b>	<b>2.46</b>	<b>3.15</b>	<b>4.09</b>	<b>2.90</b>	<b>3.48</b>	<b>6.77</b>	<b>10.11</b>	<b>37.76</b>	<b>49.17</b>

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Farm rental				Total rental and royalty				Partnership and S Corporation			
	Net income		Net loss		Net income		Net loss		Net income		Net loss	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(83)	(84)	(85)	(86)	(87)	(88)	(89)	(90)	(91)	(92)	(93)	(94)
<b>All returns, total</b> .....	4.75	7.81	9.68	13.92	1.29	1.47	1.54	1.87	1.27	0.70	1.98	1.25
No adjusted gross income.....	21.88	21.25	29.25	29.48	6.18	5.00	4.81	6.45	8.34	4.70	4.07	2.06
\$1 under \$5,000.....	24.18	28.48	79.95	66.85	7.78	10.85	10.31	16.61	11.63	20.37	11.98	17.46
\$5,000 under \$10,000.....	18.01	20.53	43.75	68.35	6.31	9.20	8.53	12.71	9.99	11.74	11.35	20.40
\$10,000 under \$15,000.....	17.94	23.17	38.36	51.49	5.93	7.77	8.45	12.80	9.24	11.14	11.31	15.53
\$15,000 under \$20,000.....	14.22	20.09	43.66	63.12	5.59	7.92	7.66	9.86	8.18	10.36	11.97	15.29
\$20,000 under \$25,000.....	21.51	28.63	53.30	58.54	6.47	9.19	7.33	9.62	8.92	11.14	13.97	20.58
\$25,000 under \$30,000.....	20.19	27.30	44.41	55.21	6.74	9.87	7.34	9.74	8.78	10.92	12.16	15.71
\$30,000 under \$40,000.....	16.22	25.09	34.02	60.53	4.87	7.48	5.22	7.24	6.38	8.27	8.44	11.20
\$40,000 under \$50,000.....	19.37	28.37	40.63	56.33	5.17	7.48	5.54	7.20	6.11	7.91	9.35	12.94
\$50,000 under \$75,000.....	13.56	17.75	23.99	44.47	3.66	5.41	3.89	5.07	4.15	5.35	6.16	8.60
\$75,000 under \$100,000.....	14.17	21.17	30.95	31.17	4.54	6.39	4.63	5.88	4.47	5.73	7.01	9.53
\$100,000 under \$200,000.....	13.07	21.52	23.56	24.69	3.12	4.21	3.78	4.42	2.64	3.01	4.45	5.24
\$200,000 under \$500,000.....	9.99	19.97	15.45	19.94	2.43	3.70	3.84	5.19	1.70	2.14	3.30	3.92
\$500,000 under \$1,000,000.....	--	--	--	--	2.39	3.91	3.85	5.44	1.59	1.94	3.10	3.20
\$1,000,000 under \$1,500,000.....	--	--	--	--	2.55	4.09	4.23	6.10	1.78	2.20	3.07	3.49
\$1,500,000 under \$2,000,000.....	--	--	--	--	2.22	4.78	3.93	7.86	1.52	2.02	2.72	3.85
\$2,000,000 under \$5,000,000.....	--	--	--	--	1.18	2.54	2.15	3.98	0.83	1.04	1.38	1.51
\$5,000,000 under \$10,000,000.....	--	--	--	--	1.03	1.95	1.78	0.77	0.83	0.92	1.07	0.36
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--
<b>Taxable returns, total</b> .....	5.52	8.68	11.29	16.86	1.47	1.58	1.82	2.14	1.35	0.71	2.43	1.51
No adjusted gross income.....	35.95	27.73	81.70	81.70	19.92	12.73	26.92	13.31	22.68	4.96	25.17	3.33
\$1 under \$5,000.....	--	--	--	--	41.01	58.10	47.51	60.86	29.17	31.30	40.71	17.70
\$5,000 under \$10,000.....	64.18	59.53	--	--	19.92	25.69	27.46	38.55	19.66	23.66	29.83	45.85
\$10,000 under \$15,000.....	25.78	33.02	60.14	73.82	9.26	11.54	15.99	22.80	13.36	16.31	21.70	31.45
\$15,000 under \$20,000.....	19.13	24.04	99.29	96.78	7.83	10.56	11.74	14.52	11.03	14.07	20.16	28.30
\$20,000 under \$25,000.....	23.98	31.50	53.30	58.54	7.58	10.77	9.81	12.92	11.03	13.44	23.04	38.86
\$25,000 under \$30,000.....	22.47	29.44	49.57	55.76	7.93	11.04	9.59	12.10	11.24	13.83	17.44	26.53
\$30,000 under \$40,000.....	17.17	24.44	36.19	61.71	5.46	8.35	6.12	8.38	7.66	10.18	10.49	14.98
\$40,000 under \$50,000.....	19.53	28.52	42.84	56.57	5.50	7.97	6.21	8.27	6.78	8.78	10.65	15.89
\$50,000 under \$75,000.....	13.72	17.98	23.99	44.47	3.75	5.58	4.08	5.39	4.36	5.67	6.64	9.51
\$75,000 under \$100,000.....	14.30	21.46	30.95	31.17	4.59	6.47	4.72	6.01	4.53	5.79	7.20	10.30
\$100,000 under \$200,000.....	13.07	21.52	23.56	24.69	3.12	4.23	3.79	4.45	2.65	3.02	4.48	5.44
\$200,000 under \$500,000.....	10.00	19.99	15.47	20.00	2.43	3.71	3.85	5.21	1.70	2.14	3.31	4.03
\$500,000 under \$1,000,000.....	--	--	--	--	2.39	3.92	3.85	5.47	1.59	1.94	3.11	3.27
\$1,000,000 or more.....	--	--	--	--	1.09	1.49	1.99	2.42	0.79	0.52	1.23	0.62
<b>Non taxable returns, total</b> .....	9.35	14.64	18.63	24.33	2.84	3.79	2.90	3.87	3.88	4.80	3.42	2.05

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Estate and trust				Farm				Unemployment compensation			
	Net income		Net loss		Net income		Net loss		Number of returns	Amount	Number of returns	Amount
	Number of returns (95)	Amount (96)	Number of returns (97)	Amount (98)	Number of returns (99)	Amount (100)	Number of returns (101)	Amount (102)				
<b>All returns, total</b> .....	4.41	3.19	13.48	6.11	3.63	4.23	1.86	2.56	1.30	1.74		
No adjusted gross income.....	21.94	14.95	32.54	14.46	13.92	12.27	4.77	4.87	12.72	18.40		
\$1 under \$5,000.....	26.69	33.59	98.10	80.03	16.73	25.45	16.22	21.41	8.16	10.18		
\$5,000 under \$10,000.....	24.58	33.98	99.95	99.95	16.95	20.82	12.16	18.49	4.69	6.02		
\$10,000 under \$15,000.....	22.33	27.89	99.33	31.38	16.57	20.02	12.86	24.52	4.15	5.38		
\$15,000 under \$20,000.....	22.41	32.98	70.69	99.85	19.71	28.66	10.37	14.47	4.10	5.47		
\$20,000 under \$25,000.....	31.88	52.37	71.23	65.74	19.65	23.83	12.00	16.89	4.60	6.01		
\$25,000 under \$30,000.....	30.45	43.81	36.49	72.33	16.37	22.53	12.95	16.05	5.07	6.45		
\$30,000 under \$40,000.....	17.80	24.75	56.85	59.54	13.17	15.22	7.49	10.17	4.01	5.30		
\$40,000 under \$50,000.....	16.83	24.13	--	--	12.69	15.90	9.44	12.46	4.53	5.84		
\$50,000 under \$75,000.....	12.44	17.40	97.71	96.42	9.64	12.64	6.83	9.98	3.48	4.59		
\$75,000 under \$100,000.....	16.48	23.07	62.97	24.42	14.28	14.21	8.03	9.65	4.88	6.36		
\$100,000 under \$200,000.....	9.46	12.56	34.59	38.57	13.12	12.54	7.55	8.54	5.64	7.05		
\$200,000 under \$500,000.....	6.93	12.90	19.23	32.53	10.28	11.48	7.33	8.59	7.18	8.75		
\$500,000 under \$1,000,000.....	5.80	10.00	16.87	24.94	--	--	6.53	7.30	--	--		
\$1,000,000 under \$1,500,000.....	6.00	12.73	13.46	19.23	12.26	13.74	7.18	7.75	--	--		
\$1,500,000 under \$2,000,000.....	5.28	10.69	11.45	25.35	12.76	20.76	6.45	7.87	--	--		
\$2,000,000 under \$5,000,000.....	2.67	5.10	5.04	6.51	6.20	12.59	3.47	4.45	--	--		
\$5,000,000 under \$10,000,000.....	2.05	3.57	3.16	0.92	5.17	2.17	2.76	1.45	--	--		
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--		
<b>Taxable returns, total</b> .....	4.73	3.25	15.71	3.70	4.85	5.21	2.45	3.19	1.65	2.18		
No adjusted gross income.....	50.13	7.81	35.94	2.81	55.21	10.88	55.16	18.13	91.63	91.63		
\$1 under \$5,000.....	37.96	42.71	--	--	99.95	99.95	99.95	99.95	30.49	38.34		
\$5,000 under \$10,000.....	40.75	45.22	--	--	44.09	48.94	31.13	54.64	13.90	18.34		
\$10,000 under \$15,000.....	27.62	34.03	--	--	36.16	43.72	30.55	47.63	6.66	8.69		
\$15,000 under \$20,000.....	28.81	43.75	--	--	33.69	44.72	15.95	21.44	5.96	8.23		
\$20,000 under \$25,000.....	40.87	64.76	71.41	93.88	27.94	44.60	15.73	24.50	6.11	7.99		
\$25,000 under \$30,000.....	33.28	45.23	--	--	20.36	28.83	15.91	20.56	6.38	8.24		
\$30,000 under \$40,000.....	18.09	24.75	98.96	92.71	15.86	18.57	8.65	12.01	4.69	6.25		
\$40,000 under \$50,000.....	18.41	25.79	--	--	14.17	18.63	10.07	12.56	4.92	6.40		
\$50,000 under \$75,000.....	12.93	18.38	98.96	99.83	10.34	14.18	7.00	10.32	3.58	4.74		
\$75,000 under \$100,000.....	16.69	23.24	63.19	49.33	14.59	13.72	8.08	9.75	4.89	6.37		
\$100,000 under \$200,000.....	9.47	12.57	34.76	39.87	13.13	12.56	7.57	8.57	5.64	7.06		
\$200,000 under \$500,000.....	6.95	12.94	19.32	35.46	10.29	11.49	7.34	8.64	7.18	8.76		
\$500,000 under \$1,000,000.....	6.90	10.02	16.93	24.99	--	--	6.54	7.33	--	--		
\$1,000,000 or more.....	2.53	2.45	3.71	2.14	5.63	6.27	3.34	2.50	--	--		
<b>Nontaxable returns, total</b> .....	12.30	16.10	26.13	15.20	6.47	8.48	4.17	4.89	2.25	2.95		

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Social security benefits						Foreign earned income exclusion		Other income				Net operating loss			
	Total		Taxable		Amount		Number of returns		Net income		Net loss		Amount		Number of returns	
	(105)	(106)	(107)	(108)	(109)	(110)	(111)	(112)	(113)	(114)	(115)	(116)	(117)	(118)	(119)	(120)
<b>All returns, total.....</b>	<b>0.87</b>	<b>0.96</b>	<b>0.96</b>	<b>1.16</b>	<b>4.98</b>	<b>5.05</b>	<b>1.50</b>	<b>2.48</b>	<b>5.06</b>	<b>6.89</b>	<b>2.73</b>	<b>1.20</b>				
No adjusted gross income.....	7.76	8.23	19.95	13.74	10.66	11.89	7.55	9.87	10.15	11.22	3.00	1.27				
\$1 under \$5,000.....	5.42	6.30	36.50	39.68	13.89	15.82	6.74	8.64	42.16	48.42	11.04	18.65				
\$5,000 under \$10,000.....	4.69	5.21	36.42	39.20	25.98	27.90	6.71	9.51	42.26	52.74	14.39	18.62				
\$10,000 under \$15,000.....	4.16	4.61	18.65	25.21	29.60	32.15	6.93	10.77	52.62	63.16	15.60	25.34				
\$15,000 under \$20,000.....	4.09	4.46	7.69	12.60	22.93	26.82	7.03	13.26	36.19	38.27	17.62	20.49				
\$20,000 under \$25,000.....	3.74	4.10	4.18	6.73	38.80	42.98	6.91	11.72	32.65	41.67	28.28	31.97				
\$25,000 under \$30,000.....	3.60	3.96	3.69	4.35	36.22	39.74	7.44	13.58	32.53	44.70	23.55	35.05				
\$30,000 under \$40,000.....	2.67	3.00	2.67	3.01	26.47	26.76	5.49	11.35	26.64	43.32	16.83	25.52				
\$40,000 under \$50,000.....	3.00	3.40	3.00	3.27	29.14	27.39	5.79	10.71	26.46	41.04	22.56	24.04				
\$50,000 under \$75,000.....	2.13	2.41	2.13	2.34	22.82	20.54	3.88	7.70	24.31	27.46	16.73	19.47				
\$75,000 under \$100,000.....	3.08	3.43	3.08	3.41	22.79	18.86	4.86	10.04	22.04	27.94	20.91	23.81				
\$100,000 under \$200,000.....	2.66	2.87	2.66	2.87	13.28	12.88	3.80	8.51	14.33	16.90	13.28	13.37				
\$200,000 under \$500,000.....	2.56	2.76	2.56	2.76	10.18	9.66	3.00	8.21	9.04	12.05	10.69	10.02				
\$500,000 under \$1,000,000.....	2.85	3.19	2.85	3.19	10.02	9.83	2.88	8.17	9.21	12.01	10.51	8.69				
\$1,000,000 under \$1,500,000.....	3.01	3.20	3.01	3.20	10.94	11.21	2.93	11.14	8.88	11.16	8.12	8.49				
\$1,500,000 under \$2,000,000.....	2.68	2.91	2.68	2.91	11.39	11.94	2.50	8.70	9.29	15.98	8.80	9.54				
\$2,000,000 under \$5,000,000.....	1.51	1.64	1.51	1.64	6.55	6.83	1.27	4.61	4.56	7.68	4.59	3.24				
\$5,000,000 under \$10,000,000.....	1.29	1.38	1.29	1.38	6.81	6.96	1.07	4.44	3.80	3.06	2.61	0.50				
\$10,000,000 or more.....	0.13	0.12	0.13	0.12	—	—	—	—	—	—	—	—				
<b>Taxable returns, total.....</b>	<b>0.95</b>	<b>1.05</b>	<b>0.98</b>	<b>1.18</b>	<b>7.41</b>	<b>6.71</b>	<b>1.71</b>	<b>2.73</b>	<b>7.60</b>	<b>5.98</b>	<b>6.76</b>	<b>1.71</b>				
No adjusted gross income.....	30.72	20.72	55.86	48.23	—	—	27.44	8.86	24.55	8.56	16.16	1.61				
\$1 under \$5,000.....	30.32	33.95	—	—	—	—	13.20	14.15	—	—	95.76	42.38				
\$5,000 under \$10,000.....	14.31	15.72	99.85	99.61	49.92	62.60	13.99	19.54	—	—	47.18	45.48				
\$10,000 under \$15,000.....	5.95	6.42	25.82	28.57	69.25	73.97	9.95	14.14	—	—	33.51	41.86				
\$15,000 under \$20,000.....	5.11	5.56	8.53	14.47	30.07	36.34	10.29	15.92	57.91	63.97	36.10	32.19				
\$20,000 under \$25,000.....	4.06	4.44	4.48	7.31	49.98	55.30	8.80	15.43	45.46	67.70	43.95	51.75				
\$25,000 under \$30,000.....	3.86	4.23	3.93	4.62	55.68	53.68	9.09	16.86	33.03	49.37	33.01	55.57				
\$30,000 under \$40,000.....	2.77	3.10	2.77	3.11	29.90	31.25	6.26	13.04	33.56	45.54	21.19	24.54				
\$40,000 under \$50,000.....	3.05	3.45	3.05	3.33	33.91	32.32	6.18	10.53	27.47	42.06	29.60	30.40				
\$50,000 under \$75,000.....	2.15	2.42	2.15	2.36	26.05	22.88	4.00	7.73	24.51	28.70	19.32	21.89				
\$75,000 under \$100,000.....	3.09	3.44	3.09	3.42	22.86	18.98	4.93	10.24	22.30	29.35	22.36	26.53				
\$100,000 under \$200,000.....	2.66	2.88	2.66	2.88	13.38	13.01	3.81	8.53	14.39	16.99	13.70	14.05				
\$200,000 under \$500,000.....	2.57	2.76	2.57	2.76	10.23	9.72	3.01	8.23	9.05	12.03	10.90	10.39				
\$500,000 under \$1,000,000.....	2.85	3.20	2.85	3.20	10.06	9.87	2.88	8.20	9.23	12.07	10.68	9.00				
\$1,000,000 or more.....	1.44	1.49	1.44	1.49	5.85	5.98	1.23	2.87	4.05	2.36	3.76	1.62				
<b>Nontaxable returns, total.....</b>	<b>2.35</b>	<b>2.65</b>	<b>5.07</b>	<b>7.28</b>	<b>6.99</b>	<b>7.93</b>	<b>3.18</b>	<b>5.86</b>	<b>8.88</b>	<b>10.54</b>	<b>2.98</b>	<b>1.47</b>				

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Gambling earnings		Total		IRA Payments		Student loan interest deduction		Educator expenses deduction		Tuition and fees deduction	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
<b>All returns, total</b> .....	2.69	3.30	0.51	0.87	2.01	2.17	1.49	2.28	2.18	2.31	1.86	2.23
No adjusted gross income.....	16.78	16.88	4.17	6.13	19.86	21.80	13.57	16.24	36.63	37.54	11.18	12.76
\$1 under \$5,000.....	18.75	20.01	2.94	7.79	21.16	23.67	12.84	20.40	33.29	33.72	8.16	9.32
\$5,000 under \$10,000.....	15.08	17.53	2.35	4.62	15.57	17.65	8.72	13.20	21.48	22.05	7.59	8.74
\$10,000 under \$15,000.....	12.30	26.12	2.39	3.95	12.63	13.96	7.23	11.37	16.59	17.27	9.07	10.87
\$15,000 under \$20,000.....	10.86	14.15	2.67	4.27	10.10	11.71	6.56	10.51	14.58	15.10	9.01	10.86
\$20,000 under \$25,000.....	11.89	16.57	2.84	4.50	8.58	9.65	6.09	9.34	14.49	14.76	9.92	12.55
\$25,000 under \$30,000.....	12.98	16.54	2.92	4.79	8.46	9.69	5.87	9.03	12.92	13.26	10.23	12.36
\$30,000 under \$40,000.....	8.52	12.04	2.18	3.59	5.93	6.76	4.11	5.79	7.13	7.30	8.34	10.38
\$40,000 under \$50,000.....	9.85	14.02	2.21	3.71	5.92	6.72	4.27	6.41	6.79	7.00	7.03	8.53
\$50,000 under \$75,000.....	6.29	9.39	1.58	2.88	4.55	5.11	3.17	4.87	4.58	4.90	4.92	6.09
\$75,000 under \$100,000.....	8.17	13.01	1.92	3.04	6.11	6.58	3.23	4.76	3.36	3.62	4.87	5.84
\$100,000 under \$200,000.....	6.65	10.16	1.62	2.14	4.85	4.86	—	—	—	—	3.54	4.13
\$200,000 under \$500,000.....	6.30	10.86	1.47	2.10	5.18	5.45	—	—	6.22	6.47	—	—
\$500,000 under \$1,000,000.....	7.51	12.67	1.56	5.09	4.31	4.49	—	—	—	—	—	—
\$1,000,000 under \$1,500,000.....	7.82	15.04	1.80	3.01	—	—	—	—	—	—	—	—
\$1,500,000 under \$2,000,000.....	6.39	12.48	1.58	3.47	—	—	—	—	—	—	—	—
\$2,000,000 under \$5,000,000.....	3.76	7.26	0.87	1.95	—	—	—	—	—	—	—	—
\$5,000,000 under \$10,000,000.....	3.31	5.68	0.83	1.33	—	—	—	—	—	—	—	—
\$10,000,000 or more.....	—	—	0.05	0.12	—	—	—	—	—	—	—	—
<b>Taxable returns, total</b> .....	3.02	3.51	0.67	0.98	2.19	2.32	1.66	2.52	2.28	2.42	2.16	2.61
No adjusted gross income.....	58.46	61.73	24.65	23.84	33.19	37.03	93.97	85.88	62.24	82.01	30.89	34.40
\$1 under \$5,000.....	—	—	26.10	79.80	99.98	99.98	—	—	—	—	—	—
\$5,000 under \$10,000.....	37.76	46.48	7.71	14.17	49.99	54.91	25.31	32.29	38.49	38.75	20.96	24.97
\$10,000 under \$15,000.....	21.27	25.10	4.43	7.61	22.14	25.11	10.44	16.36	22.35	22.39	14.44	17.61
\$15,000 under \$20,000.....	14.97	19.25	4.01	6.59	13.80	15.33	8.52	13.19	19.98	20.58	13.57	17.19
\$20,000 under \$25,000.....	15.07	18.54	3.81	6.06	11.25	12.16	7.45	11.52	17.58	18.03	15.83	20.54
\$25,000 under \$30,000.....	15.96	18.94	3.79	6.16	10.11	11.01	6.91	10.53	15.19	15.37	14.00	17.18
\$30,000 under \$40,000.....	9.48	13.23	2.53	4.22	6.36	7.24	4.60	6.49	7.86	7.99	10.12	13.15
\$40,000 under \$50,000.....	10.36	14.33	2.39	4.04	6.29	7.11	4.52	6.70	7.06	7.28	7.65	9.21
\$50,000 under \$75,000.....	6.46	9.56	1.64	3.03	4.63	5.21	3.26	5.01	4.68	5.01	5.05	6.27
\$75,000 under \$100,000.....	8.32	13.03	1.94	3.08	6.16	6.63	3.25	4.79	3.36	3.63	4.90	5.88
\$100,000 under \$200,000.....	6.67	10.13	1.62	2.14	4.85	4.86	—	—	—	—	3.54	4.14
\$200,000 under \$500,000.....	6.36	11.39	1.47	2.10	5.18	5.45	—	—	6.22	6.47	—	—
\$500,000 under \$1,000,000.....	7.58	13.38	1.56	5.09	4.31	4.50	—	—	—	—	—	—
\$1,000,000 or more.....	3.76	3.30	0.81	1.42	—	—	—	—	—	—	—	—
<b>Nontaxable returns, total</b> .....	5.99	9.76	1.02	2.04	5.29	6.25	3.50	5.44	7.66	8.07	3.68	4.31

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Statutory adjustments--continued											
	Health savings account deduction		Deduction for self-employment tax		Moving expense adjustment		Payments to a Keogh plan		Penalty on early withdrawal of savings		Alimony paid	
	Number of returns (129)	Amount (130)	Number of returns (131)	Amount (132)	Number of returns (133)	Amount (134)	Number of returns (135)	Amount (136)	Number of returns (137)	Amount (138)	Number of returns (139)	Amount (140)
<b>All returns, total</b> .....	10.33	11.14	0.53	0.88	3.85	5.19	2.17	2.15	4.36	14.84	4.61	4.11
No adjusted gross income.....	57.78	56.97	4.81	6.06	33.88	47.75	28.69	19.27	22.08	60.67	21.42	14.36
\$1 under \$5,000.....	67.57	58.86	3.18	4.46	32.09	35.01	66.76	56.52	19.73	29.31	38.11	41.21
\$5,000 under \$10,000.....	99.57	99.57	2.50	3.01	23.33	31.48	31.15	32.59	16.17	29.64	38.82	45.01
\$10,000 under \$15,000.....	78.39	83.39	2.59	3.10	18.87	30.61	31.47	39.33	17.49	52.38	30.74	29.56
\$15,000 under \$20,000.....	43.58	56.80	3.11	3.87	16.16	23.69	29.60	46.55	17.75	55.06	41.06	38.04
\$20,000 under \$25,000.....	74.84	70.98	3.51	4.61	16.07	20.82	32.26	43.93	19.94	36.56	24.16	28.84
\$25,000 under \$30,000.....	75.07	95.34	3.70	4.94	15.53	21.66	25.14	27.97	19.18	44.63	26.44	28.13
\$30,000 under \$40,000.....	36.77	45.05	2.90	4.06	10.30	14.10	14.75	20.03	15.46	60.43	17.58	19.92
\$40,000 under \$50,000.....	56.29	48.72	3.06	4.51	12.46	15.34	14.55	18.41	14.29	53.90	20.41	26.43
\$50,000 under \$75,000.....	28.35	32.26	2.19	3.34	9.21	13.41	8.26	9.61	10.71	26.25	10.72	13.87
\$75,000 under \$100,000.....	36.82	40.53	2.80	4.04	11.99	15.99	7.22	8.08	13.29	31.95	13.35	15.31
\$100,000 under \$200,000.....	18.95	18.32	2.08	2.40	9.53	12.56	3.66	4.15	12.24	37.50	9.62	9.85
\$200,000 under \$500,000.....	14.59	15.24	1.69	2.21	8.69	13.80	2.68	2.92	11.95	61.75	7.08	7.33
\$500,000 under \$1,000,000.....	16.38	17.64	1.79	2.57	—	—	2.88	9.67	9.17	18.84	6.18	7.66
\$1,000,000 under \$1,500,000.....	19.97	19.18	2.08	3.12	—	—	3.51	4.12	—	—	7.10	8.38
\$1,500,000 under \$2,000,000.....	19.17	22.58	1.88	3.26	—	—	3.50	4.91	—	—	7.05	10.79
\$2,000,000 under \$5,000,000.....	11.92	14.00	1.03	1.98	—	—	2.17	3.14	—	—	3.51	4.76
\$5,000,000 under \$10,000,000.....	13.31	10.20	0.94	1.57	—	—	1.97	2.57	—	—	2.87	2.66
\$10,000,000 or more.....	—	—	0.06	0.28	—	—	—	—	—	—	—	—
<b>Taxable returns, total</b> .....	11.32	11.20	0.82	1.08	4.22	5.65	2.19	2.18	4.99	16.53	4.94	4.38
No adjusted gross income.....	—	—	26.93	10.70	—	—	56.53	63.47	39.06	25.18	17.70	48.21
\$1 under \$5,000.....	—	—	26.53	53.40	—	—	82.27	82.27	—	—	—	—
\$5,000 under \$10,000.....	—	—	8.82	11.43	70.69	97.68	98.95	99.95	35.79	83.41	99.98	99.98
\$10,000 under \$15,000.....	—	—	5.25	6.49	22.02	39.16	44.70	46.11	26.40	35.88	43.16	42.94
\$15,000 under \$20,000.....	70.66	79.47	5.03	6.45	20.36	27.23	47.57	48.80	21.59	55.46	57.28	56.93
\$20,000 under \$25,000.....	74.84	70.98	5.04	6.94	19.23	22.63	38.60	41.10	22.05	39.65	30.22	33.34
\$25,000 under \$30,000.....	99.95	99.95	5.26	7.20	18.76	28.65	29.73	37.69	22.99	32.04	29.87	31.34
\$30,000 under \$40,000.....	49.96	62.21	3.56	4.98	11.54	15.97	16.55	23.36	15.89	61.20	19.57	23.65
\$40,000 under \$50,000.....	56.35	48.97	3.43	5.16	13.00	15.89	15.57	19.48	14.70	54.16	22.64	30.71
\$50,000 under \$75,000.....	31.82	37.10	2.30	3.55	9.59	13.46	8.61	10.07	10.92	26.85	10.80	14.05
\$75,000 under \$100,000.....	39.42	43.81	2.83	4.12	12.02	16.02	7.32	8.27	13.34	31.97	13.36	15.32
\$100,000 under \$200,000.....	18.99	18.34	2.09	2.40	9.53	12.56	3.66	4.15	12.27	37.54	9.62	9.86
\$200,000 under \$500,000.....	14.60	15.24	1.69	2.21	8.70	13.80	2.68	2.92	11.97	61.79	7.09	7.34
\$500,000 under \$1,000,000.....	16.38	17.64	1.79	2.57	—	—	2.88	9.67	9.18	18.84	6.18	7.66
\$1,000,000 or more.....	11.54	11.28	0.94	1.24	—	—	1.86	2.27	—	—	3.31	3.53
<b>Nontaxable returns, total</b> .....	24.64	32.78	1.03	1.70	9.49	13.21	11.86	12.01	9.04	32.58	12.56	11.20

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Statutory adjustments--continued												Basic standard deduction		Additional standard deduction	
	Self-employed health insurance deduction		Medical savings account deduction		Certain business expenses of reservist, performing artist, etc.		Other adjustments		Basic standard deduction		Additional standard deduction		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount				
(141)	(142)	(143)	(144)	(145)	(146)	(147)	(148)	(149)	(150)	(151)	(152)					
All returns, total.....	1.38	1.54	15.81	14.27	12.75	21.17	8.61	14.16	0.22	0.29	1.11	1.16				
No adjusted gross income.....	6.99	7.86	58.22	61.00	99.95	99.95	48.75	68.72	--	--	--	--				
\$1 under \$5,000.....	9.36	11.33	--	--	56.60	69.45	99.95	99.95	1.14	1.29	4.05	4.15				
\$5,000 under \$10,000.....	7.59	10.83	98.70	98.70	47.78	54.07	60.16	69.67	1.15	1.19	3.33	3.43				
\$10,000 under \$15,000.....	7.42	8.82	--	--	52.94	66.07	60.14	67.99	1.21	1.25	3.01	3.12				
\$15,000 under \$20,000.....	6.68	8.68	95.44	97.06	42.53	45.43	49.57	66.71	1.27	1.31	3.24	3.33				
\$20,000 under \$25,000.....	6.97	8.75	--	--	52.89	64.02	42.66	68.69	1.42	1.47	4.09	4.27				
\$25,000 under \$30,000.....	7.08	9.48	88.63	77.55	99.97	99.97	36.45	51.95	1.59	1.65	4.89	4.88				
\$30,000 under \$40,000.....	5.41	6.63	49.97	57.24	39.20	70.20	32.63	54.13	1.32	1.37	3.80	4.01				
\$40,000 under \$50,000.....	5.99	6.91	49.51	45.08	47.75	65.54	25.47	38.47	1.57	1.63	4.47	4.72				
\$50,000 under \$75,000.....	4.24	5.32	37.39	37.73	32.16	51.15	20.67	29.38	1.38	1.42	3.48	3.74				
\$75,000 under \$100,000.....	5.09	5.78	35.92	34.91	39.20	49.27	24.29	40.24	2.63	2.69	5.50	5.82				
\$100,000 under \$200,000.....	3.09	3.45	31.99	30.43	31.20	45.25	18.67	33.86	3.70	3.78	6.35	6.60				
\$200,000 under \$500,000.....	2.39	2.63	13.61	14.42	44.56	43.54	15.54	23.46	4.70	4.80	6.11	6.42				
\$500,000 under \$1,000,000.....	2.36	2.68	--	--	47.26	51.12	16.74	29.59	2.82	2.89	--	--				
\$1,000,000 under \$1,500,000.....	2.66	3.19	--	--	71.71	64.17	25.06	35.26	--	--	--	--				
\$1,500,000 under \$2,000,000.....	2.46	2.86	--	--	66.30	66.43	19.11	21.07	--	--	--	--				
\$2,000,000 under \$5,000,000.....	1.41	1.71	--	--	50.28	51.62	12.16	33.85	--	--	--	--				
\$5,000,000 under \$10,000,000.....	1.35	1.55	--	--	--	--	7.96	6.96	--	--	--	--				
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--				
<b>Taxable returns, total.....</b>	<b>1.60</b>	<b>1.71</b>	<b>16.41</b>	<b>15.29</b>	<b>14.17</b>	<b>21.06</b>	<b>9.31</b>	<b>13.36</b>	<b>0.45</b>	<b>0.49</b>	<b>1.38</b>	<b>1.45</b>				
No adjusted gross income.....	29.12	17.89	47.21	19.49	--	--	74.80	74.50	--	--	--	--				
\$1 under \$5,000.....	74.84	80.60	--	--	99.97	99.97	--	--	4.68	6.36	51.54	55.61				
\$5,000 under \$10,000.....	24.42	29.81	--	--	99.98	99.98	--	--	2.12	2.15	11.04	11.05				
\$10,000 under \$15,000.....	13.34	16.16	--	--	74.90	92.23	--	--	1.78	1.79	4.22	4.27				
\$15,000 under \$20,000.....	9.86	14.76	--	--	42.53	45.43	70.67	86.03	1.75	1.81	4.04	4.16				
\$20,000 under \$25,000.....	9.75	12.61	--	--	60.13	68.67	45.95	83.05	1.85	1.92	4.25	4.43				
\$25,000 under \$30,000.....	9.18	13.14	99.69	99.69	99.97	99.97	46.25	64.51	1.93	2.00	4.79	4.98				
\$30,000 under \$40,000.....	6.52	7.81	57.70	61.85	51.65	78.04	34.82	60.53	1.47	1.51	3.83	4.03				
\$40,000 under \$50,000.....	6.73	7.72	57.01	53.30	47.75	65.54	28.16	42.97	1.65	1.71	4.48	4.73				
\$50,000 under \$75,000.....	4.49	5.69	38.16	39.36	32.16	51.15	21.43	30.77	1.39	1.43	3.48	3.74				
\$75,000 under \$100,000.....	5.19	5.94	37.22	36.70	39.20	49.27	24.62	40.39	2.64	2.69	5.50	5.82				
\$100,000 under \$200,000.....	3.10	3.47	33.26	31.96	31.20	45.25	18.67	33.87	3.70	3.78	6.35	6.60				
\$200,000 under \$500,000.....	2.39	2.63	13.62	14.43	44.56	43.54	15.55	23.49	4.70	4.80	6.11	6.42				
\$500,000 under \$1,000,000.....	2.36	2.68	--	--	47.26	51.12	16.77	29.60	2.82	2.89	--	--				
\$1,000,000 or more.....	1.28	1.51	--	--	40.23	40.90	12.82	14.83	--	--	--	--				
<b>Nontaxable returns, total.....</b>	<b>2.97</b>	<b>3.70</b>	<b>51.16</b>	<b>37.45</b>	<b>29.14</b>	<b>55.78</b>	<b>22.59</b>	<b>43.21</b>	<b>0.53</b>	<b>0.58</b>	<b>2.01</b>	<b>2.08</b>				

Footnotes at end of table.



**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Total itemized deductions		Exemptions		Taxable income		Alternative minimum tax		Income tax before credits	
	Number of returns	Amount	Number of exemptions	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(153)	(154)	(155)	(156)	(157)	(158)	(159)	(160)	(161)	(162)
<b>All returns, total.....</b>	<b>0.38</b>	<b>0.37</b>	<b>0.22</b>	<b>0.22</b>	<b>0.17</b>	<b>0.15</b>	<b>0.95</b>	<b>1.14</b>	<b>0.17</b>	<b>0.17</b>
No adjusted gross income.....	—	—	2.93	2.93	—	—	14.92	7.31	17.26	7.31
\$1 under \$5,000.....	6.10	7.60	1.85	1.84	4.58	6.51	66.05	30.30	4.60	7.66
\$5,000 under \$10,000.....	4.54	5.74	1.47	1.47	1.93	2.50	39.41	76.47	1.93	2.55
\$10,000 under \$15,000.....	3.66	4.97	1.37	1.37	1.57	1.77	54.33	54.06	1.57	1.81
\$15,000 under \$20,000.....	3.22	3.61	1.38	1.38	1.36	1.57	63.49	59.62	1.36	1.62
\$20,000 under \$25,000.....	3.09	3.49	1.50	1.50	1.35	1.52	96.16	84.76	1.35	1.59
\$25,000 under \$30,000.....	2.88	3.15	1.61	1.61	1.41	1.55	76.97	66.65	1.41	1.62
\$30,000 under \$40,000.....	1.85	2.03	1.26	1.26	1.06	1.14	67.46	33.04	1.06	1.20
\$40,000 under \$50,000.....	1.78	2.09	1.32	1.32	1.07	1.14	27.88	48.28	1.07	1.21
\$50,000 under \$75,000.....	1.09	1.24	0.91	0.91	0.73	0.78	9.99	18.12	0.73	0.83
\$75,000 under \$100,000.....	1.14	1.32	1.11	1.11	0.91	0.94	7.53	10.55	0.91	1.00
\$100,000 under \$200,000.....	0.99	1.04	1.05	1.06	0.91	0.86	2.09	3.51	0.91	0.86
\$200,000 under \$500,000.....	0.94	1.07	1.03	1.59	0.90	0.81	1.07	1.73	0.90	0.81
\$500,000 under \$1,000,000.....	1.12	1.37	1.23	( <sup>1</sup> )	1.05	0.94	2.12	3.17	1.05	0.96
\$1,000,000 under \$1,500,000.....	1.38	1.70	1.49	( <sup>1</sup> )	1.30	1.23	2.70	4.17	1.29	1.28
\$1,500,000 under \$2,000,000.....	1.12	1.67	1.21	( <sup>1</sup> )	1.04	1.06	2.51	4.16	1.04	1.10
\$2,000,000 under \$5,000,000.....	0.59	0.91	0.69	( <sup>1</sup> )	0.56	0.48	1.47	2.62	0.56	0.52
\$5,000,000 under \$10,000,000.....	0.62	0.70	0.71	( <sup>1</sup> )	0.61	0.50	1.28	1.46	0.61	0.54
\$10,000,000 or more.....	0.03	0.01	0.03	( <sup>1</sup> )	0.03	0.01	—	—	0.03	0.01
<b>Taxable returns, total.....</b>	<b>0.41</b>	<b>0.37</b>	<b>0.27</b>	<b>0.28</b>	<b>0.22</b>	<b>0.16</b>	<b>0.95</b>	<b>1.14</b>	<b>0.22</b>	<b>0.18</b>
No adjusted gross income.....	—	—	13.20	13.21	—	—	15.45	7.36	15.43	7.36
\$1 under \$5,000.....	37.97	31.39	79.37	79.37	4.64	6.55	70.42	30.36	4.64	7.71
\$5,000 under \$10,000.....	20.75	24.60	3.79	3.79	2.11	2.66	43.81	77.23	2.11	2.72
\$10,000 under \$15,000.....	6.74	7.05	1.88	1.88	1.72	1.89	55.00	55.57	1.72	1.93
\$15,000 under \$20,000.....	4.83	5.05	1.76	1.76	1.64	1.80	63.89	59.72	1.64	1.84
\$20,000 under \$25,000.....	4.08	4.26	1.79	1.79	1.67	1.81	89.84	73.49	1.67	1.86
\$25,000 under \$30,000.....	3.64	3.85	1.82	1.82	1.69	1.79	77.03	66.66	1.69	1.84
\$30,000 under \$40,000.....	2.13	2.28	1.31	1.31	1.18	1.24	67.54	33.25	1.18	1.29
\$40,000 under \$50,000.....	1.94	2.09	1.36	1.36	1.15	1.20	29.05	48.54	1.15	1.26
\$50,000 under \$75,000.....	1.14	1.25	0.92	0.92	0.75	0.79	10.10	18.24	0.75	0.84
\$75,000 under \$100,000.....	1.16	1.31	1.11	1.11	0.92	0.95	7.65	10.69	0.92	1.00
\$100,000 under \$200,000.....	0.99	1.04	1.05	1.06	0.91	0.86	2.09	3.51	0.91	0.86
\$200,000 under \$500,000.....	0.94	1.08	1.03	1.60	0.90	0.81	1.07	1.73	0.90	0.81
\$500,000 under \$1,000,000.....	1.12	1.38	1.23	—	1.05	0.94	2.12	3.17	1.05	0.96
\$1,000,000 or more.....	0.59	0.37	0.66	—	0.55	0.22	1.36	1.27	0.55	0.25
<b>Nontaxable returns, total.....</b>	<b>1.50</b>	<b>1.82</b>	<b>0.63</b>	<b>0.62</b>	<b>1.04</b>	<b>1.39</b>	<b>30.51</b>	<b>46.28</b>	<b>1.04</b>	<b>1.48</b>

(<sup>1</sup>) No exemption allowed at these income levels.

**Table 2.1--Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Number of returns		Adjusted gross income less deficit		Salaries and wages		Taxable interest		Tax-exempt interest		Ordinary dividends		Qualified dividends	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)		
<b>All returns, total</b> .....	<b>46,335,237</b>	<b>4,643,403,546</b>	<b>40,051,583</b>	<b>3,177,715,537</b>	<b>31,076,448</b>	<b>84,378,348</b>	<b>3,039,922</b>	<b>43,491,723</b>	<b>17,959,839</b>	<b>118,282,841</b>	<b>14,712,060</b>	<b>92,062,224</b>		
Under \$5,000.....	327,379	816,397	105,276	1,231,124	220,789	266,143	26,151	182,556	118,608	227,151	91,521	117,149		
\$5,000 under \$10,000.....	642,831	5,039,156	256,236	2,405,641	408,148	742,090	36,372	83,043	254,885	564,938	204,950	283,413		
\$10,000 under \$15,000.....	1,078,646	13,485,701	482,571	5,880,955	661,247	1,358,887	69,020	416,910	396,721	904,777	312,026	474,510		
\$15,000 under \$20,000.....	1,408,086	24,733,284	820,671	12,680,377	807,579	1,338,029	71,999	359,177	486,508	1,214,352	394,246	750,540		
\$20,000 under \$25,000.....	1,591,869	35,976,835	1,133,559	23,318,936	786,089	1,122,258	61,993	657,519	411,583	1,034,083	308,884	535,206		
\$25,000 under \$30,000.....	1,897,697	52,220,320	1,507,039	38,184,084	859,403	1,275,115	78,142	394,827	486,250	1,241,513	350,841	693,318		
\$30,000 under \$35,000.....	2,222,251	72,275,945	1,893,413	56,543,757	1,003,461	1,250,711	71,978	510,334	528,864	1,257,985	405,594	853,677		
\$35,000 under \$40,000.....	2,317,310	86,696,799	2,021,217	69,689,850	1,193,733	1,399,422	64,856	461,972	506,221	1,227,511	388,475	853,677		
\$40,000 under \$45,000.....	2,353,622	100,088,924	2,068,919	81,392,386	1,238,277	1,209,629	89,328	600,206	546,422	1,440,631	453,550	901,682		
\$45,000 under \$50,000.....	2,301,167	109,328,340	2,052,275	88,595,401	1,336,539	1,482,468	84,919	595,822	623,885	1,493,158	520,414	1,061,946		
\$50,000 under \$55,000.....	2,239,428	117,467,319	1,999,356	95,236,926	1,306,576	1,455,043	75,939	527,047	650,183	1,500,401	521,412	959,720		
\$55,000 under \$60,000.....	2,246,207	129,097,482	2,055,461	106,638,172	1,335,965	1,330,036	62,430	346,271	643,291	1,139,159	501,642	638,339		
\$60,000 under \$75,000.....	6,172,634	415,689,501	5,659,290	344,078,763	3,996,309	3,901,305	243,859	1,702,991	2,038,793	4,681,435	1,590,782	2,883,493		
\$75,000 under \$100,000.....	7,926,317	685,240,499	7,389,066	570,989,516	5,875,179	6,025,443	353,780	2,492,443	3,173,422	7,889,259	2,509,915	5,789,990		
\$100,000 under \$200,000.....	8,776,391	1,169,057,424	8,141,685	922,877,601	7,365,186	14,229,486	836,914	8,262,617	4,859,489	20,345,454	4,101,624	14,988,450		
\$200,000 under \$500,000.....	2,215,675	638,730,080	1,948,056	405,965,591	2,076,126	12,778,363	521,732	8,291,532	1,708,395	18,938,694	1,533,541	15,564,364		
\$500,000 under \$1,000,000.....	398,317	269,385,539	336,088	135,533,895	388,769	6,810,021	161,328	4,861,212	351,820	10,640,659	330,003	8,752,715		
\$1,000,000 under \$1,500,000.....	93,599	112,970,191	76,605	47,147,898	92,208	3,416,918	47,532	2,313,568	85,808	5,224,910	80,151	4,368,256		
\$1,500,000 under \$2,000,000.....	40,698	70,203,869	33,420	27,082,688	40,288	2,194,202	22,886	1,479,696	37,852	3,451,798	35,803	2,896,971		
\$2,000,000 under \$5,000,000.....	60,674	180,307,355	49,975	60,469,779	60,234	6,218,365	36,469	3,493,118	57,179	9,299,923	54,052	7,805,169		
\$5,000,000 under \$10,000,000.....	15,036	102,905,398	12,450	30,757,618	14,964	3,941,665	10,950	1,995,709	14,473	9,596,970	13,859	5,010,495		
\$10,000,000 or more.....	9,404	251,697,186	7,777	90,734,591	9,380	3,483,153	7,536	3,483,153	9,176	18,608,080	8,977	15,963,739		
<b>Taxable returns, total</b> .....	<b>40,289,338</b>	<b>4,473,441,165</b>	<b>35,849,931</b>	<b>3,049,576,509</b>	<b>27,770,916</b>	<b>78,460,326</b>	<b>2,767,359</b>	<b>40,727,942</b>	<b>16,295,395</b>	<b>113,069,573</b>	<b>13,364,104</b>	<b>89,018,701</b>		
<b>Nontaxable returns, total</b> .....	<b>6,045,899</b>	<b>169,962,381</b>	<b>4,201,653</b>	<b>128,139,028</b>	<b>3,305,532</b>	<b>5,918,013</b>	<b>272,822</b>	<b>2,763,781</b>	<b>1,754,444</b>	<b>5,213,268</b>	<b>1,347,955</b>	<b>3,043,524</b>		
<b>Size of adjusted gross income</b>														
	State income tax refunds		Alimony received		Business or profession net income less loss		Sales of capital assets net gain less loss		Sales of property other than capital assets		Taxable IRA distributions			
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)		
<b>All returns, total</b> .....	<b>21,531,062</b>	<b>21,400,232</b>	<b>242,839</b>	<b>5,422,377</b>	<b>9,594,401</b>	<b>177,586,204</b>	<b>15,243,975</b>	<b>402,105,636</b>	<b>1,104,495</b>	<b>2,413,881</b>	<b>4,062,815</b>	<b>64,186,485</b>		
Under \$5,000.....	50,713	35,575	1,670	*6,803	113,482	251,715	112,200	-40,463	14,112	-27,982	27,752	94,837		
\$5,000 under \$10,000.....	99,733	62,232	*4,844	*25,892	184,642	906,680	220,439	-122,849	13,647	11,818	84,899	321,018		
\$10,000 under \$15,000.....	184,023	85,783	12,854	122,210	262,113	1,259,200	339,930	12,143	14,666	-29,213	170,426	943,643		
\$15,000 under \$20,000.....	312,864	143,131	14,518	170,269	339,195	2,302,601	377,763	233,883	30,346	98,055	223,932	1,612,823		
\$20,000 under \$25,000.....	444,585	205,498	13,789	126,598	360,167	2,868,162	351,366	353,662	26,403	-30,426	163,305	1,186,813		
\$25,000 under \$30,000.....	617,522	329,446	16,067	159,014	394,796	2,890,638	376,304	481,150	27,038	121,289	182,420	1,335,961		
\$30,000 under \$35,000.....	819,457	422,782	19,242	229,149	378,527	3,264,230	414,614	299,036	25,571	12,062	178,746	1,591,626		
\$35,000 under \$40,000.....	1,006,325	501,474	17,770	202,134	407,314	4,045,940	431,435	472,244	30,334	337	151,294	1,339,971		
\$40,000 under \$45,000.....	1,029,040	604,950	26,823	496,706	416,856	3,951,133	481,854	405,199	21,634	22,702	184,272	2,027,024		
\$45,000 under \$50,000.....	1,106,453	676,382	18,920	273,948	424,404	3,793,485	528,180	644,025	26,009	128,080	167,673	1,594,378		
\$50,000 under \$55,000.....	1,073,161	642,600	15,131	357,952	441,435	3,034,744	512,483	928,200	18,713	41,128	195,398	2,139,678		
\$55,000 under \$60,000.....	1,143,655	739,416	16,027	369,416	447,235	4,146,355	518,835	1,471,807	34,678	16,365	158,966	1,882,906		
\$60,000 under \$75,000.....	3,288,602	2,427,832	27,927	541,001	1,190,795	12,828,578	1,613,078	3,045,243	93,760	131,844	482,888	6,383,307		
\$75,000 under \$100,000.....	4,450,466	3,561,302	17,784	741,755	1,570,225	20,197,185	2,528,373	6,333,976	147,911	192,144	644,678	11,170,357		
\$100,000 under \$200,000.....	4,716,383	5,040,212	12,389	551,742	1,892,728	49,335,831	4,212,484	35,033,201	256,794	442,559	792,954	19,144,329		
\$200,000 under \$500,000.....	899,172	2,145,754	5,443	785,073	611,079	39,678,609	1,663,280	55,836,643	192,009	609,849	199,903	8,126,819		
\$500,000 under \$1,000,000.....	173,774	937,500	1,028	192,710	104,259	11,949,439	352,656	4,543,469	70,306	57,889	34,768	1,801,161		
\$1,000,000 under \$1,500,000.....	45,679	497,471	176	32,557	23,709	3,249,732	88,064	23,583,707	21,688	45,048	504,223	5,241,223		
\$1,500,000 under \$2,000,000.....	21,480	294,686	81	21,953	9,868	1,519,165	38,447	16,266,103	10,612	-19,672	3,748	296,868		
\$2,000,000 under \$5,000,000.....	32,922	778,889	87	33,221	15,095	3,374,307	58,251	52,566,509	18,663	169,869	5,130	387,892		
\$5,000,000 under \$10,000,000.....	8,729	431,530	32	18,173	3,961	1,004,245	5,378	37,165,504	5,378	129,102	1,215	132,682		
\$10,000,000 or more.....	7,779	835,773	7	*4,143	2,518	1,464,231	9,257	122,573,246	4,194	292,034	760	146,163		
<b>Taxable returns, total</b> .....	<b>19,779,828</b>	<b>20,061,088</b>	<b>200,978</b>	<b>5,018,380</b>	<b>7,993,961</b>	<b>163,243,079</b>	<b>13,653,774</b>	<b>398,148,997</b>	<b>964,593</b>	<b>2,343,324</b>	<b>3,514,540</b>	<b>60,051,123</b>		
<b>Nontaxable returns, total</b> .....	<b>1,751,234</b>	<b>1,339,144</b>	<b>41,862</b>	<b>403,997</b>	<b>1,800,440</b>	<b>14,343,125</b>	<b>1,590,201</b>	<b>3,956,639</b>	<b>139,902</b>	<b>70,557</b>	<b>548,275</b>	<b>4,133,563</b>		

Footnotes at end of table



**Table 2.1--Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Total itemized deductions									
	Total in taxable income		Itemized deductions limitation		Medical and dental expenses deduction		Medical and dental expenses		Medical and dental expenses limitation	
	(48)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	
<b>All returns, total.....</b>	<b>998,238,457</b>	<b>5,723,846</b>	<b>38,761,913</b>	<b>9,530,675</b>	<b>61,503,014</b>	<b>9,530,675</b>	<b>94,670,475</b>	<b>9,529,696</b>	<b>33,167,461</b>	
Under \$5,000.....	4,563,499	—	—	222,351	1,912,212	222,351	1,955,076	221,372	42,864	
\$5,000 under \$10,000.....	8,961,384	—	—	402,935	3,549,458	402,935	3,787,256	402,935	237,797	
\$10,000 under \$15,000.....	13,922,621	—	—	669,879	4,473,977	669,879	5,100,201	669,879	626,224	
\$15,000 under \$20,000.....	18,598,549	—	—	789,541	5,417,730	789,541	6,455,973	789,541	1,038,243	
\$20,000 under \$25,000.....	20,703,604	—	—	750,384	4,456,058	750,384	5,727,172	750,384	1,271,114	
\$25,000 under \$30,000.....	25,375,405	—	—	756,384	4,491,003	756,384	6,047,096	756,384	1,556,093	
\$30,000 under \$35,000.....	29,109,449	—	—	723,896	3,891,822	723,896	5,657,224	723,896	1,765,401	
\$35,000 under \$40,000.....	32,278,087	—	—	678,407	3,526,076	678,407	5,422,027	678,407	1,895,952	
\$40,000 under \$45,000.....	32,987,485	—	—	597,540	3,238,636	597,540	5,140,864	597,540	1,902,228	
\$45,000 under \$50,000.....	34,729,393	—	—	540,392	3,030,691	540,392	4,955,371	540,392	1,924,680	
\$50,000 under \$55,000.....	34,605,113	—	—	482,746	2,255,636	482,746	4,750,495	482,746	1,894,859	
\$55,000 under \$60,000.....	36,445,496	—	—	424,897	2,080,759	424,897	3,912,055	424,897	1,831,296	
\$60,000 under \$75,000.....	108,320,350	16,421	905	998,715	6,384,128	998,715	11,371,241	998,715	4,987,113	
\$75,000 under \$100,000.....	155,165,381	78,691	35,723	906,013	5,843,418	906,013	11,667,106	906,013	5,823,689	
\$100,000 under \$200,000.....	200,552,713	2,795,505	2,048,295	533,033	5,243,873	533,033	10,330,637	533,033	5,086,764	
\$200,000 under \$500,000.....	100,096,177	2,215,611	9,705,423	48,452	1,425,413	48,452	2,447,893	48,452	1,022,480	
\$500,000 under \$1,000,000.....	33,134,642	398,264	6,342,376	3,197	201,276	3,197	359,038	3,197	50,763	
\$1,000,000 under \$1,500,000.....	12,808,118	93,580	2,933,843	584	46,679	584	97,049	584	50,369	
\$1,500,000 under \$2,000,000.....	7,798,955	40,688	1,872,621	212	16,902	212	44,055	212	27,153	
\$2,000,000 under \$5,000,000.....	18,568,009	60,652	4,824,653	111	16,164	111	36,361	111	22,197	
\$5,000,000 under \$10,000,000.....	10,347,550	15,032	2,700,356	*7	*1,103	*7	*4,285	*7	*3,182	
Taxable returns, total.....	29,164,477	9,402	6,297,719	—	—	—	—	—	—	
Nontaxable returns, total.....	877,914,918	5,716,649	38,732,562	6,682,728	34,526,261	6,682,728	62,797,931	6,682,728	28,271,670	
<b>Total returns, total.....</b>	<b>120,323,539</b>	<b>7,197</b>	<b>29,350</b>	<b>2,847,947</b>	<b>28,976,752</b>	<b>2,847,947</b>	<b>31,872,943</b>	<b>2,846,968</b>	<b>4,895,791</b>	
Size of adjusted gross income	Total itemized deductions--continued									
	Total		Taxes paid deduction		State and local taxes		General sales tax			
	(58)	(59)	(60)	(61)	(62)	(63)	(64)	(65)	(66)	
<b>All returns, total.....</b>	<b>46,009,291</b>	<b>362,608,853</b>	<b>44,765,119</b>	<b>219,833,389</b>	<b>33,516,476</b>	<b>202,305,933</b>	<b>11,248,643</b>	<b>17,527,396</b>	<b>17,527,396</b>	
Under \$5,000.....	308,704	842,420	267,737	213,446	90,343	108,069	177,394	105,377	105,377	
\$5,000 under \$10,000.....	604,809	1,575,481	544,759	413,919	158,911	155,660	385,848	258,239	258,239	
\$10,000 under \$15,000.....	1,041,981	2,654,681	967,109	729,552	330,710	296,340	636,399	433,212	433,212	
\$15,000 under \$20,000.....	1,365,983	3,763,526	1,269,867	1,180,921	572,992	681,954	696,875	498,957	498,957	
\$20,000 under \$25,000.....	1,569,755	4,301,689	1,475,342	1,410,166	780,915	778,893	694,427	631,274	631,274	
\$25,000 under \$30,000.....	1,870,482	5,256,638	1,799,577	1,981,534	1,067,080	1,318,240	732,487	663,294	663,294	
\$30,000 under \$35,000.....	2,197,982	6,840,841	2,113,804	2,882,307	1,425,009	2,104,513	688,795	777,794	777,794	
\$35,000 under \$40,000.....	2,291,711	7,645,296	2,230,051	3,506,620	1,600,113	2,782,223	629,937	724,397	724,397	
\$40,000 under \$45,000.....	2,341,519	8,573,016	2,265,605	4,065,887	1,712,975	3,395,130	552,630	670,757	670,757	
\$45,000 under \$50,000.....	2,284,992	9,315,329	2,159,289	4,469,736	1,705,139	3,727,721	514,150	742,015	742,015	
\$50,000 under \$55,000.....	2,223,929	10,098,467	2,159,099	5,021,873	1,624,318	4,199,042	534,780	822,830	822,830	
\$55,000 under \$60,000.....	2,239,721	10,600,909	2,183,411	5,281,668	1,677,583	4,584,901	505,828	756,767	756,767	
\$60,000 under \$75,000.....	6,149,307	33,153,020	6,009,065	17,390,133	4,776,925	15,163,091	1,232,140	2,227,042	2,227,042	
\$75,000 under \$100,000.....	7,197,281	53,668,295	7,801,323	29,463,864	6,410,289	26,598,074	1,381,033	2,865,780	2,865,780	
\$100,000 under \$200,000.....	8,771,965	90,863,750	8,663,622	53,753,519	7,205,472	50,069,323	1,458,150	3,664,196	3,664,196	
\$200,000 under \$500,000.....	2,212,464	49,391,413	2,184,479	33,514,049	1,843,495	32,343,687	340,984	1,170,362	1,170,362	
\$500,000 under \$1,000,000.....	397,824	19,872,214	394,229	15,280,979	342,962	15,048,978	51,267	232,001	232,001	
\$1,000,000 under \$1,500,000.....	93,307	8,073,240	92,422	6,582,663	60,924	6,508,512	11,488	74,151	74,151	
\$1,500,000 under \$2,000,000.....	40,637	4,894,309	40,271	4,111,566	35,680	4,078,569	4,580	32,996	32,996	
\$2,000,000 under \$5,000,000.....	60,545	11,858,211	59,925	10,378,511	53,216	10,298,191	6,709	80,319	80,319	
\$5,000,000 under \$10,000,000.....	15,005	6,272,759	14,867	5,724,727	13,148	5,684,990	1,718	39,737	39,737	
\$10,000,000 or more.....	9,388	13,093,348	9,267	12,465,748	8,274	12,409,862	983	55,887	55,887	
Taxable returns, total.....	40,091,411	339,332,540	39,209,706	211,866,809	30,737,021	197,084,845	8,472,685	14,881,734	14,881,734	
Nontaxable returns, total.....	5,917,880	23,278,313	5,555,413	7,866,809	2,779,455	5,221,147	2,775,958	2,645,662	2,645,662	

Footnotes at end of table

**Table 2.1--Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Total itemized deductions--continued										Interest paid deduction			
	Real estate taxes			Personal property taxes			Other taxes		Total		Home mortgage interest		Paid to financial institutions	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
													(66)	(67)
<b>All returns, total</b>	<b>40,457,920</b>	<b>132,252,209</b>	<b>21,083,436</b>	<b>8,677,030</b>	<b>3,026,056</b>	<b>1,846,225</b>	<b>38,110,298</b>	<b>358,355,994</b>	<b>37,691,995</b>	<b>340,476,440</b>	<b>37,274,244</b>	<b>335,287,365</b>		
Under \$5,000	230,926	594,966	100,785	29,684	10,407	4,325	186,524	1,457,845	182,148	1,421,585	179,978	1,405,422		
\$5,000 under \$10,000	469,722	1,086,617	213,175	66,808	24,500	8,136	381,609	2,713,160	377,488	2,687,951	374,725	2,632,624		
\$10,000 under \$15,000	799,417	1,791,134	397,462	115,970	52,339	18,025	623,866	4,184,528	616,140	4,113,740	608,264	4,068,901		
\$15,000 under \$20,000	1,071,744	2,369,084	532,902	196,136	60,306	17,385	891,242	5,896,408	876,661	5,851,344	863,028	5,737,411		
\$20,000 under \$25,000	1,172,077	2,623,054	595,223	193,043	72,939	75,426	1,094,532	7,214,821	1,079,813	7,123,657	1,054,977	6,991,677		
\$25,000 under \$30,000	1,428,869	3,005,459	776,406	236,714	87,835	32,931	1,333,391	9,225,134	1,322,397	9,119,009	1,300,691	8,922,856		
\$30,000 under \$35,000	1,786,251	3,547,006	983,588	371,885	114,174	39,643	1,678,901	11,266,337	1,643,613	11,137,113	1,643,613	10,976,010		
\$35,000 under \$40,000	1,814,100	3,767,268	984,945	334,756	127,211	36,653	1,755,462	12,418,559	1,744,178	12,268,400	1,729,018	12,125,521		
\$40,000 under \$45,000	1,960,091	4,102,621	1,063,672	328,569	128,835	75,939	1,892,472	12,970,662	1,874,756	12,813,489	1,852,580	12,613,950		
\$45,000 under \$50,000	1,996,498	4,418,934	1,071,447	374,148	143,876	52,511	1,917,683	14,084,004	1,904,292	13,954,628	1,893,197	13,827,607		
\$50,000 under \$55,000	1,925,157	4,674,734	1,007,341	344,580	134,384	46,279	1,862,467	13,836,396	1,855,806	13,636,660	1,829,393	13,401,079		
\$55,000 under \$60,000	1,971,719	4,788,605	1,074,481	424,802	165,283	59,633	1,938,979	15,184,738	1,929,332	14,955,445	1,908,270	14,792,362		
\$60,000 under \$75,000	5,598,928	14,440,955	2,893,060	1,119,290	453,328	203,542	5,361,461	43,755,577	5,331,381	43,159,829	5,265,872	42,587,025		
\$75,000 under \$100,000	7,315,465	22,323,489	3,850,625	1,646,028	529,283	234,915	7,026,244	62,571,178	6,987,360	61,801,575	6,926,560	61,050,398		
\$100,000 under \$200,000	8,271,740	34,715,116	4,301,666	2,014,542	648,328	380,573	7,754,210	86,067,082	7,654,210	84,136,610	7,583,180	82,815,943		
\$200,000 under \$500,000	2,096,695	15,041,092	986,610	613,631	210,167	222,642	1,900,781	33,044,020	1,837,003	31,010,042	1,817,183	30,417,286		
\$500,000 under \$1,000,000	379,889	4,345,439	164,066	142,146	40,655	103,850	304,587	6,934,497	304,146	6,934,497	286,713	6,746,897		
\$1,000,000 under \$1,500,000	88,624	1,418,358	37,095	37,297	10,487	34,922	76,530	2,668,793	67,240	1,811,689	66,032	1,758,979		
\$1,500,000 under \$2,000,000	38,827	731,761	15,548	17,601	4,196	33,382	32,819	1,372,275	27,410	798,186	26,950	776,433		
\$2,000,000 under \$5,000,000	57,637	1,390,213	23,414	38,651	6,300	50,836	49,722	2,986,808	39,446	1,231,408	38,582	1,191,164		
\$5,000,000 under \$10,000,000	14,354	514,962	6,037	14,015	1,533	19,055	12,428	1,435,047	9,036	302,573	8,809	292,533		
\$10,000,000 or more	8,989	565,042	3,866	16,735	1,030	45,823	7,973	3,535,031	4,863	167,007	4,691	160,288		
<b>Taxable returns, total</b>	<b>35,509,639</b>	<b>118,072,259</b>	<b>18,582,288</b>	<b>7,659,710</b>	<b>2,724,122</b>	<b>1,633,992</b>	<b>33,447,763</b>	<b>310,489,130</b>	<b>33,074,870</b>	<b>296,160,967</b>	<b>32,702,338</b>	<b>291,576,528</b>		
<b>Nontaxable returns, total</b>	<b>4,948,082</b>	<b>14,179,950</b>	<b>2,501,147</b>	<b>1,017,320</b>	<b>301,934</b>	<b>212,234</b>	<b>4,682,535</b>	<b>45,866,864</b>	<b>4,617,125</b>	<b>44,315,473</b>	<b>4,571,906</b>	<b>43,710,637</b>		

Size of adjusted gross income	Total itemized deductions--continued										Contributions deduction			
	Home mortgage interest--cont			Deductible points			Investment interest expense deduction		Total		Cash contributions		Other than cash contributions	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
													(78)	(79)
<b>All returns, total</b>	<b>1,289,493</b>	<b>5,189,075</b>	<b>3,273,960</b>	<b>2,568,135</b>	<b>1,711,069</b>	<b>13,311,419</b>	<b>40,623,426</b>	<b>105,564,388</b>	<b>38,566,587</b>	<b>122,874,926</b>	<b>25,287,459</b>	<b>43,373,209</b>		
Under \$5,000	3,092	16,162	15,182	12,591	16,027	23,669	198,717	158,556	179,564	269,633	76,759	43,165		
\$5,000 under \$10,000	10,024	58,329	58,329	3,691	10,047	21,519	428,605	583,699	394,817	628,937	181,370	90,614		
\$10,000 under \$15,000	10,695	54,839	26,006	58,231	18,654	12,557	782,103	1,246,110	728,086	1,127,095	369,275	208,435		
\$15,000 under \$20,000	27,563	113,933	23,371	23,371	25,050	21,892	1,065,731	1,896,719	995,885	1,613,689	539,148	302,689		
\$20,000 under \$25,000	32,783	131,980	71,113	60,066	26,368	31,098	1,269,695	2,501,976	1,188,009	2,044,857	705,119	447,899		
\$25,000 under \$30,000	46,698	196,153	85,596	69,529	30,316	36,596	1,494,582	3,145,498	1,402,731	2,522,508	855,159	578,897		
\$30,000 under \$35,000	43,325	161,103	83,676	68,323	27,320	59,921	1,778,517	3,501,913	1,657,627	2,814,031	1,036,288	670,398		
\$35,000 under \$40,000	50,409	142,885	120,324	97,025	30,329	53,128	1,943,178	4,191,960	1,807,060	3,249,048	1,134,424	865,632		
\$40,000 under \$45,000	52,929	198,539	118,199	85,001	52,048	72,172	1,959,406	4,328,132	1,826,599	3,530,230	1,164,763	768,021		
\$45,000 under \$50,000	48,763	197,021	132,507	85,159	41,101	44,218	1,963,145	4,416,445	1,844,774	3,633,151	1,155,244	790,699		
\$50,000 under \$55,000	72,439	235,581	150,112	145,964	35,140	53,772	1,931,690	4,404,211	1,781,956	3,547,460	1,176,708	801,842		
\$55,000 under \$60,000	86,185	203,063	152,766	133,078	39,718	56,215	1,965,866	4,992,085	1,858,510	3,989,610	1,194,459	998,344		
\$60,000 under \$75,000	182,344	572,804	333,570	333,570	144,252	282,178	5,520,688	14,568,080	5,220,804	12,196,948	3,524,996	2,552,210		
\$75,000 under \$100,000	247,832	751,177	669,166	474,897	185,150	294,706	7,319,212	20,623,462	6,993,524	16,519,138	4,803,874	4,006,766		
\$100,000 under \$200,000	304,804	1,316,667	868,025	685,998	487,833	1,245,074	8,279,167	34,301,007	8,010,733	27,330,294	5,689,106	6,701,036		
\$200,000 under \$500,000	75,023	592,756	236,856	179,761	326,508	1,894,217	2,123,896	18,440,774	2,062,300	14,369,266	1,681,111	4,150,675		
\$500,000 under \$1,000,000	17,168	187,600	39,970	31,098	31,098	848,879	385,211	8,150,747	381,099	6,077,251	219,162	2,437,291		
\$1,000,000 under \$1,500,000	3,287	52,710	8,225	8,225	35,624	3,702,417	91,105	3,702,417	90,332	2,458,600	48,108	2,129,877		
\$1,500,000 under \$2,000,000	1,330	21,752	3,491	3,491	17,872	570,869	39,647	2,543,783	39,427	1,613,062	20,449	1,118,054		
\$2,000,000 under \$5,000,000	2,103	40,244	6,081	31,530	1,749,319	59,285	6,549,751	3,875,975	58,880	3,875,975	29,823	3,150,440		
\$5,000,000 under \$10,000,000	437	10,939	1,023	1,023	9,205	1,130,878	14,749	4,282,598	14,668	2,304,606	7,337	2,301,243		
\$10,000,000 or more	279	6,719	1,258	1,258	6,603	3,367,065	9,241	16,898,662	9,193	6,979,608	4,777	8,259,141		
<b>Taxable returns, total</b>	<b>1,164,328</b>	<b>4,584,439</b>	<b>2,909,321</b>	<b>2,067,523</b>	<b>1,564,036</b>	<b>12,280,640</b>	<b>35,974,740</b>	<b>105,366,721</b>	<b>34,224,333</b>	<b>113,305,774</b>	<b>22,681,087</b>	<b>41,337,548</b>		
<b>Nontaxable returns, total</b>	<b>125,165</b>	<b>604,636</b>	<b>364,639</b>	<b>500,611</b>	<b>147,034</b>	<b>1,050,779</b>	<b>4,648,686</b>	<b>11,197,667</b>	<b>4,342,254</b>	<b>9,859,152</b>	<b>2,586,371</b>	<b>1,975,660</b>		

Footnotes at end of table

**Table 2.1--Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued**  
 (All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Total itemized deductions--continued										Taxable income			
	Contributions deductions--cont.		Casualty or theft loss deduction		Total after limitation		Unreimbursed employee business expense		Limited miscellaneous deductions		Tax preparation fees		Gambling loss deduction	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
<b>All returns, total</b>	<b>503,161</b>	<b>36,232,941</b>	<b>185,261</b>	<b>3,510,243</b>	<b>12,024,562</b>	<b>68,533,122</b>	<b>15,545,955</b>	<b>68,497,230</b>	<b>16,836,134</b>	<b>4,763,394</b>	<b>1,005,537</b>	<b>14,588,841</b>		
Under \$5,000	29,787	575,450	*743	*725	131,209	182,535	24,194	74,646	97,218	30,002	4,355	8,863		
\$5,000 under \$10,000	34,748	234,463	*7,843	*227,571	185,193	284,427	51,300	130,919	220,809	52,333	7,081	26,447		
\$10,000 under \$15,000	44,719	409,529	*6,800	*214,651	290,171	957,812	172,492	702,472	377,767	86,373	17,769	169,077		
\$15,000 under \$20,000	24,825	139,539	19,495	240,683	342,340	1,236,077	264,745	1,077,188	476,898	94,068	21,099	152,816		
\$20,000 under \$25,000	21,837	184,871	21,837	114,114	442,775	1,905,352	429,414	1,749,482	531,720	91,327	36,162	258,186		
\$25,000 under \$30,000	28,984	258,399	*11,942	*207,182	609,273	2,842,970	634,782	2,741,166	670,194	127,709	32,492	179,266		
\$30,000 under \$35,000	23,159	98,429	10,787	99,704	659,329	3,188,678	728,660	3,122,704	809,304	147,042	47,511	252,496		
\$35,000 under \$40,000	30,412	348,666	7,235	57,416	784,553	4,058,683	892,278	3,902,982	879,884	164,048	44,348	337,043		
\$40,000 under \$45,000	20,998	96,709	*9,201	*41,950	679,365	3,596,733	834,882	3,637,177	972,800	177,023	29,765	219,005		
\$45,000 under \$50,000	18,796	425,415	11,915	181,552	680,874	3,466,872	871,179	3,623,309	864,459	180,021	43,462	196,699		
\$50,000 under \$55,000	10,113	127,877	15,007	127,877	626,498	3,411,239	833,279	3,596,567	828,872	153,882	55,521	341,717		
\$55,000 under \$60,000	23,451	146,952	9,311	86,285	665,539	3,233,321	884,815	3,470,625	862,028	172,523	43,939	229,168		
\$60,000 under \$75,000	30,289	777,001	24,654	369,227	1,673,877	8,843,491	2,385,302	9,822,343	2,352,611	507,715	132,350	940,366		
\$75,000 under \$100,000	59,730	1,522,863	21,450	424,005	1,897,360	10,191,182	2,966,882	11,939,950	2,912,015	649,791	187,660	1,551,932		
\$100,000 under \$200,000	61,490	2,426,405	21,161	732,909	1,910,314	11,994,200	3,019,579	14,116,160	3,001,490	1,034,523	224,799	3,060,800		
\$200,000 under \$500,000	22,308	2,579,323	4,928	351,560	375,607	4,370,919	480,001	3,665,611	758,314	583,742	60,012	2,529,047		
\$500,000 under \$1,000,000	8,740	2,206,191	561	97,375	51,368	4,322,226	52,220	577,084	141,350	214,390	10,485	1,098,159		
\$1,000,000 under \$1,500,000	2,949	1,361,690	54	12,393	12,553	588,957	10,181	173,981	34,105	79,764	2,858	562,150		
\$1,500,000 under \$2,000,000	1,521	855,727	*9	*4,998	5,024	392,014	3,598	67,300	14,514	45,771	1,403	418,200		
\$2,000,000 under \$5,000,000	2,605	3,696,044	28	14,599	7,697	958,718	4,498	145,558	21,056	91,048	1,828	847,277		
\$5,000,000 under \$10,000,000	939	1,621,167	**	*3,485	1,978	513,760	1,034	82,868	5,331	36,697	405	342,560		
\$10,000,000 or more	764	16,193,068	**	**	1,123	942,947	440	77,156	3,355	44,603	234	867,538		
<b>Taxable returns, total</b>	<b>301,864</b>	<b>33,532,127</b>	<b>119,839</b>	<b>1,645,426</b>	<b>10,193,487</b>	<b>59,842,500</b>	<b>14,009,662</b>	<b>61,019,514</b>	<b>14,773,197</b>	<b>4,273,796</b>	<b>898,368</b>	<b>12,672,012</b>		
<b>Non-taxable returns, total</b>	<b>201,297</b>	<b>2,700,814</b>	<b>65,422</b>	<b>1,864,817</b>	<b>1,831,075</b>	<b>8,690,622</b>	<b>1,536,294</b>	<b>7,477,716</b>	<b>2,062,181</b>	<b>489,598</b>	<b>107,169</b>	<b>1,916,829</b>		

Size of adjusted gross income	Total itemized deductions--continued										Taxable income			
	Other limited miscellaneous deductions		Miscellaneous deductions subject to 2% AGI limitation		Miscellaneous deductions other than gambling		Total unlimited miscellaneous deduction		Exemptions		Taxable income			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
<b>All returns, total</b>	<b>12,918,672</b>	<b>23,910,657</b>	<b>27,957,849</b>	<b>97,171,280</b>	<b>466,613</b>	<b>2,136,508</b>	<b>1,457,332</b>	<b>16,924,756</b>	<b>112,980,581</b>	<b>333,954,830</b>	<b>42,967,212</b>	<b>3,347,672,247</b>		
Under \$5,000	74,928	84,650	140,190	189,297	*3,806	*541	8,182	9,404	477,058	1,476,545	*10,445	*11,945		
\$5,000 under \$10,000	157,327	140,360	296,414	323,611	*2,020	*1,140	9,101	27,587	952,590	2,950,688	44,358	68,988		
\$10,000 under \$15,000	243,702	275,236	543,846	1,064,081	6,108	2,1785	26,590	190,862	1,649,659	5,115,371	394,749	1,070,980		
\$15,000 under \$20,000	283,934	236,821	698,231	1,408,077	7,490	4,590	157,405	1,075,405	2,351,864	7,287,596	747,959	4,024,899		
\$20,000 under \$25,000	295,330	337,399	835,780	2,178,208	16,366	5,594	309,594	309,594	2,803,936	8,685,904	1,186,095	9,599,578		
\$25,000 under \$30,000	385,372	404,706	1,105,431	3,273,580	16,713	27,734	64,205	207,001	3,473,370	8,685,904	1,186,095	9,599,578		
\$30,000 under \$35,000	466,383	475,453	1,263,258	3,745,200	17,868	67,637	64,407	320,133	4,193,802	10,759,518	1,634,114	18,200,931		
\$35,000 under \$40,000	565,560	713,667	1,411,290	4,780,676	15,151	63,094	59,499	400,097	4,499,300	13,937,452	2,093,594	31,299,444		
\$40,000 under \$45,000	534,372	515,649	1,462,557	4,329,849	26,226	99,177	57,071	278,355	4,741,655	14,690,267	2,305,802	41,452,188		
\$45,000 under \$50,000	562,692	526,302	1,433,233	4,329,632	24,809	37,800	66,401	339,817	4,981,257	15,433,784	2,261,382	60,104,131		
\$50,000 under \$55,000	546,757	546,757	1,361,670	4,297,207	29,809	129,571	81,075	471,288	4,999,223	15,491,526	2,214,776	67,971,777		
\$55,000 under \$60,000	590,411	603,104	1,382,176	4,246,252	9,196	38,231	53,135	267,399	5,349,188	16,576,031	2,235,433	76,216,196		
\$60,000 under \$75,000	1,734,553	1,569,384	3,907,007	11,899,442	61,114	248,953	192,251	1,247,732	16,106,971	49,907,716	6,130,045	258,032,877		
\$75,000 under \$100,000	2,351,522	2,238,384	4,971,757	14,828,125	61,964	277,632	246,432	1,879,596	22,366,931	69,312,967	7,899,700	461,430,769		
\$100,000 under \$200,000	3,011,480	3,011,480	5,472,552	19,163,795	83,970	292,063	292,063	3,398,177	25,686,272	79,306,507	8,762,883	859,741,639		
\$200,000 under \$500,000	817,270	3,290,792	1,284,131	7,540,145	43,542	138,581	103,031	2,779,501	6,531,229	10,034,020	2,212,778	529,186,763		
\$500,000 under \$1,000,000	177,345	1,858,823	238,278	2,650,297	17,347	138,581	17,347	1,255,909	1,185,113	1,185,113	397,641	236,431,015		
\$1,000,000 under \$1,500,000	49,649	896,050	61,184	1,149,796	6,802	85,028	5,004	649,482	271,066	649,482	93,474	100,202,586		
\$1,500,000 under \$2,000,000	22,425	613,543	26,856	726,614	3,721	26,077	5,066	447,296	116,768	447,296	60,649	62,432,298		
\$2,000,000 under \$5,000,000	37,423	1,605,193	42,474	1,841,798	7,792	131,781	9,536	1,008,410	175,049	1,008,410	60,548	161,945,290		
\$5,000,000 under \$10,000,000	920,171	10,880	11,702	1,038,735	2,542	48,315	2,923	393,181	26,488	393,181	15,011	92,622,309		
\$10,000,000 or more	7,456	2,045,101	7,829	2,165,862	2,257	109,568	2,456	991,861	26,488	991,861	9,383	222,659,814		
<b>Taxable returns, total</b>	<b>11,525,909</b>	<b>21,794,922</b>	<b>24,747,977</b>	<b>87,088,232</b>	<b>409,170</b>	<b>1,698,408</b>	<b>1,293,978</b>	<b>14,444,902</b>	<b>85,500,378</b>	<b>279,827,398</b>	<b>40,278,066</b>	<b>3,316,966,652</b>		
<b>Non-taxable returns, total</b>	<b>1,392,763</b>	<b>2,115,734</b>	<b>3,209,872</b>	<b>10,083,048</b>	<b>57,442</b>	<b>438,101</b>	<b>183,314</b>	<b>2,479,854</b>	<b>17,472,203</b>	<b>54,127,432</b>	<b>2,685,146</b>	<b>30,711,595</b>		

Footnotes at end of table

**Table 2.1--Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Alternative minimum tax		Income tax before credits		Total tax credits		Income tax after credits		Total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(114)	(115)	(116)	(117)	(118)	(119)	(120)	(121)	(122)	(123)
<b>All returns, total</b> .....	<b>2,964,515</b>	<b>12,499,449</b>	<b>42,973,290</b>	<b>688,534,558</b>	<b>18,582,048</b>	<b>29,463,509</b>	<b>40,289,338</b>	<b>659,071,049</b>	<b>40,289,338</b>	<b>659,071,548</b>
Under \$5,000.....	*13	*195	10,458	1,809	*896	*17	9,563	1,792	9,563	1,792
\$5,000 under \$10,000.....	*32	*606	46,334	8,773	14,684	1,206	33,562	7,567	33,562	7,567
\$10,000 under \$15,000.....	*1,098	*1,072	391,937	103,833	110,206	17,506	344,344	86,328	344,344	86,328
\$15,000 under \$20,000.....	1,221	2,430	744,680	409,824	167,436	41,295	675,561	368,530	675,561	368,530
\$20,000 under \$25,000.....	*37	*246	1,185,191	1,071,113	397,543	167,072	957,788	904,041	957,788	904,041
\$25,000 under \$30,000.....	*1,331	*1,156	1,634,082	2,122,764	592,444	383,634	1,239,225	1,739,130	1,239,225	1,739,130
\$30,000 under \$35,000.....	*20	*135	2,091,562	3,805,790	817,920	666,694	1,656,419	3,139,096	1,656,419	3,139,096
\$35,000 under \$40,000.....	*238	*219	2,216,908	5,177,621	870,562	783,742	1,872,492	4,393,879	1,872,492	4,393,879
\$40,000 under \$45,000.....	3,208	7,972	2,305,813	6,915,012	933,936	1,003,665	1,984,334	5,911,347	1,984,334	5,911,347
\$45,000 under \$50,000.....	5,684	10,451	2,261,394	8,120,605	973,684	1,188,816	2,030,951	6,931,789	2,030,951	6,931,789
\$50,000 under \$55,000.....	12,148	21,100	2,215,240	9,587,444	908,147	1,284,327	2,045,001	8,303,117	2,045,001	8,303,117
\$55,000 under \$60,000.....	11,512	19,684	2,235,496	10,988,085	958,985	1,596,325	2,086,434	9,391,760	2,086,434	9,391,760
\$60,000 under \$75,000.....	57,659	68,782	6,131,110	37,767,773	2,989,059	5,172,220	5,931,474	32,595,553	5,931,474	32,595,553
\$75,000 under \$100,000.....	139,733	208,675	7,905,042	70,752,364	4,089,091	7,198,269	7,831,712	63,554,095	7,831,712	63,554,095
\$100,000 under \$200,000.....	1,070,440	2,010,375	8,766,749	161,251,578	3,639,452	4,550,123	8,759,756	156,701,455	8,759,756	156,701,455
\$200,000 under \$500,000.....	1,477,198	6,626,761	2,213,957	132,634,610	768,941	1,020,152	2,213,502	131,614,459	2,213,502	131,614,459
\$500,000 under \$1,000,000.....	136,242	1,544,355	398,066	66,468,929	210,404	817,624	397,980	65,651,304	397,980	65,651,318
\$1,000,000 under \$1,500,000.....	21,171	424,271	93,547	28,541,406	55,188	486,944	93,523	28,054,462	93,523	28,054,462
\$1,500,000 under \$2,000,000.....	8,515	245,100	40,664	17,877,591	24,897	302,955	40,661	17,574,637	40,661	17,574,644
\$2,000,000 under \$5,000,000.....	11,929	523,686	60,632	45,480,426	40,259	899,795	60,627	44,580,631	60,627	44,580,637
\$5,000,000 under \$10,000,000.....	3,062	265,093	15,028	25,060,671	11,037	551,320	15,028	24,509,351	15,028	24,509,416
\$10,000,000 or more.....	2,024	516,484	9,399	54,386,536	7,279	1,329,810	9,399	53,056,726	9,399	53,057,135
<b>Taxable returns, total</b> .....	<b>2,959,419</b>	<b>12,491,916</b>	<b>40,289,338</b>	<b>685,198,819</b>	<b>15,888,096</b>	<b>26,127,770</b>	<b>40,289,338</b>	<b>659,071,049</b>	<b>40,289,338</b>	<b>659,071,548</b>
<b>Nontaxable returns, total</b> .....	<b>5,096</b>	<b>7,534</b>	<b>2,683,952</b>	<b>3,335,739</b>	<b>2,683,952</b>	<b>3,335,739</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Estimate should be used with caution due to the small number of sample returns on which it is based.

\*\* Data combined to avoid disclosure of information for specific taxpayers.

( ) No exemptions allowed at these income levels.

NOTE: Detail may not add to totals because of rounding.





**Table 2.1CV--Coefficient of Variation for Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Taxable pensions and annuities		Rent and royalty net income		Rent and royalty net loss		Farm rental net income less loss		Partnership and S Corporation net income less loss		Estate and trust net income less loss	
	Number of returns (25)	Amount (26)	Number of returns (27)	Amount (28)	Number of returns (29)	Amount (30)	Number of returns (31)	Amount (32)	Number of returns (33)	Amount (34)	Number of returns (35)	Amount (36)
<b>All returns, total.....</b>	<b>1,06</b>	<b>1.50</b>	<b>1.57</b>	<b>1.60</b>	<b>1.70</b>	<b>1.91</b>	<b>6.33</b>	<b>14.84</b>	<b>1.21</b>	<b>0.89</b>	<b>5.01</b>	<b>3.49</b>
Under \$5,000.....	13.68	16.17	15.58	19.74	15.58	22.55	42.11	50.09	14.60	29.31	75.70	114.40
\$5,000 under \$10,000.....	8.58	10.54	13.38	25.52	12.86	18.39	34.71	158.34	13.48	66.24	40.37	57.84
\$10,000 under \$15,000.....	6.01	7.23	11.46	14.13	12.37	18.24	29.98	47.70	12.60	34.93	53.90	60.51
\$15,000 under \$20,000.....	5.46	6.74	10.11	12.87	11.35	13.50	29.68	70.98	9.74	94.64	36.05	131.90
\$20,000 under \$25,000.....	5.87	7.56	9.74	13.56	9.73	12.36	38.34	61.59	10.60	82.30	34.76	57.18
\$25,000 under \$30,000.....	5.97	7.83	10.22	14.71	9.57	12.73	28.24	38.74	9.58	97.14	39.19	64.87
\$30,000 under \$35,000.....	5.59	7.56	10.04	13.96	9.93	13.22	35.15	40.64	9.38	51.49	40.65	59.50
\$35,000 under \$40,000.....	5.72	7.80	9.23	15.33	8.94	11.64	27.35	53.29	8.96	38.89	28.25	39.45
\$40,000 under \$45,000.....	5.57	7.57	9.13	13.60	8.85	11.07	35.52	62.75	9.12	43.08	28.43	46.56
\$45,000 under \$50,000.....	5.44	7.77	9.25	13.52	8.42	11.49	39.33	87.24	8.81	23.86	32.82	36.39
\$50,000 under \$55,000.....	5.41	7.56	10.17	14.78	8.73	10.84	30.94	449.38	9.25	34.59	27.83	31.56
\$55,000 under \$60,000.....	5.36	7.56	10.14	14.90	8.82	10.91	39.70	58.35	9.14	42.50	49.81	49.81
\$60,000 under \$75,000.....	3.24	4.64	5.83	8.32	5.73	7.11	21.28	44.41	5.29	13.54	19.04	26.47
\$75,000 under \$100,000.....	2.90	4.15	5.20	7.29	4.80	5.88	17.65	32.89	4.20	9.74	18.05	24.74
\$100,000 under \$200,000.....	2.31	3.19	3.07	4.10	3.41	3.92	13.23	28.02	2.35	3.87	9.87	13.23
\$200,000 under \$500,000.....	2.46	4.03	2.31	3.58	2.86	3.58	12.26	46.58	1.51	2.47	6.77	13.48
\$500,000 under \$1,000,000.....	3.05	5.88	2.32	3.77	2.97	4.04	13.61	38.92	1.42	2.20	5.72	10.94
\$1,000,000 under \$1,500,000.....	3.27	9.37	2.50	4.01	3.26	4.59	12.39	34.19	1.59	2.48	5.66	13.49
\$1,500,000 under \$2,000,000.....	2.93	7.78	2.17	4.57	2.99	5.51	12.77	150.74	1.34	2.29	4.97	11.71
\$2,000,000 under \$5,000,000.....	1.61	5.23	1.13	2.44	1.61	2.68	6.38	19.97	0.68	1.20	2.40	5.65
\$5,000,000 under \$10,000,000.....	1.41	2.53	0.97	1.90	1.34	0.78	5.54	98.92	0.66	1.05	1.74	3.85
\$10,000,000 or more.....	0.13	0.04	—	—	—	—	—	—	—	—	—	—
<b>Taxable returns, total.....</b>	<b>1.13</b>	<b>1.57</b>	<b>1.68</b>	<b>1.66</b>	<b>1.87</b>	<b>2.03</b>	<b>6.97</b>	<b>15.60</b>	<b>1.27</b>	<b>0.87</b>	<b>5.25</b>	<b>3.51</b>
<b>Nontaxable returns, total.....</b>	<b>3.26</b>	<b>4.73</b>	<b>4.59</b>	<b>6.11</b>	<b>4.23</b>	<b>5.41</b>	<b>15.12</b>	<b>47.27</b>	<b>4.05</b>	<b>37.19</b>	<b>16.73</b>	<b>34.13</b>
Size of adjusted gross income	Farm net income less loss		Unemployment compensation		Taxable social security benefits		Foreign-earned income exclusion		Other income less loss		Total statutory adjustments	
	Number of returns (37)	Amount (38)	Number of returns (39)	Amount (40)	Number of returns (41)	Amount (42)	Number of returns (43)	Amount (44)	Number of returns (45)	Amount (46)	Number of returns (47)	Amount (48)
<b>All returns, total.....</b>	<b>3.18</b>	<b>5.94</b>	<b>2.26</b>	<b>2.88</b>	<b>1.36</b>	<b>1.54</b>	<b>10.43</b>	<b>9.71</b>	<b>1.94</b>	<b>3.54</b>	<b>0.79</b>	<b>1.09</b>
Under \$5,000.....	37.91	42.30	32.84	43.68	59.13	63.26	58.67	63.19	26.23	89.44	9.76	30.72
\$5,000 under \$10,000.....	27.47	62.62	16.09	19.17	62.03	65.28	90.62	88.57	18.99	31.16	7.51	11.58
\$10,000 under \$15,000.....	27.34	47.76	13.43	15.94	26.12	35.59	—	—	14.19	35.73	6.46	9.30
\$15,000 under \$20,000.....	20.10	33.87	11.21	13.90	11.61	17.57	83.53	83.55	13.83	75.24	5.63	7.97
\$20,000 under \$25,000.....	22.08	32.17	10.91	13.08	7.00	11.26	67.56	70.95	11.64	31.00	5.45	7.80
\$25,000 under \$30,000.....	21.15	36.94	10.27	12.34	6.14	7.33	67.53	67.98	11.49	34.01	5.09	7.57
\$30,000 under \$35,000.....	18.40	43.15	10.94	13.98	5.97	6.57	91.94	91.94	11.35	25.80	5.01	7.48
\$35,000 under \$40,000.....	18.54	35.90	9.82	13.22	6.37	6.98	78.74	71.47	11.09	39.45	4.67	7.74
\$40,000 under \$45,000.....	20.02	30.44	9.53	12.01	6.38	7.11	76.63	77.94	10.64	28.12	4.60	7.83
\$45,000 under \$50,000.....	22.16	33.60	9.78	12.78	6.65	7.08	67.04	62.00	10.90	27.95	4.52	7.36
\$50,000 under \$55,000.....	22.46	49.12	10.41	13.29	6.38	6.85	99.52	96.49	10.94	16.84	4.62	7.47
\$55,000 under \$60,000.....	17.93	58.51	9.14	11.97	6.66	7.14	78.29	77.85	10.24	20.61	4.46	7.96
\$60,000 under \$75,000.....	11.28	28.60	6.23	7.96	4.09	4.47	38.69	35.82	6.39	13.47	2.69	4.77
\$75,000 under \$100,000.....	9.47	16.93	5.43	7.06	3.91	4.36	33.32	29.65	5.32	12.77	2.20	3.42
\$100,000 under \$200,000.....	7.68	14.75	5.96	7.36	2.98	3.21	18.80	18.17	3.93	10.46	1.71	2.24
\$200,000 under \$500,000.....	6.94	14.85	4.20	10.15	2.74	2.95	13.30	13.07	2.95	10.25	1.51	2.15
\$500,000 under \$1,000,000.....	6.38	13.75	3.93	19.72	3.07	3.46	14.47	14.66	2.90	9.40	1.62	5.31
\$1,000,000 under \$1,500,000.....	6.76	11.75	18.86	21.80	3.22	3.41	13.79	14.56	2.90	12.30	1.89	3.13
\$1,500,000 under \$2,000,000.....	6.41	14.62	16.15	21.70	2.86	3.10	16.13	17.55	2.52	9.40	1.66	3.59
\$2,000,000 under \$5,000,000.....	6.44	6.44	11.34	13.21	1.58	1.71	7.83	8.18	1.25	5.02	0.90	2.00
\$5,000,000 under \$10,000,000.....	2.41	1.85	11.98	10.28	1.31	1.40	7.55	7.41	1.04	4.69	0.84	1.35
\$10,000,000 or more.....	—	—	—	—	0.14	0.12	—	—	—	—	—	—
<b>Taxable returns, total.....</b>	<b>3.47</b>	<b>6.21</b>	<b>2.50</b>	<b>3.21</b>	<b>1.41</b>	<b>1.57</b>	<b>11.27</b>	<b>9.98</b>	<b>2.07</b>	<b>3.62</b>	<b>0.86</b>	<b>1.15</b>
<b>Nontaxable returns, total.....</b>	<b>9.54</b>	<b>19.38</b>	<b>5.43</b>	<b>6.46</b>	<b>5.84</b>	<b>8.14</b>	<b>27.58</b>	<b>27.16</b>	<b>5.69</b>	<b>16.02</b>	<b>2.35</b>	<b>3.75</b>

Footnotes at end of table

**Table 2.1CV--Coefficient of Variation for Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Total itemized deductions									
	Total in taxable income		Itemized deductions limitation		Medical and dental expenses deduction		Medical and dental expenses limitation		Medical and dental expenses	
	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	
<b>All returns, total</b>	<b>0.37</b>	<b>0.61</b>	<b>0.24</b>	<b>1.19</b>	<b>2.21</b>	<b>1.19</b>	<b>1.70</b>	<b>1.19</b>	<b>1.70</b>	<b>1.37</b>
Under \$5,000	7.60	7.42	—	7.42	13.49	7.42	13.30	7.44	13.30	8.65
\$5,000 under \$10,000	5.74	5.71	—	5.71	9.49	5.71	9.13	5.71	9.13	5.87
\$10,000 under \$15,000	4.97	—	—	4.68	10.03	4.68	9.03	4.70	9.03	4.70
\$15,000 under \$20,000	3.61	—	—	4.33	6.84	4.33	6.20	4.33	6.20	4.35
\$20,000 under \$25,000	3.49	—	—	4.47	8.16	4.47	6.95	4.47	6.95	4.48
\$25,000 under \$30,000	3.15	—	—	4.53	7.55	4.53	6.36	4.53	6.36	4.53
\$30,000 under \$35,000	2.95	—	—	4.64	8.21	4.64	6.54	4.64	6.54	4.64
\$35,000 under \$40,000	2.87	—	—	4.78	8.59	4.78	6.61	4.78	6.61	4.78
\$40,000 under \$45,000	2.88	—	—	5.09	9.67	5.09	7.27	5.09	7.27	5.10
\$45,000 under \$50,000	3.14	—	—	5.33	10.00	5.33	7.39	5.33	7.39	5.33
\$50,000 under \$55,000	3.03	—	—	5.62	8.22	5.62	6.43	5.62	6.43	5.62
\$55,000 under \$60,000	2.87	—	—	6.00	9.75	6.00	7.17	6.00	7.17	6.01
\$60,000 under \$75,000	1.71	29.26	31.31	3.92	7.82	3.92	5.46	3.92	5.46	3.93
\$75,000 under \$100,000	1.32	13.57	14.70	4.11	7.65	4.11	5.20	4.11	5.20	4.12
\$100,000 under \$200,000	1.04	1.21	1.31	4.61	8.24	4.61	5.88	4.61	5.88	4.38
\$200,000 under \$500,000	1.07	0.94	0.80	7.47	11.10	7.47	8.69	7.47	8.69	7.04
\$500,000 under \$1,000,000	1.37	1.12	0.97	14.48	25.65	14.48	18.48	14.48	18.48	13.57
\$1,000,000 under \$1,500,000	1.70	1.38	1.29	20.03	29.16	20.03	21.69	20.03	21.69	18.73
\$1,500,000 under \$2,000,000	1.67	1.12	1.13	17.75	22.59	17.75	18.32	17.75	18.32	17.79
\$2,000,000 under \$5,000,000	0.91	0.59	0.52	17.75	20.22	17.75	16.30	17.75	16.30	16.27
\$5,000,000 under \$10,000,000	0.70	0.62	0.51	—	—	—	—	—	—	—
\$10,000,000 or more	0.01	0.03	0.02	—	—	—	—	—	—	—
<b>Taxable returns, total</b>	<b>0.37</b>	<b>0.62</b>	<b>0.25</b>	<b>1.46</b>	<b>2.35</b>	<b>1.46</b>	<b>1.70</b>	<b>1.46</b>	<b>1.70</b>	<b>1.55</b>
<b>Nontaxable returns, total</b>	<b>1.82</b>	<b>16.99</b>	<b>1.98</b>	<b>2.19</b>	<b>4.08</b>	<b>2.19</b>	<b>3.67</b>	<b>2.19</b>	<b>3.67</b>	<b>2.72</b>

Size of adjusted gross income	Total itemized deductions--continued									
	Total		Taxes paid deduction		State and local taxes		Income		General sales tax	
	(58)	(59)	(60)	(61)	(62)	(63)	(64)	(65)		
<b>All returns, total</b>	<b>0.38</b>	<b>0.34</b>	<b>0.39</b>	<b>0.36</b>	<b>0.50</b>	<b>0.40</b>	<b>1.08</b>	<b>1.45</b>		
Under \$5,000	6.23	7.43	6.73	8.71	11.69	14.23	8.24	9.91		
\$5,000 under \$10,000	4.65	5.63	4.89	7.30	9.15	14.59	5.81	7.72		
\$10,000 under \$15,000	3.72	4.68	3.88	6.29	6.63	12.27	4.81	6.49		
\$15,000 under \$20,000	3.27	4.80	3.39	9.02	5.13	15.00	4.57	6.02		
\$20,000 under \$25,000	3.11	3.85	3.21	3.90	4.49	5.18	4.64	5.98		
\$25,000 under \$30,000	2.80	3.49	2.96	3.64	3.91	4.68	4.62	5.75		
\$30,000 under \$35,000	2.69	3.07	2.74	3.30	3.40	3.91	4.72	6.28		
\$35,000 under \$40,000	2.64	2.96	2.68	3.30	3.23	3.77	4.90	6.92		
\$40,000 under \$45,000	2.59	2.84	2.64	3.09	3.10	3.51	5.25	6.34		
\$45,000 under \$50,000	2.62	2.90	2.66	3.13	3.09	3.50	5.45	7.19		
\$50,000 under \$55,000	2.66	4.38	2.70	3.17	3.17	4.21	5.37	6.98		
\$55,000 under \$60,000	2.65	2.92	2.69	3.14	3.11	3.49	5.58	6.90		
\$60,000 under \$75,000	1.55	1.71	1.57	1.84	1.80	2.02	3.58	4.61		
\$75,000 under \$100,000	1.14	1.33	1.16	1.42	1.36	1.56	3.36	4.40		
\$100,000 under \$200,000	0.99	1.00	1.00	1.09	1.14	1.17	2.88	3.70		
\$200,000 under \$500,000	0.94	0.99	0.95	1.13	1.04	1.17	3.04	3.93		
\$500,000 under \$1,000,000	1.12	1.26	1.12	1.39	1.24	1.42	3.44	5.08		
\$1,000,000 under \$1,500,000	1.38	1.56	1.39	1.66	1.49	1.66	4.27	7.24		
\$1,500,000 under \$2,000,000	1.12	1.40	1.12	1.47	1.22	1.47	3.76	9.49		
\$2,000,000 under \$5,000,000	0.59	0.79	0.60	0.85	0.66	0.85	2.12	10.97		
\$5,000,000 under \$10,000,000	0.62	0.66	0.62	0.68	0.67	0.69	1.82	3.72		
\$10,000,000 or more	0.03	0.02	0.03	0.02	0.03	0.02	—	—		
<b>Taxable returns, total</b>	<b>0.41</b>	<b>0.34</b>	<b>0.42</b>	<b>0.36</b>	<b>0.52</b>	<b>0.40</b>	<b>1.25</b>	<b>1.63</b>		
<b>Nontaxable returns, total</b>	<b>1.51</b>	<b>2.47</b>	<b>1.57</b>	<b>2.85</b>	<b>2.29</b>	<b>4.02</b>	<b>2.22</b>	<b>3.03</b>		

Footnotes at end of table

**Table 2.1 CV--Coefficient of Variation for Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Total itemized deductions--continued											
	Real estate taxes			Taxes paid deduction--continued			Other taxes		Total		Interest paid deduction	
	Number of returns		Amount	Number of returns		Amount	Number of returns		Amount	Number of returns		Amount
	(66)	(67)	(68)	(69)	(70)	(71)	(72)	(73)	(74)	(75)	(76)	(77)
<b>All returns, total</b>	0.42	0.57	0.72	1.48	2.11	4.61	0.44	0.54	0.45	0.55	0.45	0.56
Under \$5,000	6.94	8.36	10.75	21.70	30.75	45.83	7.48	9.78	7.59	9.92	7.78	10.01
\$5,000 under \$10,000	5.21	6.36	7.89	17.16	22.63	38.50	5.78	6.78	5.83	6.83	5.85	6.63
\$10,000 under \$15,000	4.23	5.20	6.07	16.95	16.90	47.71	4.70	6.09	4.75	6.09	4.77	6.14
\$15,000 under \$20,000	3.67	4.86	5.31	18.59	16.00	27.07	3.99	4.53	4.02	4.54	4.05	4.56
\$20,000 under \$25,000	3.54	4.62	5.08	11.19	14.47	53.73	3.67	4.32	3.70	4.34	3.74	4.39
\$25,000 under \$30,000	3.29	4.34	4.55	9.28	13.00	26.90	3.40	3.91	3.41	3.92	3.44	3.92
\$30,000 under \$35,000	2.96	3.74	4.08	11.00	11.61	25.49	3.08	3.61	3.09	3.61	3.11	3.64
\$35,000 under \$40,000	2.95	3.54	4.06	7.78	11.32	20.98	3.01	3.50	3.03	3.51	3.04	3.52
\$40,000 under \$45,000	2.83	3.44	3.90	7.66	11.03	25.05	2.89	3.32	2.91	3.33	2.90	3.36
\$45,000 under \$50,000	2.80	3.42	3.89	8.75	10.57	27.09	2.88	3.32	2.89	3.33	2.90	3.36
\$50,000 under \$55,000	2.86	3.42	3.89	8.75	10.57	27.09	2.88	3.32	2.89	3.33	2.90	3.36
\$55,000 under \$60,000	2.82	3.47	3.89	7.95	9.85	25.77	2.86	3.33	2.87	3.32	2.89	3.35
\$60,000 under \$75,000	2.05	2.05	2.36	4.01	6.07	16.13	1.68	1.97	1.68	1.97	1.70	1.98
\$75,000 under \$100,000	1.22	1.77	1.92	3.57	5.54	14.20	1.26	1.60	1.27	1.60	1.27	1.61
\$100,000 under \$200,000	1.03	1.19	1.61	2.72	4.28	9.10	1.09	1.30	1.10	1.30	1.11	1.31
\$200,000 under \$500,000	0.98	1.14	1.59	2.70	3.60	8.33	1.06	1.31	1.09	1.33	1.10	1.33
\$500,000 under \$1,000,000	1.15	1.41	1.94	4.92	4.03	9.80	1.27	1.74	1.35	1.66	1.37	1.67
\$1,000,000 under \$1,500,000	1.42	1.91	2.32	3.95	4.47	10.74	1.55	2.30	1.69	2.13	1.71	2.15
\$1,500,000 under \$2,000,000	1.15	1.72	1.99	4.43	3.97	33.30	1.28	2.41	1.44	1.85	1.45	1.86
\$2,000,000 under \$5,000,000	0.62	0.88	1.11	4.23	2.21	6.73	0.69	0.96	0.82	1.09	0.84	1.11
\$5,000,000 under \$10,000,000	0.63	0.75	1.00	2.43	1.91	5.98	0.68	0.98	0.83	0.98	0.84	1.00
\$10,000,000 or more	0.03	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Taxable returns, total</b>	0.45	0.52	0.77	1.51	2.22	4.15	0.48	0.54	0.48	0.54	0.49	0.56
<b>Nontaxable returns, total</b>	1.65	3.25	2.41	5.58	6.98	24.27	1.70	2.25	1.72	2.28	1.72	2.30

Size of adjusted gross income	Total itemized deductions--continued											
	Home mortgage interest--cont.		Interest paid deduction--continued			Investment interest expense deduction		Total		Contributions deduction		
	Paid to individuals		Deductible points		Number of returns		Number of returns		Number of returns			
	(78)	(79)	(80)	(81)	(82)	(83)	(84)	(85)	(86)	(87)	(88)	(89)
<b>All returns, total</b>	3.33	4.65	2.02	5.27	2.08	1.57	0.42	0.61	0.44	0.77	0.63	1.99
Under \$5,000	39.62	48.26	27.30	40.20	23.20	33.00	7.53	9.97	7.88	16.11	11.99	17.65
\$5,000 under \$10,000	38.83	65.27	26.51	52.02	29.29	44.90	5.46	7.62	5.68	13.73	8.29	11.27
\$10,000 under \$15,000	37.49	46.90	20.87	72.98	21.24	28.97	4.28	5.20	4.46	7.85	6.21	9.02
\$15,000 under \$20,000	22.98	33.82	17.85	33.82	21.73	38.02	3.73	5.95	3.85	5.77	5.34	9.19
\$20,000 under \$25,000	21.48	29.19	13.96	25.04	19.27	26.83	3.46	5.23	3.58	5.80	4.71	8.63
\$25,000 under \$30,000	18.40	28.54	13.62	27.60	19.14	30.34	3.25	4.63	3.35	5.01	4.38	8.41
\$30,000 under \$35,000	20.13	30.21	13.65	27.35	19.70	36.38	2.99	4.44	3.09	4.79	4.02	8.58
\$35,000 under \$40,000	17.90	25.16	11.61	22.95	17.67	32.15	2.87	4.36	2.98	5.75	3.80	11.55
\$40,000 under \$45,000	17.03	22.97	11.23	22.62	15.15	30.29	2.84	4.38	2.94	4.78	3.73	6.65
\$45,000 under \$50,000	18.68	28.70	10.98	22.76	17.52	30.21	2.83	4.32	2.93	4.90	3.77	7.23
\$50,000 under \$55,000	15.15	18.87	10.49	29.42	16.69	25.36	2.86	4.39	2.98	4.73	3.73	6.90
\$55,000 under \$60,000	16.43	25.62	9.92	25.01	17.88	33.43	2.83	4.46	2.91	4.64	3.69	8.84
\$60,000 under \$75,000	9.62	14.63	6.25	13.91	9.56	26.37	1.65	2.78	1.70	3.79	2.12	3.82
\$75,000 under \$100,000	8.21	12.70	5.02	15.52	8.11	14.45	1.22	2.23	1.27	2.49	1.66	3.89
\$100,000 under \$200,000	6.54	9.35	6.88	8.68	4.15	9.70	1.03	1.74	1.05	1.92	1.34	3.52
\$200,000 under \$500,000	5.86	13.99	3.35	8.37	2.61	5.32	0.97	2.04	0.98	2.09	1.33	8.82
\$500,000 under \$1,000,000	6.46	9.65	4.06	9.54	2.18	5.25	1.14	2.44	1.14	2.44	1.66	11.81
\$1,000,000 under \$1,500,000	8.33	12.64	4.86	9.54	2.17	4.97	1.40	2.80	1.40	3.34	2.00	28.47
\$1,500,000 under \$2,000,000	7.19	12.83	4.36	11.84	1.81	4.73	1.14	2.80	1.14	3.07	1.71	12.18
\$2,000,000 under \$5,000,000	4.06	5.97	2.68	7.22	0.88	2.34	0.60	1.41	0.61	1.79	0.98	4.02
\$5,000,000 under \$10,000,000	3.69	4.94	2.56	7.66	0.77	1.14	0.63	0.96	0.63	1.36	0.91	1.28
\$10,000,000 or more	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Taxable returns, total</b>	3.51	4.87	2.14	5.13	2.16	1.56	0.63	0.63	0.63	0.63	0.66	2.07
<b>Nontaxable returns, total</b>	10.46	15.09	6.31	16.83	7.67	7.89	1.72	2.72	1.78	3.07	2.38	5.39

Footnotes at end of table

**Table 2.1CV--Coefficient of Variation for Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Total itemized deductions--continued										Gambling loss deduction			
	Contributions deduction--cont.		Casualty or theft loss deduction		Total after limitation		Unreimbursed employee business expense		Tax preparation fees		Number of returns	Amount		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount				
	(90)	(91)	(92)	(93)	(94)	(95)	(96)	(97)	(98)	(99)	(100)	(101)		
<b>All returns, total.....</b>	<b>4.78</b>	<b>5.03</b>	<b>9.13</b>	<b>13.99</b>	<b>1.07</b>	<b>1.42</b>	<b>0.91</b>	<b>1.44</b>	<b>0.85</b>	<b>1.11</b>	<b>3.45</b>	<b>3.99</b>		
Under \$5,000.....	19.55	79.60	95.82	81.24	9.53	19.05	23.36	38.27	11.04	15.16	44.74	41.73		
\$5,000 under \$10,000.....	18.37	41.92	38.56	79.70	8.43	20.57	16.34	26.11	7.86	10.56	36.02	38.20		
\$10,000 under \$15,000.....	16.36	41.37	47.69	91.33	7.13	12.17	9.71	13.91	6.30	8.39	24.34	48.84		
\$15,000 under \$20,000.....	21.45	35.07	29.53	47.41	6.78	10.55	8.01	11.89	5.67	6.80	22.02	27.66		
\$20,000 under \$25,000.....	20.96	53.68	64.11	61.66	6.16	8.40	6.35	9.02	5.44	6.39	16.97	23.18		
\$25,000 under \$30,000.....	20.73	39.81	39.10	49.75	5.34	7.28	5.29	7.53	4.97	25.39	19.78	25.39		
\$30,000 under \$35,000.....	24.84	34.14	37.13	44.30	5.11	7.18	4.92	7.19	4.56	23.11	16.71	23.11		
\$35,000 under \$40,000.....	20.66	58.01	49.99	56.03	4.73	6.52	4.47	6.66	4.33	5.13	15.88	20.21		
\$40,000 under \$45,000.....	26.82	37.37	42.45	43.61	5.01	7.13	4.54	7.10	4.15	5.07	20.25	26.23		
\$45,000 under \$50,000.....	27.65	54.58	32.95	49.31	4.58	7.53	4.45	7.29	4.38	6.92	16.71	19.91		
\$50,000 under \$55,000.....	34.10	49.53	33.50	50.93	5.24	7.39	4.55	7.10	4.44	5.48	15.15	23.45		
\$55,000 under \$60,000.....	24.34	54.14	41.94	46.39	4.10	7.63	4.41	7.08	4.40	5.51	16.81	23.12		
\$60,000 under \$75,000.....	19.86	50.51	26.41	39.75	3.17	4.49	2.65	4.49	2.64	4.67	10.26	14.44		
\$75,000 under \$100,000.....	16.14	66.54	27.68	33.37	2.90	4.15	2.26	3.78	2.28	3.07	9.23	14.43		
\$100,000 under \$200,000.....	12.38	37.68	25.63	37.99	2.49	3.03	2.01	2.86	1.94	2.91	7.22	10.52		
\$200,000 under \$500,000.....	9.05	17.86	27.80	26.49	2.68	4.26	2.46	3.86	1.82	2.96	6.88	11.96		
\$500,000 under \$1,000,000.....	7.48	24.95	34.30	38.10	3.50	4.68	3.77	6.45	2.13	3.24	8.11	14.10		
\$1,000,000 under \$1,500,000.....	6.82	30.34	35.41	42.21	3.78	5.00	4.80	9.65	2.42	3.88	8.46	15.29		
\$1,500,000 under \$2,000,000.....	6.07	12.36	83.56	17.33	3.47	5.11	4.36	10.59	2.06	3.68	6.90	13.26		
\$2,000,000 under \$5,000,000.....	2.99	12.27	34.43	25.51	1.87	3.14	2.78	6.34	1.16	2.02	4.17	8.42		
\$5,000,000 or more.....	1.83	9.83	36.49	0.10	1.62	1.75	2.62	5.27	1.06	1.60	3.72	8.94		
<b>Taxable returns, total.....</b>	<b>6.18</b>	<b>5.10</b>	<b>11.33</b>	<b>15.16</b>	<b>1.17</b>	<b>1.48</b>	<b>0.96</b>	<b>1.49</b>	<b>0.91</b>	<b>1.19</b>	<b>3.69</b>	<b>4.19</b>		
<b>Nontaxable returns, total.....</b>	<b>7.36</b>	<b>23.33</b>	<b>15.43</b>	<b>22.70</b>	<b>2.89</b>	<b>4.71</b>	<b>3.29</b>	<b>5.23</b>	<b>2.89</b>	<b>3.29</b>	<b>9.70</b>	<b>12.54</b>		
<b>Size of adjusted gross income</b>	<b>Total itemized deductions--continued</b>										<b>Exemptions</b>		<b>Taxable income</b>	
	<b>Limited miscellaneous deductions</b>		<b>Miscellaneous deductions subject to 2% AGI limitation</b>		<b>Miscellaneous deductions other than gambling</b>		<b>Total unlimited miscellaneous deduction</b>		<b>Total itemized deductions</b>		<b>Exemptions</b>		<b>Taxable income</b>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(102)	(103)	(104)	(105)	(106)	(107)	(108)	(109)	(110)	(111)	(112)	(113)		
<b>All returns, total.....</b>	<b>0.96</b>	<b>1.53</b>	<b>0.60</b>	<b>1.12</b>	<b>5.22</b>	<b>9.54</b>	<b>2.89</b>	<b>3.67</b>	<b>0.45</b>	<b>0.48</b>	<b>0.39</b>	<b>0.25</b>		
Under \$5,000.....	12.14	21.30	9.19	18.50	61.39	62.39	37.28	39.50	6.76	6.76	35.80	41.28		
\$5,000 under \$10,000.....	9.29	33.79	6.75	18.45	61.59	57.12	31.18	36.70	5.11	5.11	18.19	23.71		
\$10,000 under \$15,000.....	7.64	22.98	5.26	11.27	51.23	74.21	22.36	44.08	4.15	4.15	6.29	7.95		
\$15,000 under \$20,000.....	7.14	15.25	4.67	9.66	43.86	50.42	20.05	26.91	3.64	3.64	4.58	5.33		
\$20,000 under \$25,000.....	7.19	13.72	4.37	7.80	32.27	54.45	15.41	21.35	3.47	3.47	4.67	4.26		
\$25,000 under \$30,000.....	6.54	14.06	3.88	6.74	32.66	38.44	17.13	22.58	3.27	3.27	3.14	3.60		
\$30,000 under \$35,000.....	5.89	12.34	3.63	6.56	31.50	49.62	15.03	21.15	3.11	3.11	2.78	3.09		
\$35,000 under \$40,000.....	5.41	11.06	3.45	5.96	31.52	36.23	14.30	17.65	3.07	3.07	2.70	2.95		
\$40,000 under \$45,000.....	5.53	12.23	3.35	6.36	24.77	35.08	15.84	21.94	3.02	3.02	2.62	2.82		
\$45,000 under \$50,000.....	5.40	11.38	3.38	6.55	25.85	41.47	14.45	18.18	3.06	3.06	2.64	2.79		
\$50,000 under \$55,000.....	5.50	14.04	3.46	6.46	23.51	38.66	13.16	20.10	3.11	3.11	2.67	2.80		
\$55,000 under \$60,000.....	5.29	15.05	3.44	6.45	38.53	74.68	15.42	22.51	3.06	3.06	2.66	2.78		
\$60,000 under \$75,000.....	3.08	7.67	2.01	3.78	16.37	35.53	8.75	13.83	1.79	1.79	1.55	1.61		
\$75,000 under \$100,000.....	2.57	6.26	1.63	3.30	16.51	42.68	8.10	14.20	1.35	1.35	1.15	1.18		
\$100,000 under \$200,000.....	1.94	4.08	1.38	2.36	11.52	21.79	6.13	9.71	1.13	1.13	0.99	0.93		
\$200,000 under \$500,000.....	1.73	4.62	1.34	2.92	7.41	17.37	4.96	10.98	1.06	1.64	0.94	0.85		
\$500,000 under \$1,000,000.....	1.79	3.77	1.54	3.10	5.71	21.63	4.68	12.58	1.30	1.61	1.12	1.01		
\$1,000,000 under \$1,500,000.....	1.90	3.53	1.74	3.23	5.04	24.29	4.35	13.61	1.59	1.59	1.38	1.31		
\$1,500,000 under \$2,000,000.....	1.59	3.65	1.44	3.35	4.13	14.55	3.54	12.43	1.29	1.29	1.12	1.14		
\$2,000,000 under \$5,000,000.....	0.80	2.05	0.74	1.89	1.84	15.14	1.75	7.36	0.72	0.72	0.59	0.52		
\$5,000,000 or more.....	0.73	1.15	0.70	1.14	1.37	8.83	1.29	7.87	0.72	0.72	0.62	0.51		
<b>Taxable returns, total.....</b>	<b>0.03</b>	<b>0.01</b>	<b>0.03</b>	<b>0.15</b>	<b>1.14</b>	<b>9.43</b>	<b>1.14</b>	<b>1.14</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.01</b>		
<b>Nontaxable returns, total.....</b>	<b>1.02</b>	<b>7.17</b>	<b>2.15</b>	<b>4.32</b>	<b>16.02</b>	<b>28.73</b>	<b>3.07</b>	<b>11.20</b>	<b>1.77</b>	<b>1.77</b>	<b>2.40</b>	<b>3.01</b>		

Footnotes at end of table

**Table 2.1CV--Coefficient of Variation for Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Alternative minimum tax		Income tax before credits		Total tax credits		Income tax after credits		Total income tax	
	Number of returns (114)	Amount (115)	Number of returns (116)	Amount (117)	Number of returns (118)	Amount (119)	Number of returns (120)	Amount (121)	Number of returns (122)	Amount (123)
<b>All returns, total.....</b>	<b>0.98</b>	<b>1.18</b>	<b>0.39</b>	<b>0.25</b>	<b>0.77</b>	<b>1.00</b>	<b>0.41</b>	<b>0.26</b>	<b>0.41</b>	<b>0.26</b>
Under \$5,000.....	33.04	19.57	35.75	48.59	99.50	84.87	37.97	49.03	37.97	49.03
\$5,000 under \$10,000.....	42.43	77.19	17.66	22.13	30.71	37.46	20.75	24.84	20.75	24.84
\$10,000 under \$15,000.....	87.23	80.38	6.31	8.41	12.18	20.71	6.74	8.56	6.74	8.56
\$15,000 under \$20,000.....	80.20	73.68	4.59	5.60	9.57	13.81	4.83	5.90	4.83	5.90
\$20,000 under \$25,000.....	82.62	73.24	3.67	4.50	6.41	8.96	4.08	4.97	4.08	4.97
\$25,000 under \$30,000.....	77.44	67.47	3.14	3.77	5.24	6.68	3.64	4.27	3.64	4.27
\$30,000 under \$35,000.....	53.33	8.41	2.78	3.23	4.49	5.63	3.13	3.63	3.13	3.63
\$35,000 under \$40,000.....	93.23	60.50	2.70	3.07	4.32	5.33	2.97	3.37	2.97	3.37
\$40,000 under \$45,000.....	51.03	50.89	2.62	2.95	4.16	5.00	2.85	3.25	2.85	3.25
\$45,000 under \$50,000.....	40.72	78.71	2.64	2.93	4.06	4.93	2.80	3.22	2.80	3.22
\$50,000 under \$55,000.....	26.94	39.94	2.67	2.93	4.23	4.99	2.79	3.19	2.79	3.19
\$55,000 under \$60,000.....	28.36	44.51	2.66	2.93	4.10	4.84	2.76	3.20	2.76	3.20
\$60,000 under \$75,000.....	12.54	24.75	1.55	1.68	2.33	2.73	1.58	1.81	1.58	1.81
\$75,000 under \$100,000.....	7.99	10.94	1.15	1.24	1.85	2.32	1.16	1.32	1.16	1.32
\$100,000 under \$200,000.....	2.12	3.55	0.99	0.93	1.79	2.88	0.99	0.93	0.99	0.93
\$200,000 under \$500,000.....	1.10	1.77	0.94	0.85	1.62	7.74	0.94	0.85	0.94	0.85
\$500,000 under \$1,000,000.....	2.23	3.34	1.12	1.03	1.52	7.62	1.12	1.03	1.12	1.03
\$1,000,000 under \$1,500,000.....	2.88	4.39	1.38	1.36	1.77	7.21	1.38	1.37	1.38	1.37
\$1,500,000 under \$2,000,000.....	2.67	4.34	1.12	1.18	1.44	6.81	1.12	1.19	1.12	1.19
\$2,000,000 under \$5,000,000.....	1.55	2.69	0.59	0.56	0.73	3.51	0.59	0.56	0.59	0.56
\$5,000,000 under \$10,000,000.....	1.28	1.47	0.62	0.55	0.71	2.81	0.62	0.56	0.62	0.56
\$10,000,000 or more.....	--	--	0.03	0.01	0.03	0.02	0.03	0.01	0.03	0.01
<b>Taxable returns, total.....</b>	<b>0.98</b>	<b>1.18</b>	<b>0.41</b>	<b>0.25</b>	<b>0.83</b>	<b>1.07</b>	<b>0.41</b>	<b>0.26</b>	<b>0.41</b>	<b>0.26</b>
<b>Nontaxable returns, total.....</b>	<b>39.45</b>	<b>56.81</b>	<b>2.41</b>	<b>3.23</b>	<b>2.41</b>	<b>3.23</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

( ) No exemptions allowed at these income levels.

**Table 2.2 -- Returns with Itemized Deductions: Sources of Income, Adjustments, Deductions, Credits, and Tax Items, by Marital Status**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Item	All returns		Joint returns of married persons		Separate returns of married persons	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income less deficit.....	46,335,237	4,643,403,546	27,604,020	3,485,312,399	1,157,982	89,704,507
Salaries and wages.....	40,051,583	3,177,715,537	24,938,735	2,394,478,881	991,494	50,779,769
Taxable interest.....	31,076,448	84,378,348	20,460,731	57,863,404	549,380	2,591,972
Tax-exempt interest.....	3,039,922	43,491,723	1,919,265	27,820,205	43,039	1,189,786
Ordinary dividends.....	17,959,839	118,282,841	12,103,085	79,562,404	273,971	3,264,890
Qualified dividends.....	14,712,059	92,062,224	9,941,721	62,725,344	228,034	2,485,221
State income tax refunds.....	21,531,062	21,400,232	13,770,066	15,453,598	456,032	404,208
Alimony received.....	242,839	5,422,377	16,021	202,057	3,905	163,751
Business or profession:						
Net income.....	6,677,338	200,597,720	5,011,464	157,678,243	123,551	3,548,017
Net loss.....	2,917,062	23,011,516	2,120,199	16,698,916	51,559	501,548
Sales of capital assets:						
Net gain in AGI.....	7,967,039	418,516,689	5,378,959	318,812,914	124,714	14,808,086
Net loss in AGI.....	7,276,936	16,411,053	4,897,077	11,201,642	113,395	137,180
Sales of property other than capital assets.....	1,104,495	2,413,881	851,100	1,687,630	21,164	159,379
Taxable IRA distributions.....	4,062,815	64,186,485	2,568,104	45,401,392	50,520	764,116
Taxable pensions and annuities.....	10,243,437	209,607,048	6,305,349	141,947,977	174,960	3,718,063
Rent and royalty:						
Net income.....	3,266,873	52,950,639	2,307,825	39,367,870	60,130	1,282,446
Net loss.....	3,413,758	33,715,622	2,394,114	24,011,423	38,038	470,297
Farm rental income less loss.....	277,939	1,631,443	176,750	1,053,725	2,147	14,597
Partnership and S Corporation net income less loss.....	5,177,492	317,160,757	3,967,264	261,771,239	104,229	8,672,286
Estate and trust net income less loss.....	350,398	12,610,383	190,512	6,307,073	4,339	696,764
Farm net income less loss.....	723,381	-7,283,025	598,494	-6,130,233	11,965	-279,621
Unemployment compensation.....	3,046,826	12,767,770	2,055,338	8,620,220	56,454	260,244
Taxable social security benefits.....	5,914,229	65,578,045	3,796,245	47,999,618	98,961	959,869
Other income less loss.....	3,200,729	19,897,644	2,243,568	14,506,192	51,334	335,436
Total statutory adjustments.....	15,814,221	70,471,663	11,357,484	53,135,525	221,638	1,207,577
IRA payments.....	1,881,158	6,039,920	1,311,693	4,653,986	23,659	55,887
Student loan interest deduction.....	3,360,491	2,126,521	2,476,396	1,642,824	--	--
Educator expenses deduction.....	2,301,525	582,854	1,708,083	443,876	30,908	7,460
Tuition and fees deduction.....	2,671,998	6,055,643	1,993,130	4,662,709	--	--
Health savings account deduction.....	67,879	134,891	57,102	119,808	*36	*40
Payments to a Keogh plan.....	1,035,449	17,885,100	830,669	14,383,633	13,467	219,409
Deduction for self-employment tax.....	7,350,956	14,210,002	5,608,783	11,314,304	132,711	252,350
Self-employed health insurance deduction.....	2,525,458	13,590,233	1,814,731	11,033,248	37,031	199,864
Moving expenses adjustment.....	544,174	1,933,961	344,762	1,403,401	15,859	25,990
Penalty on early withdrawal of savings.....	383,502	136,100	233,164	82,108	7,282	2,950
Alimony paid.....	397,978	6,787,545	171,692	2,781,021	19,261	386,375
Medical savings account deduction.....	22,883	50,326	16,427	39,579	*39	*80
Certain business expenses of reservist, performing artists, etc.....	55,423	89,319	38,598	52,115	*4,294	*12,061
Total itemized deductions.....	46,335,237	998,238,457	27,604,020	698,017,575	1,157,982	19,294,334
Medical and dental expenses deduction.....	9,530,675	61,503,014	5,152,361	32,535,689	180,994	1,010,677
Taxes paid deduction.....	46,009,291	362,608,853	27,551,123	267,708,333	1,140,492	6,783,153
Interest paid deduction.....	38,110,298	356,355,994	24,826,939	257,303,585	810,784	6,779,717
Contributions deduction.....	40,623,426	165,564,388	25,371,666	122,381,122	874,326	3,728,163
Casualty or theft loss deduction.....	185,261	3,510,243	103,918	2,158,841	3,019	32,570
Total miscellaneous deductions.....	13,101,149	85,457,878	6,963,472	46,769,229	284,538	2,008,638
Taxable income.....	42,967,212	3,347,672,247	26,067,260	2,549,347,279	1,088,193	66,455,142
Alternative minimum tax.....	2,964,515	12,499,449	2,300,041	9,851,107	103,827	380,337
Total tax credits.....	18,582,048	29,463,509	14,059,636	24,210,497	269,357	509,314
Child care credit.....	3,553,584	1,843,097	2,845,931	1,454,240	19,879	10,743
Credit for the elderly or disabled.....	10,225	1,846	--	--	--	--
Child tax credit.....	12,375,515	18,114,291	10,083,619	15,685,626	191,834	218,332
Education credit.....	2,918,720	2,689,453	2,189,469	2,099,522	--	--
Retirement savings contribution credit.....	1,248,164	230,446	798,712	162,425	22,941	5,946
Foreign tax credit.....	3,364,325	4,658,736	2,300,220	3,391,951	55,875	215,293
Earned income credit used to offset income tax before credits.....	195,956	61,813	13,333	3,539	--	--
Minimum tax credit.....	256,680	820,455	194,946	679,345	2,683	18,258
General business credit.....	190,290	545,083	133,256	416,617	1,103	15,024
Empowerment zone and renewal community employment credit.....	23,837	94,266	18,836	68,096	151	1,571
Nonconventional source fuel credit.....	3,323	12,542	2,170	9,737	**12	**2
New York liberty zone credit.....	679	9,646	508	7,542	**8	**61
Income tax after credits.....	40,289,338	659,071,049	24,437,294	506,719,519	1,046,386	14,051,803
Total income tax.....	40,289,338	659,071,548	24,437,294	506,719,812	1,046,386	14,051,803
Total tax liability.....	41,327,511	689,739,208	25,124,521	530,690,433	1,061,167	14,670,218
Total tax payments.....	44,463,385	751,664,743	26,873,101	566,245,531	1,087,431	15,747,238
Income tax withheld.....	42,075,604	529,709,499	25,766,128	394,396,511	1,014,368	8,404,099
Estimated tax payments.....	6,491,897	165,011,758	4,261,640	127,397,512	108,565	4,785,470
Overpayment refunded.....	32,790,650	109,032,929	18,707,798	70,928,450	751,332	1,740,310
Tax due at time of filing.....	10,833,318	73,296,204	7,369,149	56,262,347	350,209	1,804,262

Footnotes at end of table.

**Table 2.2 -- Returns with Itemized Deductions: Sources of Income, Adjustments, Deductions, Credits, and Tax Items, by Marital Status--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Item	Returns of heads of households		Returns of surviving spouses		Returns of single persons	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
Adjusted gross income less deficit	4,248,708	239,353,748	21,958	1,960,685	13,302,569	827,072,207
Salaries and wages	3,970,623	198,870,116	17,133	1,094,392	10,133,598	532,492,379
Taxable interest	1,809,192	1,823,277	17,541	41,459	8,239,605	22,058,237
Tax-exempt interest	76,563	724,887	953	28,369	1,000,103	13,728,477
Ordinary dividends	757,730	2,162,838	10,749	78,831	4,814,303	33,213,878
Qualified dividends	556,172	1,611,459	10,649	49,476	3,975,483	25,190,724
State income tax refunds	1,885,899	1,561,224	14,166	14,497	5,404,898	3,966,705
Alimony received	101,620	2,253,004	--	--	121,292	2,803,565
Business or profession						
Net income	358,911	7,841,526	549	101,175	1,182,863	31,428,759
Net loss	217,589	1,684,435	*1,852	*26,674	525,864	4,099,942
Sales of capital assets:						
Net gain in AGI	289,006	9,086,595	3,954	157,380	2,170,407	75,651,715
Net loss in AGI	325,132	658,072	5,571	15,159	1,935,761	4,399,001
Sales of property other than capital assets	34,872	111,045	303	1,916	197,056	453,911
Taxable IRA distributions	165,370	2,139,981	*3,239	*25,266	1,275,582	15,855,730
Taxable pensions and annuities	584,476	7,691,147	9,498	194,886	3,169,155	56,054,975
Rent and royalty:						
Net income	121,869	1,381,584	1,636	25,295	775,413	10,893,443
Net loss	218,993	2,498,017	969	32,774	761,644	6,703,110
Farm rental income less loss	3,633	40,467	*8	*7	95,401	522,647
Partnership and S Corporation net income less loss	177,182	8,191,599	913	244,490	927,905	38,281,143
Estate and trust net income less loss	8,349	431,829	89	62,772	147,108	5,111,945
Farm net income less loss	17,052	-74,174	*159	*-126	95,711	-798,872
Unemployment compensation	255,495	1,002,971	*4	*6	679,534	2,884,329
Taxable social security benefits	138,924	1,237,083	2,725	25,837	1,877,375	15,355,638
Other income less loss	179,372	823,245	3,325	17,808	723,131	4,214,963
Total statutory adjustments	1,111,226	3,668,095	4,256	40,131	3,119,617	12,420,335
IRA payments	94,400	199,801	*50	*149	451,357	1,130,097
Student loan interest deduction	230,516	126,853	--	--	653,579	356,844
Educator expenses deduction	159,194	37,940	--	--	403,340	93,578
Tuition and fees deduction	336,890	762,296	*3,261	*10,241	338,718	620,398
Health savings account deduction	189	627	--	--	10,552	14,416
Payments to a Keogh plan	25,586	444,225	*518	*16,013	165,209	2,821,819
Deduction for self-employment tax	355,627	515,326	647	5,077	1,253,187	2,122,945
Self-employed health insurance deduction	119,678	474,973	877	8,647	553,141	1,873,502
Moving expenses adjustment	24,596	72,105	--	--	157,958	432,464
Penalty on early withdrawal of savings	32,303	14,442	*9	*4	110,744	36,595
Alimony paid	56,583	931,630	--	--	150,442	2,688,518
Medical savings account deduction	*398	*682	--	--	6,020	9,985
Certain business expenses of reservist, performing artists, etc.	*5,957	*18,371	--	--	*6,575	*6,772
Total itemized deductions	4,248,708	71,236,664	21,958	540,067	13,302,569	209,149,816
Medical and dental expenses deduction	851,774	3,383,407	2,343	21,341	3,343,201	24,551,901
Taxes paid deduction	4,218,234	20,528,891	21,958	183,710	13,077,484	67,404,765
Interest paid deduction	3,555,413	29,211,265	19,608	218,804	8,897,555	62,842,623
Contributions deduction	3,594,628	8,962,048	21,805	89,740	10,761,001	30,403,314
Casualty or theft loss deduction	**30,267	**420,254	**	**	48,058	898,579
Total miscellaneous deductions	1,614,927	9,439,358	4,602	44,004	4,233,611	27,196,650
Taxable income	3,816,184	140,993,668	19,939	1,268,430	11,975,636	589,607,728
Alternative minimum tax	225,049	584,839	438	2,938	335,161	1,680,229
Total tax credits	2,436,952	2,985,993	8,275	23,044	1,807,828	1,734,660
Child care credit	652,815	362,481	*4,198	*2,145	30,761	13,489
Credit for the elderly or disabled	--	--	--	--	*10,225	*1,845
Child tax credit	1,901,335	1,988,517	*7,706	*7,910	191,021	213,906
Education credit	312,847	251,119	--	--	416,404	338,813
Retirement savings contribution credit	248,341	36,502	--	--	178,172	25,572
Foreign tax credit	91,236	191,539	906	5,659	916,088	854,295
Earned income credit used to offset income tax before credits	138,343	52,168	--	--	44,280	6,106
Minimum tax credit	11,461	11,839	*95	*6,831	47,495	104,182
General business credit	2,071	9,495	*388	*499	53,472	103,448
Empowerment zone and renewal community employment credit	**263	**3,529	**	**	4,587	21,070
Nonconventional source fuel credit	**	**	*3	(Z)	1,137	2,803
New York liberty zone credit	**	**	--	--	163	2,042
Income tax after credits	2,984,035	22,236,967	17,591	245,680	11,804,032	115,817,080
Total income tax	2,984,035	22,236,981	17,591	245,680	11,804,032	115,817,273
Total tax liability	3,051,451	23,321,958	17,595	256,530	12,072,778	120,800,068
Total tax payments	4,084,621	33,572,553	21,913	342,104	12,396,319	135,757,317
Income tax withheld	3,991,499	28,304,959	20,965	171,918	11,282,645	98,432,011
Estimated tax payments	182,179	3,880,491	2,532	126,027	1,936,980	28,822,258
Overpayment refunded	3,757,457	13,707,138	19,117	64,598	9,554,946	22,592,433
Tax due at time of filing	413,730	2,269,505	2,063	17,345	2,698,167	12,942,746

\* Estimate should be used with caution due to the small number of sample returns on which it is based

\*\* Data combined to prevent disclosure of information for specific taxpayers.

(Z) Less than \$500.

NOTE: Detail may not add to totals because of rounding.

Table 2.3--All Returns: Exemptions by Type and Number of Exemptions, by Size of Adjusted Gross Income

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Number of returns	Number of exemptions	Number of exemptions for taxpayers	Exemptions for dependents				
				Total				
				Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
<b>All returns, total</b> .....	<b>132,226,042</b>	<b>263,896,304</b>	<b>174,511,913</b>	<b>49,372,586</b>	<b>89,384,392</b>	<b>3,170,768,821</b>	<b>26,692,771</b>	<b>357,216,232</b>
Under \$5,000.....	13,525,330	12,065,972	9,022,777	1,769,329	3,043,195	-24,512,701	1,212	25,647
\$5,000 under \$10,000.....	12,135,417	15,388,181	10,740,524	2,980,421	4,647,657	22,897,406	16	27
\$10,000 under \$15,000.....	11,656,193	19,769,779	12,885,440	3,986,777	6,884,339	49,652,528	56,425	8,151
\$15,000 under \$20,000.....	11,281,291	20,700,566	13,660,379	4,087,151	7,040,187	71,642,866	233,368	83,621
\$20,000 under \$25,000.....	9,705,192	18,742,097	11,985,343	3,800,889	6,756,754	85,420,075	389,747	243,758
\$25,000 under \$30,000.....	8,512,113	16,697,867	10,877,839	3,271,786	5,820,028	89,706,254	830,737	708,565
\$30,000 under \$35,000.....	7,589,157	15,247,736	10,017,857	2,868,288	5,229,879	93,149,666	1,352,945	1,509,507
\$35,000 under \$40,000.....	6,326,295	12,821,989	8,567,766	2,287,079	4,254,223	85,531,207	1,304,310	1,912,867
\$40,000 under \$45,000.....	5,663,874	12,164,246	8,032,858	2,213,440	4,131,388	94,046,473	1,562,049	2,866,027
\$45,000 under \$50,000.....	4,907,535	10,809,437	7,220,113	1,989,449	3,589,324	94,497,152	1,593,074	3,571,025
\$50,000 under \$55,000.....	4,339,852	9,996,274	6,678,381	1,813,323	3,317,894	94,954,319	1,569,208	4,118,162
\$55,000 under \$60,000.....	3,962,279	9,513,849	6,313,957	1,764,297	3,199,892	101,450,074	1,595,046	4,844,285
\$60,000 under \$75,000.....	9,744,994	25,131,855	16,570,789	4,559,566	8,561,066	306,776,839	4,317,229	17,722,013
\$75,000 under \$100,000.....	10,119,515	28,056,787	18,276,056	5,219,305	9,780,730	451,725,680	5,135,657	34,598,667
\$100,000 under \$200,000.....	9,735,569	27,993,658	18,075,063	5,174,352	9,918,595	688,964,087	5,165,695	86,146,565
\$200,000 under \$500,000.....	2,348,163	6,837,765	4,343,012	1,252,829	2,494,753	360,771,327	1,251,953	74,877,007
\$500,000 under \$1,000,000.....	433,145	1,271,747	803,958	219,740	467,789	148,743,390	219,598	37,595,288
\$1,000,000 under \$1,500,000.....	103,964	298,438	190,967	50,517	107,471	61,013,247	50,488	15,884,241
\$1,500,000 under \$2,000,000.....	45,104	128,187	82,750	21,412	45,437	36,867,719	21,398	9,694,745
\$2,000,000 under \$5,000,000.....	65,548	187,973	120,020	31,012	67,953	91,552,402	30,995	23,658,547
\$5,000,000 under \$10,000,000.....	15,835	44,755	28,697	7,282	16,059	49,659,497	7,281	12,320,214
\$10,000,000 or more.....	9,677	27,147	17,368	4,344	9,779	116,259,316	4,342	24,827,306
<b>Taxable returns, total</b> .....	<b>89,101,934</b>	<b>169,330,778</b>	<b>123,958,772</b>	<b>26,692,771</b>	<b>45,372,006</b>	<b>2,731,442,423</b>	<b>26,692,771</b>	<b>357,216,232</b>
<b>Nontaxable returns, total</b> .....	<b>43,124,107</b>	<b>94,565,527</b>	<b>50,553,141</b>	<b>22,679,815</b>	<b>44,012,386</b>	<b>439,326,397</b>	<b>--</b>	<b>--</b>

Size of adjusted gross income	Exemptions for dependents—continued									
	Exemptions for children at home					Exemptions for children away from home				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
<b>All returns, total</b> .....	<b>45,133,170</b>	<b>80,018,254</b>	<b>3,007,600,411</b>	<b>24,330,754</b>	<b>342,974,546</b>	<b>746,595</b>	<b>955,356</b>	<b>50,306,857</b>	<b>557,380</b>	<b>5,953,373</b>
Under \$5,000.....	1,583,424	2,642,543	-23,963,840	1,172	25,075	20,098	29,247	-721,757	6	122
\$5,000 under \$10,000.....	2,606,518	4,017,133	20,012,630	16	27	18,555	20,843	150,098	--	--
\$10,000 under \$15,000.....	3,493,798	5,897,736	43,585,865	22,419	5,013	28,062	47,718	350,091	--	--
\$15,000 under \$20,000.....	3,574,831	5,984,018	62,653,384	82,688	30,227	32,847	46,769	587,498	2,884	1,073
\$20,000 under \$25,000.....	3,350,901	5,737,260	75,364,724	191,344	92,413	40,486	48,729	908,513	23,987	11,307
\$25,000 under \$30,000.....	2,904,177	4,981,712	79,644,774	599,393	444,620	38,949	46,956	1,074,684	28,689	30,571
\$30,000 under \$35,000.....	2,533,796	4,470,587	82,335,187	1,083,984	1,078,851	76,473	99,645	2,458,282	58,218	81,910
\$35,000 under \$40,000.....	2,060,010	3,735,215	77,092,635	1,098,507	1,495,935	34,613	38,999	1,294,368	26,177	51,236
\$40,000 under \$45,000.....	2,009,252	3,597,649	85,406,910	1,370,255	2,308,609	57,282	64,169	2,433,892	46,147	134,649
\$45,000 under \$50,000.....	1,817,674	3,202,214	86,345,692	1,425,741	2,990,985	42,924	54,318	2,018,239	35,968	110,580
\$50,000 under \$55,000.....	1,670,861	2,978,979	87,508,665	1,429,757	3,542,500	47,068	63,457	2,471,601	37,657	155,459
\$55,000 under \$60,000.....	1,641,359	2,922,207	94,404,345	1,472,263	4,299,231	34,006	44,995	1,963,477	33,066	139,222
\$60,000 under \$75,000.....	4,358,172	8,028,888	293,194,995	4,118,124	16,428,365	94,596	116,776	6,423,193	87,481	525,690
\$75,000 under \$100,000.....	4,990,388	9,249,200	432,066,959	4,906,754	32,531,701	76,415	87,548	6,602,237	73,254	632,214
\$100,000 under \$200,000.....	4,987,782	9,474,758	664,027,787	4,979,147	82,586,260	78,136	108,577	10,779,372	77,776	1,517,871
\$200,000 under \$500,000.....	1,221,754	2,398,124	351,849,529	1,220,916	73,020,559	22,604	31,633	6,223,925	22,591	1,285,153
\$500,000 under \$1,000,000.....	215,598	457,349	145,971,788	215,462	36,930,955	2,380	3,318	1,666,328	2,379	420,817
\$1,000,000 under \$1,500,000.....	49,842	105,951	60,207,196	49,814	15,698,394	467	748	574,137	467	135,615
\$1,500,000 under \$2,000,000.....	21,080	44,624	36,298,445	21,066	9,555,168	229	323	385,501	229	92,781
\$2,000,000 under \$5,000,000.....	30,493	66,686	89,980,082	30,477	23,283,884	281	415	864,420	280	209,687
\$5,000,000 under \$10,000,000.....	7,188	15,801	49,004,972	7,187	12,156,932	71	94	493,258	71	116,599
\$10,000,000 or more.....	4,271	9,620	114,607,689	4,269	24,468,844	55	82	1,305,501	55	300,818
<b>Taxable returns, total</b> .....	<b>24,330,754</b>	<b>41,044,713</b>	<b>2,595,849,052</b>	<b>24,330,754</b>	<b>342,974,546</b>	<b>557,380</b>	<b>678,124</b>	<b>46,242,275</b>	<b>557,380</b>	<b>5,953,373</b>
<b>Nontaxable returns, total</b> .....	<b>20,802,416</b>	<b>38,973,541</b>	<b>411,751,359</b>	<b>--</b>	<b>--</b>	<b>189,215</b>	<b>277,232</b>	<b>4,064,581</b>	<b>--</b>	<b>--</b>

Footnotes at end of table.



**Table 2.3--All Returns: Exemptions by Type and Number of Exemptions, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Exemptions for dependents--continued									
	Exemptions for parents					Exemptions for other dependents				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
				Number of returns	Amount				Number of returns	Amount
(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
<b>All returns, total.....</b>	<b>2,398,364</b>	<b>2,778,122</b>	<b>126,402,906</b>	<b>1,580,037</b>	<b>11,581,760</b>	<b>4,179,035</b>	<b>5,632,660</b>	<b>127,333,998</b>	<b>1,465,618</b>	<b>6,408,898</b>
Under \$5,000.....	50,164	52,493	-519,484	53	563	249,058	318,911	69,395	4	1,618
\$5,000 under \$10,000.....	79,381	87,031	619,133	--	--	407,795	522,649	3,124,536	--	--
\$10,000 under \$15,000.....	151,700	181,729	1,907,493	22,002	2,269	571,214	757,156	7,065,582	12,004	868
\$15,000 under \$20,000.....	238,052	271,031	4,176,284	86,451	29,038	561,221	738,370	9,905,752	78,313	27,458
\$20,000 under \$25,000.....	225,334	267,498	5,070,038	96,427	71,802	509,390	703,267	11,404,152	91,938	74,035
\$25,000 under \$30,000.....	230,361	251,237	6,288,504	115,322	136,816	388,575	540,123	10,678,842	125,153	127,935
\$30,000 under \$35,000.....	172,786	200,348	5,572,247	126,028	184,466	314,942	459,299	10,216,901	169,910	238,701
\$35,000 under \$40,000.....	145,601	170,465	5,438,506	114,949	208,673	232,456	309,545	8,644,518	156,626	255,278
\$40,000 under \$45,000.....	161,142	187,290	6,855,811	127,232	310,423	187,784	282,281	7,936,794	129,631	264,547
\$45,000 under \$50,000.....	118,168	132,631	5,633,888	100,953	290,021	145,714	200,161	6,926,344	134,097	341,370
\$50,000 under \$55,000.....	108,477	121,278	5,694,928	103,421	338,147	118,542	154,180	6,164,334	99,675	292,326
\$55,000 under \$60,000.....	106,756	120,339	6,116,711	93,943	328,417	82,976	112,352	4,755,231	74,927	276,452
\$60,000 under \$75,000.....	173,572	206,024	11,694,519	156,589	768,596	164,113	209,378	11,011,460	152,100	713,667
\$75,000 under \$100,000.....	202,831	241,008	17,563,626	202,813	1,504,085	151,738	202,975	13,010,391	147,748	1,090,696
\$100,000 under \$200,000.....	190,533	232,375	25,644,739	190,395	3,302,344	78,628	102,885	10,490,723	78,621	1,418,571
\$200,000 under \$500,000.....	37,425	48,223	10,654,895	37,387	2,188,339	12,988	16,773	3,592,925	12,971	715,832
\$500,000 under \$1,000,000.....	4,509	5,348	3,164,934	4,503	761,476	1,498	1,774	981,931	1,497	236,778
\$1,000,000 under \$1,500,000.....	529	578	646,562	528	143,476	150	194	177,707	150	48,108
\$1,500,000 under \$2,000,000.....	384	437	661,821	383	170,263	45	53	82,882	45	24,106
\$2,000,000 under \$5,000,000.....	503	570	1,488,649	502	376,506	173	283	500,323	172	119,378
\$5,000,000 under \$10,000,000.....	103	130	717,956	103	185,345	20	34	130,339	20	31,927
\$10,000,000 or more.....	55	59	1,311,146	55	280,696	16	18	462,938	16	109,247
<b>Taxable returns, total.....</b>	<b>1,580,037</b>	<b>1,819,765</b>	<b>108,891,347</b>	<b>1,580,037</b>	<b>11,581,760</b>	<b>1,465,618</b>	<b>1,829,404</b>	<b>78,899,145</b>	<b>1,465,618</b>	<b>6,408,898</b>
<b>Nontaxable returns, total.....</b>	<b>818,327</b>	<b>958,357</b>	<b>17,511,558</b>	<b>--</b>	<b>--</b>	<b>2,713,417</b>	<b>3,803,256</b>	<b>48,434,853</b>	<b>--</b>	<b>--</b>

NOTE: Detail may not add to totals because of rounding.

**Table 2.4--All Returns: Exemptions by Type and Number of Exemptions, by Marital Status**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Marital status	Number of returns	Number of exemptions	Number of exemptions for taxpayers	Exemptions for dependents				
				Total			Total income tax	
				Number of returns	Number of exemptions	Adjusted gross income less deficit	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
<b>All returns, total.....</b>	<b>132,226,042</b>	<b>263,896,304</b>	<b>174,511,913</b>	<b>49,372,586</b>	<b>89,384,392</b>	<b>3,170,768,821</b>	<b>26,692,771</b>	<b>357,216,232</b>
Joint returns of married persons.....	51,975,649	159,165,842	103,951,298	27,923,621	55,214,544	2,555,371,341	19,510,310	320,328,032
Separate returns of married persons, total.....	2,453,292	3,333,803	2,475,569	577,905	858,234	30,093,986	408,501	3,695,330
Spouse filing.....	2,427,003	3,259,440	2,422,990	565,000	836,450	29,676,898	401,495	3,681,455
Spouse not filing.....	26,289	74,363	52,579	12,905	21,785	417,088	*7,006	*13,875
Returns of heads of household.....	19,647,748	49,485,504	19,647,748	18,407,192	29,837,756	519,057,412	5,898,484	27,666,548
Returns of surviving spouses.....	82,188	208,662	82,188	82,188	126,474	3,764,512	43,652	334,820
Returns of single persons.....	58,067,165	51,702,494	48,355,110	2,381,679	3,347,384	62,481,570	831,824	5,191,502

Marital status	Exemptions for dependents—continued									
	Exemptions for children at home					Exemptions for children away from home				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
(9)	(10)	(11)	Number of returns	Amount	(14)	(15)	(16)	Number of returns	Amount	
<b>All returns, total.....</b>	<b>45,133,170</b>	<b>60,018,254</b>	<b>3,007,600,411</b>	<b>24,330,754</b>	<b>342,974,546</b>	<b>746,595</b>	<b>955,356</b>	<b>50,306,857</b>	<b>557,380</b>	<b>5,953,373</b>
Joint returns of married persons.....	27,153,594	52,628,393	2,497,236,404	18,905,266	313,780,963	290,486	364,276	27,946,082	218,815	3,511,167
Separate returns of married persons, total.....	526,294	775,514	27,862,466	368,819	3,439,359	19,277	27,727	1,175,222	16,366	172,866
Spouse filing.....	513,389	753,733	27,445,378	361,813	3,425,485	19,277	27,727	1,175,222	16,366	172,866
Spouse not filing.....	12,905	21,782	417,088	*7,006	*13,875	--	--	--	--	--
Returns of heads of household.....	15,945,068	24,506,145	449,180,912	4,735,290	23,352,874	104,302	127,625	4,608,685	60,469	394,041
Returns of surviving spouses.....	82,188	125,472	3,764,512	43,652	334,820	--	--	--	--	--
Returns of single persons.....	1,426,026	1,982,730	29,556,118	277,727	2,066,529	332,530	435,728	16,576,868	261,730	1,875,299

Marital status	Exemptions for dependents—continued									
	Exemptions for parents					Exemptions for other dependents				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
(19)	(20)	(21)	Number of returns	Amount	(24)	(25)	(26)	Number of returns	Amount	
<b>All returns, total.....</b>	<b>2,398,364</b>	<b>2,778,122</b>	<b>126,402,906</b>	<b>1,580,037</b>	<b>11,581,760</b>	<b>4,179,035</b>	<b>5,632,660</b>	<b>127,333,998</b>	<b>1,465,618</b>	<b>6,408,898</b>
Joint returns of married persons.....	910,424	1,102,881	73,311,591	651,701	7,620,091	797,377	1,118,994	43,834,581	415,960	2,965,592
Separate returns of married persons, total.....	23,110	23,110	945,861	19,157	98,547	28,936	31,883	876,837	17,010	73,232
Spouse filing.....	23,107	23,107	930,565	19,154	95,889	28,936	31,883	876,837	17,010	73,232
Spouse not filing.....	*3	*3	*15,297	*3	*2,658	--	--	--	--	--
Returns of heads of household.....	1,309,074	1,468,374	46,967,008	815,933	3,357,170	2,784,913	3,735,612	68,889,220	806,024	2,404,543
Returns of surviving spouses.....	*3	*3	*863	*3	*99	*999	*999	76,350	*999	*4,824
Returns of single persons.....	155,753	183,754	5,177,582	93,242	505,853	566,811	745,172	13,657,010	225,625	960,706

\*Estimate should be used with caution because of the small number of returns on which it is based.

NOTE: Detail may not add to totals because of rounding.

**Table 2.5--Returns with Earned Income Credit, by Size of Adjusted Gross Income**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	All returns with earned income credit									
	Number of returns	Adjusted gross income less deficit	EIC salaries and wages		EIC self-employment income		EIC earned income <sup>1</sup>		Total earned income credit	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Total.....</b>	<b>22,269,577</b>	<b>325,062,454</b>	<b>19,921,690</b>	<b>291,572,965</b>	<b>4,869,535</b>	<b>28,805,311</b>	<b>22,269,577</b>	<b>320,387,559</b>	<b>22,269,577</b>	<b>40,024,050</b>
No adjusted gross income.....	183,223	-4,691,446	96,592	775,334	118,590	315,084	183,223	1,090,418	183,223	172,203
\$1 under \$1,000.....	321,669	182,704	223,107	272,556	114,651	99,749	321,669	372,363	321,669	57,261
\$1,000 under \$2,000.....	507,578	771,399	414,979	710,933	117,356	221,413	507,578	932,389	507,578	157,870
\$2,000 under \$3,000.....	584,435	1,458,868	491,668	1,283,709	132,997	290,456	584,435	1,574,164	584,435	306,264
\$3,000 under \$4,000.....	762,729	2,672,840	641,643	2,312,757	166,096	422,042	762,729	2,734,800	762,729	533,874
\$4,000 under \$5,000.....	766,849	3,461,949	664,967	2,968,870	170,194	500,748	766,849	3,469,618	766,849	714,575
\$5,000 under \$6,000.....	831,425	4,576,536	700,316	3,669,683	208,672	764,691	831,425	4,434,375	831,425	977,040
\$6,000 under \$7,000.....	909,043	5,903,716	766,242	4,793,324	231,756	952,803	909,043	5,746,127	909,043	1,280,440
\$7,000 under \$8,000.....	1,166,415	8,762,310	931,932	6,400,400	395,744	2,194,310	1,166,415	8,594,709	1,166,415	1,999,622
\$8,000 under \$9,000.....	997,574	8,472,914	847,546	6,468,573	269,854	1,544,692	997,574	8,013,265	997,574	1,592,644
\$9,000 under \$10,000.....	1,055,076	10,040,690	919,600	8,024,019	241,216	1,439,129	1,055,076	9,463,482	1,055,076	1,883,782
\$10,000 under \$11,000.....	1,193,754	12,561,609	1,025,094	9,558,393	331,798	2,370,425	1,193,754	11,928,818	1,193,754	2,760,821
\$11,000 under \$12,000.....	951,053	10,906,153	794,795	8,251,539	277,707	2,180,123	951,053	10,431,662	951,053	2,498,995
\$12,000 under \$13,000.....	645,160	8,057,778	550,649	6,196,978	180,879	1,536,787	645,160	7,742,615	645,160	2,093,394
\$13,000 under \$14,000.....	676,695	9,135,965	613,069	7,737,792	139,276	1,085,163	676,695	8,822,955	676,695	2,339,489
\$14,000 under \$15,000.....	669,455	9,695,427	605,374	8,192,677	154,010	1,079,119	669,455	9,271,796	669,455	2,250,073
\$15,000 under \$16,000.....	701,911	10,891,391	644,227	9,443,715	162,355	1,086,669	701,911	10,530,385	701,911	2,181,641
\$16,000 under \$17,000.....	626,179	10,335,389	581,985	9,221,708	110,124	770,735	626,179	9,992,443	626,179	1,882,078
\$17,000 under \$18,000.....	614,379	10,741,812	559,170	9,070,894	107,768	1,221,006	614,379	10,291,900	614,379	1,739,831
\$18,000 under \$19,000.....	649,276	12,020,572	619,880	10,947,550	104,989	822,151	649,276	11,769,701	649,276	1,698,275
\$19,000 under \$20,000.....	706,827	13,778,068	674,079	12,548,643	112,671	945,077	706,827	13,493,720	706,827	1,754,854
\$20,000 under \$25,000.....	3,060,216	68,795,542	2,958,010	63,586,925	435,678	3,326,917	3,060,216	66,913,842	3,060,216	5,905,773
\$25,000 and over.....	3,688,654	106,530,269	3,596,765	99,135,992	585,154	3,636,019	3,688,654	102,772,011	3,688,654	3,243,249

Size of adjusted gross income	All returns with earned income credit--continued									
	EIC used to offset income tax before credits		Total income tax		EIC used to offset all other taxes		EIC refundable portion		Nontaxable combat pay amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
<b>Total.....</b>	<b>2,975,197</b>	<b>767,524</b>	<b>1,200,459</b>	<b>462,262</b>	<b>4,630,477</b>	<b>3,957,021</b>	<b>19,448,355</b>	<b>35,299,505</b>	<b>*10,024</b>	<b>*9,283</b>
No adjusted gross income.....	*9	*17	*9	*78	97,165	51,319	118,848	120,867	--	--
\$1 under \$1,000.....	--	--	--	--	61,336	12,910	268,784	44,351	*2,006	*58
\$1,000 under \$2,000.....	--	--	--	--	110,790	22,602	428,266	135,268	*2,006	*42
\$2,000 under \$3,000.....	--	--	--	--	123,893	28,365	486,897	277,899	--	--
\$3,000 under \$4,000.....	--	--	--	--	171,066	50,077	649,090	483,798	--	--
\$4,000 under \$5,000.....	--	--	--	--	168,118	61,519	673,067	653,056	--	--
\$5,000 under \$6,000.....	--	--	--	--	197,427	92,567	722,293	884,473	--	--
\$6,000 under \$7,000.....	--	--	--	--	223,333	121,214	815,281	1,159,226	--	--
\$7,000 under \$8,000.....	*12,868	*35	--	--	395,730	279,173	1,059,050	1,720,414	--	--
\$8,000 under \$9,000.....	341,743	18,387	*3,668	*232	259,607	170,177	893,645	1,404,081	--	--
\$9,000 under \$10,000.....	332,095	42,443	168,564	8,200	209,839	179,600	813,768	1,661,740	*2,006	*333
\$10,000 under \$11,000.....	322,542	22,681	283,652	51,551	281,423	313,550	887,890	2,424,589	--	--
\$11,000 under \$12,000.....	160,177	4,877	143,314	42,915	263,721	329,799	788,947	2,164,320	--	--
\$12,000 under \$13,000.....	*6,971	*1,085	--	--	180,541	232,239	622,173	1,860,070	*4,006	*8,850
\$13,000 under \$14,000.....	24,211	4,442	--	--	137,708	191,217	672,567	2,143,830	--	--
\$14,000 under \$15,000.....	30,767	7,427	--	--	135,538	204,098	663,833	2,038,548	--	--
\$15,000 under \$16,000.....	37,748	11,632	--	--	136,534	192,066	689,938	1,977,943	--	--
\$16,000 under \$17,000.....	50,597	20,957	*973	*596	107,585	139,059	609,292	1,722,063	--	--
\$17,000 under \$18,000.....	47,851	18,549	--	--	115,802	179,381	583,667	1,541,900	--	--
\$18,000 under \$19,000.....	44,844	19,843	--	--	111,061	126,602	626,052	1,551,831	--	--
\$19,000 under \$20,000.....	65,748	28,585	--	--	128,952	150,468	667,612	1,575,801	--	--
\$20,000 under \$25,000.....	496,700	238,915	54,269	14,936	471,567	485,478	2,848,286	5,181,380	--	--
\$25,000 and over.....	1,000,326	327,650	546,010	343,754	541,742	343,541	2,859,110	2,572,058	--	--

Footnotes at end of table.

**Table 2.5--Returns with Earned Income Credit, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns with no qualifying children									
	Number of returns	Adjusted gross income less deficit	EIC salaries and wages		EIC self-employment income		EIC earned income <sup>1</sup>		Total earned income credit	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
<b>Total.....</b>	<b>4,689,870</b>	<b>26,535,937</b>	<b>3,759,125</b>	<b>23,130,403</b>	<b>1,368,753</b>	<b>4,395,162</b>	<b>4,689,870</b>	<b>27,525,999</b>	<b>4,689,870</b>	<b>1,023,916</b>
No adjusted gross income.....	114,830	-1,998,509	51,153	209,198	77,410	141,631	114,830	350,828	114,830	21,290
\$1 under \$1,000.....	228,235	122,719	137,552	183,168	102,199	64,603	228,235	247,829	228,235	18,573
\$1,000 under \$2,000.....	321,279	488,312	251,337	427,208	88,652	165,752	321,279	593,002	321,279	42,962
\$2,000 under \$3,000.....	323,622	812,808	238,512	643,226	115,193	265,713	323,622	908,939	323,622	65,508
\$3,000 under \$4,000.....	436,420	1,532,408	332,330	1,213,419	131,068	349,736	436,420	1,563,155	436,420	113,982
\$4,000 under \$5,000.....	407,777	1,840,780	325,620	1,498,513	123,656	335,414	407,777	1,833,927	407,777	130,754
\$5,000 under \$6,000.....	415,423	2,280,904	324,755	1,742,518	137,572	420,505	415,423	2,163,024	415,423	148,374
\$6,000 under \$7,000.....	415,531	2,699,002	332,374	2,082,151	124,926	439,535	415,531	2,521,686	415,531	138,605
\$7,000 under \$8,000.....	453,343	3,399,845	369,848	2,754,441	124,611	576,164	453,343	3,330,606	453,343	131,874
\$8,000 under \$9,000.....	468,252	3,982,162	397,212	3,050,200	122,134	594,567	468,252	3,644,767	468,252	103,156
\$9,000 under \$10,000.....	457,692	4,352,088	409,857	3,609,404	97,209	402,345	457,692	4,012,082	457,692	70,825
\$10,000 under \$11,000.....	395,066	4,148,702	355,248	3,376,851	75,063	436,846	395,066	3,813,697	395,066	30,611
\$11,000 under \$12,000.....	226,903	2,562,032	213,899	2,181,473	35,427	109,997	226,903	2,291,470	226,903	6,972
\$12,000 under \$13,000.....	25,498	312,685	19,426	158,633	13,632	92,355	25,498	250,987	25,498	430
\$13,000 under \$14,000.....	--	--	--	--	--	--	--	--	--	--
\$14,000 under \$15,000.....	--	--	--	--	--	--	--	--	--	--
\$15,000 under \$16,000.....	--	--	--	--	--	--	--	--	--	--
\$16,000 under \$17,000.....	--	--	--	--	--	--	--	--	--	--
\$17,000 under \$18,000.....	--	--	--	--	--	--	--	--	--	--
\$18,000 under \$19,000.....	--	--	--	--	--	--	--	--	--	--
\$19,000 under \$20,000.....	--	--	--	--	--	--	--	--	--	--
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--	--	--
\$25,000 and over.....	--	--	--	--	--	--	--	--	--	--

Size of adjusted gross income	Returns with no qualifying children--continued									
	EIC used to offset income tax before credits		Total income tax		EIC used to offset all other taxes		EIC refundable portion		Nontaxable combat pay amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>Total.....</b>	<b>1,134,905</b>	<b>84,216</b>	<b>599,199</b>	<b>102,899</b>	<b>1,133,710</b>	<b>254,851</b>	<b>3,067,969</b>	<b>684,849</b>	<b>*6,019</b>	<b>*433</b>
No adjusted gross income.....	--	--	--	--	63,156	12,079	55,383	9,211	--	--
\$1 under \$1,000.....	--	--	--	--	53,824	7,527	175,350	11,046	*2,006	*58
\$1,000 under \$2,000.....	--	--	--	--	81,855	12,540	242,348	30,422	*2,006	*42
\$2,000 under \$3,000.....	--	--	--	--	107,320	21,612	226,084	43,896	--	--
\$3,000 under \$4,000.....	--	--	--	--	126,757	32,244	322,781	81,738	--	--
\$4,000 under \$5,000.....	--	--	--	--	118,318	33,970	315,893	96,784	--	--
\$5,000 under \$6,000.....	--	--	--	--	123,398	39,943	307,015	108,431	--	--
\$6,000 under \$7,000.....	--	--	--	--	109,458	33,354	321,769	105,251	--	--
\$7,000 under \$8,000.....	*11,896	*31	--	--	119,058	30,118	348,200	101,726	--	--
\$8,000 under \$9,000.....	339,009	18,188	*3,668	*232	112,419	20,621	364,993	64,347	--	--
\$9,000 under \$10,000.....	329,116	42,053	168,564	8,200	65,699	7,469	219,132	21,303	*2,006	*333
\$10,000 under \$11,000.....	306,586	21,254	283,652	51,551	21,024	1,965	91,361	7,393	--	--
\$11,000 under \$12,000.....	148,298	2,690	143,314	42,915	17,832	1,169	65,757	3,113	--	--
\$12,000 under \$13,000.....	--	--	--	--	13,593	240	*11,905	*190	--	--
\$13,000 under \$14,000.....	--	--	--	--	--	--	--	--	--	--
\$14,000 under \$15,000.....	--	--	--	--	--	--	--	--	--	--
\$15,000 under \$16,000.....	--	--	--	--	--	--	--	--	--	--
\$16,000 under \$17,000.....	--	--	--	--	--	--	--	--	--	--
\$17,000 under \$18,000.....	--	--	--	--	--	--	--	--	--	--
\$18,000 under \$19,000.....	--	--	--	--	--	--	--	--	--	--
\$19,000 under \$20,000.....	--	--	--	--	--	--	--	--	--	--
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--	--	--
\$25,000 end over.....	--	--	--	--	--	--	--	--	--	--

Footnotes at end of table

**Table 2.5--Returns with Earned Income Credit, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns with one qualifying child									
	Number of returns	Adjusted gross income less deficit	EIC salaries and wages		EIC self-employment income		EIC earned income <sup>1</sup>		Total earned income credit	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)
<b>Total</b> .....	<b>8,311,023</b>	<b>130,142,570</b>	<b>7,695,176</b>	<b>118,625,769</b>	<b>1,486,622</b>	<b>8,751,708</b>	<b>8,311,023</b>	<b>127,386,327</b>	<b>8,311,023</b>	<b>14,264,082</b>
No adjusted gross income.....	32,507	-1,133,526	18,962	186,684	20,704	114,708	32,507	301,392	32,507	52,302
\$1 under \$1,000.....	49,989	35,437	48,969	35,308	*2,968	*-17	49,989	35,291	49,989	12,066
\$1,000 under \$2,000.....	122,976	186,570	108,097	183,174	20,055	33,107	122,976	216,280	122,976	70,934
\$2,000 under \$3,000.....	151,038	376,942	148,204	387,782	10,032	10,408	151,038	398,190	151,038	133,888
\$3,000 under \$4,000.....	194,582	678,858	182,557	612,878	22,872	72,725	194,582	685,603	194,582	232,379
\$4,000 under \$5,000.....	214,872	971,157	205,102	895,106	26,424	96,017	214,872	991,123	214,872	328,433
\$5,000 under \$6,000.....	220,541	1,216,639	195,569	989,234	40,535	198,217	220,541	1,187,451	220,541	402,390
\$6,000 under \$7,000.....	293,810	1,907,375	247,580	1,529,352	75,869	405,008	293,810	1,934,361	293,810	634,986
\$7,000 under \$8,000.....	454,369	3,424,436	316,950	1,983,896	221,007	1,405,490	454,369	3,389,387	454,369	1,125,856
\$8,000 under \$9,000.....	310,820	2,632,626	256,017	1,993,290	97,033	588,663	310,820	2,581,953	310,820	786,035
\$9,000 under \$10,000.....	318,623	3,030,689	278,464	2,454,773	67,036	408,022	318,623	2,862,795	318,623	787,497
\$10,000 under \$11,000.....	325,762	3,422,582	299,732	2,866,625	60,782	401,616	325,762	3,268,241	325,762	822,672
\$11,000 under \$12,000.....	314,510	3,628,565	287,793	3,142,472	67,332	367,317	314,510	3,509,789	314,510	798,747
\$12,000 under \$13,000.....	298,489	3,732,695	270,241	3,155,294	48,808	474,118	298,489	3,638,262	298,489	758,614
\$13,000 under \$14,000.....	307,935	4,160,461	293,838	3,738,011	40,090	247,819	307,935	3,985,830	307,935	792,232
\$14,000 under \$15,000.....	312,165	4,524,775	290,833	4,028,613	55,548	285,491	312,165	4,314,105	312,165	777,493
\$15,000 under \$16,000.....	372,120	5,787,293	351,122	5,221,167	66,394	373,288	372,120	5,594,455	372,120	873,851
\$16,000 under \$17,000.....	304,651	5,032,251	291,447	4,655,778	43,984	231,022	304,651	4,886,800	304,651	669,990
\$17,000 under \$18,000.....	299,813	5,244,028	275,615	4,483,415	45,944	534,120	299,813	5,017,535	299,813	612,076
\$18,000 under \$19,000.....	317,709	5,881,915	303,314	5,418,911	50,717	370,143	317,709	5,789,054	317,709	598,487
\$19,000 under \$20,000.....	328,119	6,398,124	309,631	5,762,499	50,508	469,075	328,119	6,231,575	328,119	568,299
\$20,000 under \$25,000.....	1,463,504	32,959,216	1,428,247	30,963,445	168,284	1,011,115	1,463,504	31,974,560	1,463,504	1,829,281
\$25,000 and over.....	1,302,117	36,043,462	1,286,894	33,938,063	183,694	654,233	1,302,117	34,592,296	1,302,117	597,574

Size of adjusted gross income	Returns with one qualifying child--continued									
	EIC used to offset income tax before credits		Total income tax		EIC used to offset all other taxes		EIC refundable portion		Nontaxable combat pay amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
<b>Total</b> .....	<b>1,532,180</b>	<b>551,950</b>	<b>531,551</b>	<b>315,210</b>	<b>1,451,555</b>	<b>1,267,305</b>	<b>7,515,872</b>	<b>12,444,827</b>	<b>*4,006</b>	<b>*8,850</b>
No adjusted gross income.....	--	--	--	--	17,611	19,824	28,960	32,478	--	--
\$1 under \$1,000.....	--	--	--	--	*1,023	*149	49,989	11,917	--	--
\$1,000 under \$2,000.....	--	--	--	--	19,740	6,540	122,976	64,394	--	--
\$2,000 under \$3,000.....	--	--	--	--	*8,747	*4,477	151,038	129,412	--	--
\$3,000 under \$4,000.....	--	--	--	--	32,454	12,622	194,582	219,757	--	--
\$4,000 under \$5,000.....	--	--	--	--	27,070	16,533	212,973	309,900	--	--
\$5,000 under \$6,000.....	--	--	--	--	42,535	30,454	220,163	371,937	--	--
\$6,000 under \$7,000.....	--	--	--	--	79,923	65,273	293,810	569,713	--	--
\$7,000 under \$8,000.....	*973	*4	--	--	225,059	212,062	452,531	913,790	--	--
\$8,000 under \$9,000.....	*712	*5	--	--	90,552	93,009	310,312	893,022	--	--
\$9,000 under \$10,000.....	--	--	--	--	63,204	73,585	315,881	713,912	--	--
\$10,000 under \$11,000.....	*10,984	*1,168	--	--	65,412	67,413	325,602	754,091	--	--
\$11,000 under \$12,000.....	*11,880	*2,186	--	--	68,319	64,979	313,550	731,582	--	--
\$12,000 under \$13,000.....	*6,971	*1,085	--	--	52,001	69,683	290,652	687,846	*4,006	*8,850
\$13,000 under \$14,000.....	23,238	4,148	--	--	39,769	42,552	306,828	745,533	--	--
\$14,000 under \$15,000.....	28,767	6,541	--	--	48,862	60,950	307,243	710,001	--	--
\$15,000 under \$16,000.....	35,727	10,615	--	--	51,529	68,670	361,089	794,566	--	--
\$16,000 under \$17,000.....	47,625	18,669	*973	*596	38,073	41,900	292,641	609,421	--	--
\$17,000 under \$18,000.....	45,830	18,268	--	--	59,825	69,913	271,677	523,894	--	--
\$18,000 under \$19,000.....	37,936	18,358	--	--	47,805	47,805	299,783	537,267	--	--
\$19,000 under \$20,000.....	56,772	28,792	--	--	51,432	50,230	303,338	491,278	--	--
\$20,000 under \$25,000.....	444,654	212,192	54,269	14,936	186,712	109,610	1,345,177	1,507,479	--	--
\$25,000 and over.....	780,112	231,920	476,310	299,678	133,898	44,016	745,076	321,638	--	--

Footnotes at end of table.

**Table 2.5--Returns with Earned Income Credit, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns with two or more qualifying children									
	Number of returns	Adjusted gross income less deficit	EIC salaries and wages		EIC self-employment income		EIC earned income <sup>1</sup>		Total earned income credit	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	(70)
<b>Total.....</b>	<b>9,268,684</b>	<b>168,383,947</b>	<b>8,467,389</b>	<b>149,816,793</b>	<b>2,014,160</b>	<b>15,658,441</b>	<b>9,268,684</b>	<b>165,475,233</b>	<b>9,268,684</b>	<b>24,736,052</b>
No adjusted gross income.....	35,886	-1,559,411	26,476	379,453	20,475	58,745	35,886	438,198	35,886	98,611
\$1 under \$1,000.....	43,446	24,548	36,585	54,080	*9,484	*35,163	43,446	89,243	43,446	26,623
\$1,000 under \$2,000.....	63,323	96,517	55,546	100,552	8,648	22,554	63,323	123,106	63,323	43,974
\$2,000 under \$3,000.....	109,775	269,118	104,953	252,700	*7,772	*14,335	109,775	267,034	109,775	106,868
\$3,000 under \$4,000.....	131,727	461,574	126,755	486,460	12,156	-418	131,727	486,042	131,727	187,513
\$4,000 under \$5,000.....	144,200	650,012	134,245	575,250	20,114	69,317	144,200	644,567	144,200	257,388
\$5,000 under \$6,000.....	195,461	1,078,993	179,993	937,931	30,564	145,969	195,461	1,083,900	195,461	426,276
\$6,000 under \$7,000.....	199,701	1,297,339	186,288	1,181,821	30,960	108,259	199,701	1,290,080	199,701	506,849
\$7,000 under \$8,000.....	258,703	1,938,029	245,134	1,662,062	50,126	212,655	258,703	1,874,717	258,703	741,892
\$8,000 under \$9,000.....	218,502	1,858,125	194,316	1,425,083	50,687	361,462	218,502	1,786,545	218,502	703,453
\$9,000 under \$10,000.....	278,762	2,657,913	231,279	1,959,843	76,972	628,762	278,762	2,588,605	278,762	1,025,460
\$10,000 under \$11,000.....	472,927	4,990,325	370,114	3,314,917	195,953	1,531,963	472,927	4,846,881	472,927	1,907,537
\$11,000 under \$12,000.....	409,640	4,715,557	293,103	2,927,504	174,948	1,702,810	409,640	4,630,403	409,640	1,693,277
\$12,000 under \$13,000.....	321,174	4,012,399	260,983	2,883,052	118,439	970,314	321,174	3,853,366	321,174	1,334,350
\$13,000 under \$14,000.....	368,759	4,975,503	319,231	3,999,781	99,186	837,344	368,759	4,837,126	368,759	1,547,257
\$14,000 under \$15,000.....	357,290	5,170,652	314,541	4,164,064	98,462	793,627	357,290	4,957,692	357,290	1,472,581
\$15,000 under \$16,000.....	329,791	5,104,098	293,105	4,222,549	95,961	713,381	329,791	4,935,930	329,791	1,307,790
\$16,000 under \$17,000.....	321,528	5,303,138	290,538	4,565,931	66,139	539,713	321,528	5,105,643	321,528	1,212,089
\$17,000 under \$18,000.....	314,566	5,497,784	283,555	4,587,479	61,824	686,886	314,566	5,274,365	314,566	1,127,755
\$18,000 under \$19,000.....	331,567	6,138,657	316,566	5,528,639	54,273	452,008	331,567	5,980,647	331,567	1,089,788
\$19,000 under \$20,000.....	378,708	7,379,944	364,448	6,786,143	62,162	476,002	378,708	7,262,145	378,708	1,186,555
\$20,000 under \$25,000.....	1,596,712	35,836,326	1,529,764	32,623,480	267,394	2,315,802	1,596,712	34,939,283	1,596,712	4,076,493
\$25,000 and over.....	2,386,537	70,486,807	2,309,871	65,197,929	401,460	2,981,786	2,386,537	68,179,715	2,386,537	2,645,675

Size of adjusted gross income	Returns with two or more qualifying children--continued									
	EIC used to offset income tax before credits		Total income tax		EIC used to offset all other taxes		EIC refundable portion		Nontaxable combat pay amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)
<b>Total.....</b>	<b>308,113</b>	<b>131,358</b>	<b>89,710</b>	<b>44,153</b>	<b>2,045,212</b>	<b>2,434,865</b>	<b>8,864,513</b>	<b>22,169,829</b>	--	--
No adjusted gross income.....	*9	*17	*9	*78	16,398	19,416	34,504	79,178	--	--
\$1 under \$1,000.....	--	--	--	--	*6,489	*5,234	43,446	21,389	--	--
\$1,000 under \$2,000.....	--	--	--	--	9,194	3,522	62,942	40,452	--	--
\$2,000 under \$3,000.....	--	--	--	--	*7,826	*2,276	109,775	104,592	--	--
\$3,000 under \$4,000.....	--	--	--	--	11,855	5,210	131,727	182,303	--	--
\$4,000 under \$5,000.....	--	--	--	--	22,731	11,016	144,200	246,372	--	--
\$5,000 under \$6,000.....	--	--	--	--	31,494	22,171	195,115	404,105	--	--
\$6,000 under \$7,000.....	--	--	--	--	33,953	22,587	199,701	484,262	--	--
\$7,000 under \$8,000.....	--	--	--	--	51,614	36,993	258,318	704,898	--	--
\$8,000 under \$9,000.....	*2,022	*194	--	--	56,636	56,547	218,340	646,712	--	--
\$9,000 under \$10,000.....	*2,979	*390	--	--	80,936	98,546	278,756	926,525	--	--
\$10,000 under \$11,000.....	*4,972	*260	--	--	194,988	244,172	470,927	1,663,106	--	--
\$11,000 under \$12,000.....	--	--	--	--	177,569	263,652	409,640	1,429,626	--	--
\$12,000 under \$13,000.....	--	--	--	--	114,947	162,315	319,616	1,172,035	--	--
\$13,000 under \$14,000.....	*973	*295	--	--	97,939	148,666	365,739	1,398,297	--	--
\$14,000 under \$15,000.....	*2,000	*886	--	--	86,676	143,148	356,590	1,328,547	--	--
\$15,000 under \$16,000.....	*2,022	*1,017	--	--	85,005	123,396	328,849	1,183,377	--	--
\$16,000 under \$17,000.....	*2,972	*2,288	--	--	69,511	97,159	316,652	1,112,642	--	--
\$17,000 under \$18,000.....	*2,022	*281	--	--	55,977	109,468	311,990	1,018,006	--	--
\$18,000 under \$19,000.....	*6,908	*1,484	--	--	63,256	83,740	326,268	1,014,564	--	--
\$19,000 under \$20,000.....	*8,976	*1,794	--	--	77,519	100,238	364,274	1,084,523	--	--
\$20,000 under \$25,000.....	52,046	26,724	--	--	284,855	375,868	1,503,109	3,673,901	--	--
\$25,000 end over.....	220,214	95,730	69,700	44,076	407,844	299,525	2,114,034	2,250,420	--	--

\* Estimate should be used with caution because of the small number of returns on which it is based.

\*\* Data combined to avoid disclosure of information for specific taxpayers.

<sup>1</sup> For prior year returns, EIC earned income includes Nontaxable earned income

NOTE: Detail may not add to totals because of rounding

**Table 3.1--Returns with Modified Taxable Income<sup>1</sup>: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income**  
 [All figures are estimates based on samples--money amounts are in thousands of dollars, except where otherwise indicated]

Type of tax computation by size of adjusted gross income	Number of returns		Adjusted gross income	Modified taxable income	Income tax before credits regular tax computation		Tax generated		Tax differences due to alternative computations		Taxes from special computation		Alternative minimum tax	
	(1)	(2)			(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Returns with regular tax computation only</b>														
<b>Total</b>	80,946,124	3,750,901,911	2,384,398,836	80,944,402	383,230,289	80,946,124	383,068,983	—	6,914	78,824	1,040,101	2,369,901		
Under \$5,000	354,057	1,041,665	178,389	354,057	17,824	4,183,091	713,487	—	—	—	—	—		
\$5,000 under \$10,000	4,183,091	32,999,736	7,123,162	4,183,091	713,487	6,102,723	2,642,981	—	—	—	—	—		
\$10,000 under \$15,000	6,102,723	76,546,830	26,150,776	6,102,723	2,642,981	7,897,196	5,944,174	—	2,000	1,322	971	170		
\$15,000 under \$20,000	7,897,196	139,044,341	54,005,581	7,897,196	5,944,174	8,058,258	9,473,729	—	—	—	—	—		
\$20,000 under \$25,000	8,058,258	181,108,631	80,683,495	8,058,258	9,473,729	7,320,695	12,353,942	—	—	—	—	—		
\$25,000 under \$30,000	7,320,695	200,804,517	101,397,032	7,320,695	12,353,942	11,938,340	30,104,975	—	2,974	42,865	1,318	1,047		
\$30,000 under \$40,000	11,938,340	414,027,977	236,475,740	11,938,340	30,104,975	8,732,922	33,366,389	—	—	—	—	—		
\$40,000 under \$50,000	8,732,922	390,408,171	241,436,237	8,732,922	33,366,389	13,825,744	81,599,855	—	939	1,023	66,855	58,604		
\$50,000 under \$75,000	13,825,744	847,675,826	556,206,324	13,825,744	81,599,855	6,874,978	63,938,595	—	—	—	—	—		
\$75,000 under \$100,000	6,874,978	591,279,163	411,290,201	6,874,978	63,938,595	4,991,827	88,003,336	—	999	33,282	107,214	743,651		
\$100,000 under \$200,000	4,991,827	638,625,971	470,192,352	4,991,827	88,003,336	592,065	33,076,409	—	—	—	496,113	171,237		
\$200,000 under \$500,000	592,065	160,891,270	131,775,270	592,065	33,135,773	56,095	10,080,698	—	—	—	9,991	1,263,714		
\$500,000 under \$1,000,000	56,095	37,320,149	32,672,797	56,095	10,099,552	9,295	3,201,892	—	—	—	465	7,690		
\$1,000,000 under \$1,500,000	9,295	11,147,173	9,784,346	9,295	3,208,009	3,593	1,815,909	—	—	—	215	6,686		
\$1,500,000 under \$2,000,000	3,593	6,181,575	5,430,223	3,593	1,821,791	4,327	3,830,670	—	—	—	149	10,184		
\$2,000,000 under \$5,000,000	4,327	12,490,140	11,236,190	4,327	3,850,317	663	1,394,976	—	—	—	16	1,988		
\$5,000,000 under \$10,000,000	663	4,450,958	4,028,894	663	1,394,976	253	1,509,785	—	—	—	7	3,883		
\$10,000,000 or more	253	4,857,817	4,329,819	253	1,509,785			—	—	—				
<b>Returns with Form 8615 tax computation</b>														
<b>Total</b>	111,617	1,559,382	1,406,719	111,617	285,867	111,617	289,640	3,773	—	—	5,184	4,454		
Under \$5,000	65,681	201,659	113,380	65,681	14,785	65,681	20,127	5,942	—	—	—	—		
\$5,000 under \$10,000	16,315	119,974	98,508	16,315	10,950	16,315	16,670	5,721	—	—	—	—		
\$10,000 under \$15,000	9,020	116,762	111,239	9,020	12,260	9,020	15,358	3,097	—	—	—	390		
\$15,000 under \$20,000	6,817	117,978	103,280	6,817	6,817	6,817	19,001	5,830	—	—	971	153		
\$20,000 under \$25,000	4,837	106,070	88,379	4,837	11,761	4,837	21,368	9,607	—	—	—	—		
\$25,000 under \$30,000	1,923	50,546	47,477	1,923	6,438	1,923	11,427	4,990	—	—	—	—		
\$30,000 under \$40,000	1,906	64,021	60,430	1,906	9,096	1,906	13,406	4,310	—	—	—	—		
\$40,000 under \$50,000	—	—	—	—	—	—	—	—	—	—	—	—		
\$50,000 under \$75,000	4,094	242,576	219,437	4,094	41,513	4,094	46,900	7,387	—	—	2,225	3,410		
\$75,000 under \$100,000	—	—	—	—	—	—	—	—	—	—	—	—		
\$100,000 under \$200,000	41	5,559	5,276	41	1,254	41	1,838	583	—	—	—	—		
\$200,000 under \$500,000	862	246,774	242,458	862	69,347	862	67,095	2,252	—	—	—	—		
\$500,000 under \$1,000,000	41	34,019	31,096	41	10,092	41	3,923	4,001	—	—	41	202		
\$1,000,000 under \$1,500,000	17	23,752	23,542	17	7,924	17	3,294	2,347	—	—	—	48		
\$1,500,000 under \$2,000,000	8	16,579	16,573	8	5,641	8	3,294	2,347	—	—	—	260		
\$2,000,000 under \$5,000,000	38	96,730	97,041	38	31,568	38	14,586	17,001	—	—	—	—		
\$5,000,000 under \$10,000,000	16	116,381	148,603	16	40,407	16	27,862	12,185	—	—	—	—		
\$10,000,000 or more	—	—	—	—	—	—	—	—	—	—	—	—		
<b>Returns with Schedule D tax computation</b>														
<b>Total</b>	20,374,141	2,721,828,421	1,774,188,675	20,374,141	537,893,884	20,374,141	472,303,099	-65,590,785	2,841	5,987	1,967,767	9,171,190		
Under \$5,000	93,317	257,273	59,128	93,317	11,038	240,585	50,611	-2,575	—	—	—	—		
\$5,000 under \$10,000	240,585	1,762,276	406,059	240,585	60,963	463,203	174,835	-29,028	—	—	—	—		
\$10,000 under \$15,000	463,203	5,873,991	1,454,185	463,203	203,863	628,433	412,646	-63,669	—	—	447	936		
\$15,000 under \$20,000	628,433	11,087,708	3,458,124	628,433	476,315	709,244	719,430	-88,081	—	—	—	—		
\$20,000 under \$25,000	709,244	15,945,190	5,761,697	709,244	807,511	798,930	1,211,353	-123,475	—	—	—	—		
\$25,000 under \$30,000	798,930	22,070,693	9,527,067	798,930	1,334,828	1,622,307	3,687,066	-293,604	—	—	—	—		
\$30,000 under \$40,000	1,622,307	56,514,137	28,375,568	1,622,307	3,980,670	1,701,120	6,205,803	-465,607	—	—	—	—		
\$40,000 under \$50,000	76,835,093	43,132,470	43,132,470	76,835,093	25,616,185	4,056,360	24,165,388	-1,450,807	—	—	—	—		
\$50,000 under \$75,000	251,974,033	155,857,367	155,857,367	251,974,033	31,468,079	3,150,793	29,856,581	-1,611,494	—	—	—	—		
\$75,000 under \$100,000	3,150,793	180,232,711	180,232,711	3,150,793	94,786,835	4,640,389	89,389,627	-5,397,207	—	—	—	—		
\$100,000 under \$200,000	635,758,733	434,316,680	434,316,680	635,758,733	1,705,544	1,705,544	59,591,954	-9,926,789	—	—	—	—		
\$200,000 under \$500,000	500,504,570	358,648,409	358,648,409	500,504,570	109,518,743	359,479	59,591,954	-8,113,234	—	—	—	—		
\$500,000 under \$1,000,000	243,842,419	174,411,377	174,411,377	243,842,419	31,865,533	88,621	17,242,660	-3,085,992	—	—	—	—		
\$1,000,000 under \$1,500,000	107,060,081	44,070,511	44,070,511	107,060,081	38,681	20,328,653	42,774,555	-9,035,151	—	—	—	—		
\$1,500,000 under \$2,000,000	66,666,733	73,861,123	73,861,123	66,666,733	55,788	28,969,078	46,780,761	-15,499,016	—	—	—	—		
\$2,000,000 under \$5,000,000	165,540,123	90,977,638	90,977,638	165,540,123	13,331	13,331	2,162,633	2,162,633	—	—	—	—		
\$5,000,000 under \$10,000,000	90,977,638	196,102,840	100,188,358	90,977,638	8,017	8,017	46,780,761	46,780,761	—	—	—	—		
\$10,000,000 or more	8,017	196,102,840	100,188,358	8,017	62,279,778	8,017	46,780,761	46,780,761	—	—	—	—		

Footnotes at end of table.

**Table 3.1--Returns with Modified Taxable Income<sup>1</sup>: Adjusted Gross Income and Tax Items, by Type of Tax Computation, by Size of Adjusted Gross Income--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars, except where otherwise indicated]

Type of tax computation by size of adjusted gross income	Income tax before credits			Total tax credits			Income tax after credits			Total income tax			Average income tax (dollars)												
	Number of returns	Amount	(13)	Number of returns	Amount	(14)	Number of returns	Amount	(15)	Number of returns	Amount	(16)		Number of returns	Amount	(17)	Amount	(18)	As a percentage of		(19)	(20)	(21)	(22)	(23)
																			Modified taxable income	Adjusted gross income					
<b>Returns with regular tax computation only</b>																									
<b>Total</b> .....	80,946,124	385,517,708	32,939,193	38,711,213	68,123,576	346,806,495	68,123,576	346,806,495	68,123,576	346,806,515	14.5	9.2	346,806,515	17,337	9.2	17,337	4.284		68,123,576	17,337	14.5	9.2	346,806,515	17,337	4.284
Under \$5,000.....	354,057	17,824	-1,032	67	353,977	17,737	353,977	353,977	353,977	17,737	9.9	9.9	17,737	50	9.9	50	152		353,977	50	14.5	9.9	17,737	50	152
\$5,000 under \$10,000.....	4,183,091	713,487	826,967	78,561	3,533,623	634,926	3,533,623	3,533,623	3,533,623	634,926	8.8	1.9	634,926	378	8.8	378	609		4,183,091	378	14.5	1.9	634,926	378	609
\$10,000 under \$15,000.....	6,102,723	2,643,151	1,679,605	338,496	5,128,604	2,304,654	5,128,604	5,128,604	5,128,604	2,304,654	8.8	3.5	2,304,654	679	8.8	679	378		6,102,723	679	14.5	3.5	2,304,654	679	378
\$15,000 under \$20,000.....	7,897,196	5,945,464	3,079,372	1,134,956	5,435,228	4,810,515	5,435,228	5,435,228	5,435,228	4,810,515	8.9	3.0	4,810,515	893	8.9	893	378		7,897,196	893	14.5	3.0	4,810,515	893	378
\$20,000 under \$25,000.....	8,056,258	9,473,729	3,853,789	2,278,200	5,211,380	7,195,529	5,211,380	5,211,380	5,211,380	7,195,529	8.9	4.0	7,195,529	1,308	8.9	1,308	378		8,056,258	1,308	14.5	4.0	7,195,529	1,308	378
\$25,000 under \$30,000.....	7,320,695	12,354,988	3,196,310	2,781,640	5,093,519	9,573,349	5,093,519	5,093,519	5,093,519	9,573,349	9.4	4.8	9,573,349	2,077	9.4	2,077	378		7,320,695	2,077	14.5	4.8	9,573,349	2,077	378
\$30,000 under \$40,000.....	11,938,340	30,147,885	4,981,181	3,196,310	3,196,310	24,792,335	9,718,382	9,718,382	9,718,382	24,792,335	10.5	6.0	24,792,335	3,232	10.5	3,232	378		11,938,340	3,232	14.5	6.0	24,792,335	3,232	378
\$40,000 under \$50,000.....	8,732,922	33,370,890	3,781,330	5,142,360	7,833,425	28,228,530	7,833,425	7,833,425	7,833,425	28,228,530	11.7	7.2	28,228,530	5,102	11.7	5,102	378		8,732,922	5,102	14.5	7.2	28,228,530	5,102	378
\$50,000 under \$75,000.....	13,625,744	81,658,996	6,153,275	11,116,880	13,327,718	70,542,116	13,327,718	13,327,718	13,327,718	70,542,116	12.7	8.3	70,542,116	8,374	12.7	8,374	378		13,625,744	8,374	14.5	8.3	70,542,116	8,374	378
\$75,000 under \$100,000.....	6,874,978	64,062,246	3,430,342	6,514,179	6,833,634	57,568,067	6,833,634	6,833,634	6,833,634	57,568,067	14.0	9.7	57,568,067	17,198	14.0	17,198	378		6,874,978	17,198	14.5	9.7	57,568,067	17,198	378
\$100,000 under \$200,000.....	4,991,827	88,807,856	1,855,580	2,960,344	4,987,776	85,847,511	4,987,776	4,987,776	4,987,776	85,847,511	16.3	13.4	85,847,511	57,197	16.3	57,197	378		4,991,827	57,197	14.5	13.4	85,847,511	57,197	378
\$200,000 under \$500,000.....	592,065	34,340,124	83,218	476,014	591,905	33,864,110	591,905	591,905	591,905	33,864,110	25.7	21.0	33,864,110	178,097	25.7	178,097	378		592,065	178,097	14.5	21.0	33,864,110	178,097	378
\$500,000 under \$1,000,000.....	56,095	10,177,199	12,439	186,875	56,075	9,990,324	56,075	56,075	56,075	9,990,324	30.6	26.8	9,990,324	492,973	30.6	492,973	378		56,095	492,973	14.5	26.8	9,990,324	492,973	378
\$1,000,000 under \$1,500,000.....	9,295	3,209,582	2,481	51,074	9,294	3,109,396	9,294	9,294	9,294	3,109,396	31.8	28.7	3,109,396	857,426	31.8	857,426	378		9,295	857,426	14.5	28.7	3,109,396	857,426	378
\$1,500,000 under \$2,000,000.....	3,593	1,822,926	726	13,077	3,592	1,771,252	3,592	3,592	3,592	1,771,252	32.6	29.7	1,771,252	2,058,244	32.6	2,058,244	378		3,593	2,058,244	14.5	29.7	1,771,252	2,058,244	378
\$2,000,000 under \$2,500,000.....	4,327	3,840,854	1,255	30,778	4,327	3,710,076	4,327	4,327	4,327	3,710,076	33.9	30.7	3,710,076	5,855,538	33.9	5,855,538	378		4,327	5,855,538	14.5	30.7	3,710,076	5,855,538	378
\$2,500,000 under \$5,000,000.....	663	1,396,839	212	32,223	663	1,364,616	663	663	663	1,364,616	34.2	30.5	1,364,616	2,610	34.2	2,610	378		663	2,610	14.5	30.5	1,364,616	2,610	378
\$5,000,000 under \$10,000,000.....	253	1,513,668	80	32,217	253	1,481,451	253	253	253	1,481,451	34.2	30.5	1,481,451	2,610	34.2	2,610	378		253	2,610	14.5	30.5	1,481,451	2,610	378
\$10,000,000 or more.....	111,617	284,084	33,071	2,786	110,646	291,298	110,646	110,646	110,646	291,298	20.7	18.7	291,298	2,610	20.7	2,610	378		111,617	2,610	14.5	18.7	291,298	2,610	378
<b>Returns with Form 8615 tax computation</b>																									
<b>Total</b> .....	65,681	20,127	17,070	865	64,710	19,242	64,710	19,242	64,710	19,242	17.0	9.5	19,242	293	17.0	293	1,006		64,710	293	14.5	9.5	19,242	293	1,006
Under \$5,000.....	16,315	16,670	-255	16,315	16,315	16,416	16,315	16,315	16,315	16,416	16.7	13.7	16,416	1,006	16.7	1,006	1,006		16,315	1,006	14.5	13.7	16,416	1,006	1,006
\$5,000 under \$10,000.....	9,020	-15,738	-3,129	-92	9,020	-15,646	9,020	9,020	9,020	-15,646	-14.1	-13.4	-15,646	1,006	-14.1	1,006	2,802		9,020	1,006	14.5	-13.4	-15,646	1,006	2,802
\$10,000 under \$15,000.....	6,817	19,155	-50	19,155	6,817	19,104	6,817	6,817	6,817	19,104	-16.2	-16.2	19,104	2,802	-16.2	2,802	4,414		6,817	2,802	14.5	-16.2	19,104	2,802	4,414
\$15,000 under \$20,000.....	-4,837	-21,368	2,894	19	-4,837	-21,349	-4,837	-4,837	-4,837	-21,349	-24.2	-20.1	-21,349	5,937	-24.2	5,937	7,034		-4,837	5,937	14.5	-20.1	-21,349	5,937	7,034
\$20,000 under \$25,000.....	1,923	-11,427	-952	10	1,923	-11,417	1,923	1,923	1,923	-11,417	-22.2	-20.9	-11,417	7,034	-22.2	7,034	12,769		1,923	7,034	14.5	-20.9	-11,417	7,034	12,769
\$25,000 under \$30,000.....	1,906	-13,406	-	-	1,906	-13,406	1,906	1,906	1,906	-13,406	-22.2	-20.9	-13,406	7,034	-22.2	7,034	12,769		1,906	7,034	14.5	-20.9	-13,406	7,034	12,769
\$30,000 under \$40,000.....	4,094	-52,310	-356	36	4,094	-52,275	4,094	4,094	4,094	-52,275	-23.8	-21.5	-52,275	12,769	-23.8	12,769	14,829		4,094	12,769	14.5	-21.5	-52,275	12,769	14,829
\$40,000 under \$50,000.....	-41	1,838	-	-	-41	1,838	-41	-41	-41	1,838	-34.8	-33.1	1,838	14,829	-34.8	14,829	17,836		-41	14,829	14.5	-33.1	1,838	14,829	17,836
\$50,000 under \$75,000.....	-862	-67,095	-	-	-862	-67,095	-862	-862	-862	-67,095	-16.0	-14.7	-67,095	17,836	-16.0	17,836	23,176		-862	17,836	14.5	-14.7	-67,095	17,836	23,176
\$75,000 under \$100,000.....	41	-4,986	-	-	41	-4,986	41	41	41	-4,986	-16.8	-15.9	-4,986	23,176	-16.8	23,176	30,240		41	23,176	14.5	-15.9	-4,986	23,176	30,240
\$100,000 under \$150,000.....	17	-3,970	-8	6	17	-3,964	17	17	17	-3,964	-19.9	-19.9	-3,964	30,240	-19.9	30,240	41,175		17	30,240	14.5	-19.9	-3,964	30,240	41,175
\$150,000 under \$200,000.....	38	-3,294	-8	8	38	-3,294	38	38	38	-3,294	-15.2	-15.2	-3,294	41,175	-15.2	41,175	50,527		38	41,175	14.5	-15.2	-3,294	41,175	50,527
\$200,000 under \$250,000.....	16	-14,771	24	13	16	-14,710	16	16	16	-14,710	-17.9	-17.9	-14,710	50,527	-17.9	50,527	65,913		16	50,527	14.5	-17.9	-14,710	50,527	65,913
\$250,000 under \$300,000.....	-	27,939	-	-	-	27,939	-	-	-	27,939	-	-	27,939	65,913	-	65,913	81,659		-	65,913	14.5	-	27,939	65,913	81,659
\$300,000 under \$400,000.....	20,374,141	481,480,277	8,266,826	13,252,969	19,703,258	468,227,307	19,703,258	468,227,307	19,703,258	468,227,307	26.4	17.2	468,227,307	22,981	26.4	22,981	30,240		20,374,141	22,981	14.5	17.2	468,227,307	22,981	30,240
Under \$5,000.....	93,317	8,463	-11,717	202	92,966	8,262	92,966	8,262	92,966	8,262	14.0	3.2	8,262	89	14.0	89	328		93,317	89	14.5	3.2	8,262	89	328
\$5,000 under \$10,000.....	240,585	50,611	60,661	2,322	226,032	48,289	226,032	48,289	226,032	48,289	11.9	2.7	48,289	201	11.9	201	328		240,585						



**Table 3.2--Returns with Total Income Tax as a Percentage of Adjusted Gross Income, by Size of Adjusted Gross Income**  
 (All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Total income tax as a percentage of adjusted gross income																			
	Total					Under 5 percent					5 under 7 percent									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)					
<b>All returns</b>																				
Total.....	89,406,664	6,265,500,376	831,976,333	26,208,258	794,573,576	23,108,558	12,557,634	538,778,150	32,550,588											
Under \$5,000.....	1,062,803	-4,493,686	141,139	641,947	1,711,134	25,677	65,084	165,847	9,933											
\$5,000 under \$10,000.....	3,883,897	29,879,127	713,105	3,726,010	28,502,505	620,347	105,073	985,908	51,524											
\$10,000 under \$15,000.....	5,672,769	70,632,129	2,491,501	4,870,100	60,920,732	1,869,200	635,256	7,374,867	434,873											
\$15,000 under \$20,000.....	6,143,870	107,820,415	5,219,299	2,549,187	43,990,280	1,151,599	2,978,851	52,430,802	3,172,994											
\$20,000 under \$25,000.....	5,932,734	133,257,467	7,894,860	2,061,822	46,276,232	1,130,293	624,431	13,932,489	864,078											
\$25,000 under \$30,000.....	5,850,586	160,970,887	10,675,322	2,084,143	57,472,087	1,670,468	484,272	13,298,307	799,534											
\$30,000 under \$40,000.....	11,283,839	392,430,395	28,213,041	3,241,451	111,241,420	3,199,866	2,016,516	71,522,574	4,269,090											
\$40,000 under \$50,000.....	9,467,339	424,493,453	33,915,521	2,268,282	101,599,918	2,715,785	1,377,950	61,399,144	3,732,576											
\$50,000 under \$75,000.....	17,350,625	1,068,699,069	92,955,349	3,514,570	213,668,288	6,550,742	2,595,541	160,859,303	9,645,820											
\$75,000 under \$100,000.....	10,021,150	864,079,043	85,557,202	984,328	82,987,231	2,795,819	1,391,707	118,371,301	7,213,149											
\$100,000 under \$200,000.....	9,718,430	1,286,114,931	175,205,533	234,322	27,999,570	907,999	269,124	31,111,650	1,907,569											
\$200,000 or more.....	3,018,602	1,731,617,145	388,995,462	32,096	18,184,178	470,164	13,830	7,325,957	449,449											
<b>Joint returns</b>																				
Total.....	39,575,429	4,267,433,853	592,808,873	10,511,366	505,537,910	14,784,971	5,699,436	360,050,347	21,730,831											
Under \$5,000.....	92,363	-4,467,945	48,368	-	-	-	-	-	-											
\$5,000 under \$10,000.....	*17	*101	*38	-	-	-	-	-	-											
\$10,000 under \$15,000.....	*2,049	*30,512	*450	*2,006	*29,899	*213	*11	*205	*13											
\$15,000 under \$20,000.....	1,086,016	12,882,604	109,220	697,552	12,873,660	522,921	1,176,298	42,187,800	2,490,038											
\$20,000 under \$25,000.....	1,133,065	31,241,178	523,031	1,086,774	24,399,522	984,915	6,012	169,856	9,779											
\$25,000 under \$30,000.....	1,886,806	68,000,000	994,708	1,127,070	31,071,791	1,866,124	754,735	33,679,523	2,050,617											
\$30,000 under \$40,000.....	2,958,767	103,623,425	4,442,765	1,701,606	58,301,292	1,686,772	1,176,298	42,187,800	2,490,038											
\$40,000 under \$50,000.....	3,748,642	169,064,843	8,820,366	1,625,248	73,046,041	1,866,124	1,176,298	42,187,800	2,490,038											
\$50,000 under \$75,000.....	10,890,037	680,890,952	46,158,685	3,108,686	189,989,159	5,798,739	2,146,034	134,269,336	8,042,855											
\$75,000 under \$100,000.....	8,069,006	697,440,210	61,250,430	929,301	78,330,030	2,661,309	1,350,992	115,031,806	7,007,351											
\$100,000 under \$200,000.....	8,329,227	1,104,104,981	144,194,087	211,100	25,000,217	820,812	255,803	29,491,978	1,809,504											
\$200,000 or more.....	2,567,415	1,448,222,266	326,266,725	22,024	12,496,327	336,806	9,552	5,219,843	320,674											
<b>Single returns</b>																				
Total.....	40,761,460	1,521,854,733	188,768,410	12,311,697	176,885,074	5,234,632	5,324,774	115,615,649	7,023,538											
Under \$5,000.....	867,770	757,374	88,506	641,947	1,711,134	25,677	65,084	165,847	9,933											
\$5,000 under \$10,000.....	3,821,525	29,344,358	703,518	3,669,344	28,011,407	614,501	100,192	942,398	48,930											
\$10,000 under \$15,000.....	5,417,628	67,334,287	2,406,576	4,631,981	57,859,600	1,799,538	623,888	7,214,753	425,570											
\$15,000 under \$20,000.....	5,003,170	87,197,990	4,811,392	1,548,070	25,839,955	907,355	2,871,663	50,572,317	3,060,885											
\$20,000 under \$25,000.....	4,308,604	96,741,114	6,815,282	653,811	14,617,862	415,906	551,844	12,287,458	766,195											
\$25,000 under \$30,000.....	3,779,944	103,739,027	8,498,140	413,507	11,285,872	334,213	318,240	8,755,291	531,864											
\$30,000 under \$40,000.....	6,142,973	212,871,681	19,783,476	416,993	14,275,051	435,830	436,347	15,086,610	922,595											
\$40,000 under \$50,000.....	4,015,273	179,029,015	19,981,716	155,605	6,920,183	225,976	189,857	8,437,208	514,573											
\$50,000 under \$75,000.....	4,534,860	272,182,134	36,409,380	117,382	6,908,479	220,841	137,870	8,043,213	488,861											
\$75,000 under \$100,000.....	1,447,278	123,241,484	18,872,027	39,199	3,339,204	96,755	18,226	1,521,467	96,531											
\$100,000 under \$200,000.....	1,088,777	140,194,307	24,367,150	17,288	2,280,014	64,240	8,551	1,007,217	60,718											
\$200,000 or more.....	353,657	208,221,962	46,031,248	7,370	3,836,313	93,801	3,515	1,581,870	96,882											

Footnotes at end of table.



**Table 3.2--Returns with Total Income Tax as a Percentage of Adjusted Gross Income, by Size of Adjusted Gross Income**  
**--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Total income tax as a percentage of adjusted gross income--continued										
	15 under 17 percent			17 under 25 percent			25 under 30 percent			Total income tax (27)	
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)			
<b>All returns</b>											
<b>Total</b> .....	3,812,120	534,731,192	85,153,330	4,001,916	944,548,675	192,254,641	589,619	412,832,537	112,966,372		
Under \$5,000.....	*971	*3,248	*501	*6,506	*26,155	*4,977	--	--	--		
\$5,000 under \$10,000.....	--	--	--	*4,913	*37,251	*7,902	*698	*4,140	*1,116		
\$10,000 under \$15,000.....	*971	*13,184	*2,014	*971	*12,042	*2,916	*41	*599	*151		
\$15,000 under \$20,000.....	*952	*18,861	*2,910	*971	*19,334	*3,600	*952	*15,065	*4,507		
\$20,000 under \$25,000.....	*31	*656	*110	--	--	--	--	--	--		
\$25,000 under \$30,000.....	*8	*216	*34	*3	*79	*13	--	--	--		
\$30,000 under \$40,000.....	--	--	--	--	--	--	*935	*32,505	*8,950		
\$40,000 under \$50,000.....	32,535	1,529,767	240,553	--	--	--	*999	*47,433	*12,596		
\$50,000 under \$75,000.....	1,368,404	83,656,499	13,302,631	298,011	20,732,623	3,636,908	*939	*65,994	*17,739		
\$75,000 under \$100,000.....	488,714	41,748,622	6,660,638	545,029	47,216,496	8,698,838	*14	*1,241	*356		
\$100,000 under \$200,000.....	1,662,170	242,025,127	38,512,950	1,402,577	213,086,860	40,282,756	8,929	1,521,819	398,514		
\$200,000 or more.....	257,363	165,735,013	26,430,989	1,742,935	663,417,835	139,616,731	576,113	411,143,741	112,522,442		
<b>Joint returns</b>											
<b>Total</b> .....	1,659,505	346,444,477	55,166,208	2,173,006	691,024,651	141,995,781	456,027	343,716,206	94,062,629		
Under \$5,000.....	--	--	--	--	--	--	--	--	--		
\$5,000 under \$10,000.....	--	--	--	--	--	--	--	--	--		
\$10,000 under \$15,000.....	--	--	--	--	--	--	*41	*599	*151		
\$15,000 under \$20,000.....	--	--	--	--	--	--	--	--	--		
\$20,000 under \$25,000.....	*31	*656	*110	--	--	--	--	--	--		
\$25,000 under \$30,000.....	--	--	--	*3	*79	*13	--	--	--		
\$30,000 under \$40,000.....	--	--	--	--	--	--	--	--	--		
\$40,000 under \$50,000.....	--	--	--	--	--	--	--	--	--		
\$50,000 under \$75,000.....	*151	*10,829	*1,765	*4	*263	*55	*3	*182	*49		
\$75,000 under \$100,000.....	*1,262	*114,090	*18,278	*312	*29,669	*5,796	*6	*560	*155		
\$100,000 under \$200,000.....	1,439,815	214,579,240	34,107,175	628,622	108,419,895	19,601,934	2,234	364,038	99,550		
\$200,000 or more.....	218,247	131,739,662	21,038,880	1,544,064	582,574,746	122,387,982	453,743	343,350,826	93,962,723		
<b>Single returns</b>											
<b>Total</b> .....	1,916,396	160,622,938	25,587,262	1,609,356	211,564,541	41,737,848	100,392	50,874,376	13,902,493		
Under \$5,000.....	*971	*3,248	*501	†	†	†	--	--	--		
\$5,000 under \$10,000.....	--	--	--	*4,913	*37,251	*7,902	*698	*4,140	*1,116		
\$10,000 under \$15,000.....	*971	*13,184	*2,014	†	†	†	--	--	--		
\$15,000 under \$20,000.....	*952	*18,861	*2,910	†	†	†	*952	*15,065	*4,507		
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--	--		
\$25,000 under \$30,000.....	--	--	--	--	--	--	--	--	--		
\$30,000 under \$40,000.....	--	--	--	--	--	--	--	--	--		
\$40,000 under \$50,000.....	17,598	845,684	131,684	--	--	--	†	†	†		
\$50,000 under \$75,000.....	1,302,344	79,619,095	12,666,542	278,902	19,417,587	3,405,679	*999	*47,433	*12,596		
\$75,000 under \$100,000.....	413,198	35,213,262	5,621,835	498,983	43,070,890	7,937,046	*935	*65,761	*17,676		
\$100,000 under \$200,000.....	145,920	18,049,920	2,898,528	665,299	89,088,294	17,631,347	1,544	286,057	72,996		
\$200,000 or more.....	34,442	26,859,684	4,263,247	152,812	59,892,988	12,744,381	94,323	50,422,735	13,784,451		

Footnotes at end of table.

**Table 3.2--Returns with Total Income Tax as a Percentage of Adjusted Gross Income, by Size of Adjusted Gross Income**  
**--Continued**  
 (All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Total income tax as a percentage of adjusted gross income--continued									
	30 under \$50 percent		50 under 100 percent		100 percent or more		Number of returns	Total income tax	Adjusted gross income less deficit	Total income tax
	(28)	(29)	(30)	(31)	(32)	(33)				
<b>All returns</b>										
Total.....	122,089	260,179,289	83,366,385	2,625	421,083	255,799	309,419	-6,522,354	110,848	
Under \$5,000.....	-	-	-	*32	*56	*52	309,299	-6,536,129	86,298	
\$5,000 under \$10,000.....	*7	*60	*28	†	†	†	†	†	†	
\$10,000 under \$15,000.....	-	-	-	†	†	†	†	†	†	
\$15,000 under \$20,000.....	*32	*525	*238	†	†	†	†	†	†	
\$20,000 under \$25,000.....	†	†	†	-	-	-	-	-	-	
\$25,000 under \$30,000.....	†	†	†	-	-	-	-	-	-	
\$30,000 under \$40,000.....	*2,040	*71,876	*25,739	*935	*29,352	*22,374	*4	*139	*271	
\$40,000 under \$50,000.....	*222	*9,048	*3,254	*42	*1,752	*1,479	*3	*133	*151	
\$50,000 under \$75,000.....	*65	*4,026	*1,610	*362	*26,391	*14,707	-	-	-	
\$75,000 under \$100,000.....	*153	*11,590	*4,026	*4	*362	*198	-	-	-	
\$100,000 under \$200,000.....	2,600	353,299	137,906	392	71,384	45,006	†	†	†	
\$200,000 or more.....	114,050	259,661,382	83,170,302	744	290,538	171,187	*10	*9,786	*13,810	
<b>Joint returns</b>										
Total.....	95,007	211,532,225	67,682,361	2,488	404,421	245,738	92,394	-4,457,093	64,424	
Under \$5,000.....	-	-	-	†	†	†	†	†	†	
\$5,000 under \$10,000.....	-	-	-	†	†	†	†	†	†	
\$10,000 under \$15,000.....	-	-	-	†	†	†	†	†	†	
\$15,000 under \$20,000.....	-	-	-	†	†	†	†	†	†	
\$20,000 under \$25,000.....	-	-	-	-	-	-	-	-	-	
\$25,000 under \$30,000.....	-	-	-	-	-	-	-	-	-	
\$30,000 under \$40,000.....	*2,040	*71,876	*25,739	*935	*29,352	*22,374	-	-	-	
\$40,000 under \$50,000.....	*222	*9,048	*3,254	*41	*1,702	*1,434	*3	*133	*151	
\$50,000 under \$75,000.....	†	†	†	†	†	†	*3	*178	*191	
\$75,000 under \$100,000.....	†	†	†	†	†	†	-	-	-	
\$100,000 under \$200,000.....	2,396	325,604	126,805	*376	*68,419	*42,697	-	-	-	
\$200,000 or more.....	90,296	211,122,340	67,525,190	729	278,080	164,245	*10	*9,786	*13,810	
<b>Single returns</b>										
Total.....	21,089	33,859,793	10,913,925	*113	*6,848	*3,729	114,306	-1,284,715	34,189	
Under \$5,000.....	-	-	-	-	-	-	†	†	†	
\$5,000 under \$10,000.....	*6	*53	*25	-	-	-	-	-	-	
\$10,000 under \$15,000.....	-	-	-	*105	*1,188	*766	†	†	†	
\$15,000 under \$20,000.....	*32	*525	*238	-	-	-	-	-	-	
\$20,000 under \$25,000.....	*1,942	*42,496	*15,456	-	-	-	*3	*63	*72	
\$25,000 under \$30,000.....	†	†	†	-	-	-	†	†	†	
\$30,000 under \$40,000.....	-	-	-	-	-	-	-	-	-	
\$40,000 under \$50,000.....	-	-	-	-	-	-	-	-	-	
\$50,000 under \$75,000.....	*12	*704	*258	-	-	-	-	-	-	
\$75,000 under \$100,000.....	†	†	†	-	-	-	-	-	-	
\$100,000 under \$200,000.....	†	†	†	-	-	-	†	†	†	
\$200,000 or more.....	17,779	33,753,136	10,875,598	*7	*5,661	*2,963	-	-	-	

\* Estimate should be used with caution due to the small number of sample returns on which it is based.  
 † Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in appropriate totals.  
 NOTE: Detail may not add to totals because of rounding.

**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax credits																				
	Total			Child care credit			Credit for the elderly and disabled			Child tax credit											
	Number of returns	Amount	(2)	Number of returns	Amount	(4)	Number of returns	Amount	(5)	Number of returns	Amount	(6)	Number of returns	Amount	(7)	Number of returns	Amount	(8)	Amount	(9)	
<b>All returns, total.....</b>	<b>132,226,042</b>	<b>52,366,870</b>	<b>41,694,252</b>	<b>6,316,649</b>	<b>3,337,984</b>	<b>107,914</b>	<b>18,740</b>	<b>32,300,455</b>	<b>25,988,711</b>	<b>32,300,455</b>	<b>2,045</b>	<b>1,396</b>	<b>1,396</b>	<b>1,396</b>	<b>1,396</b>	<b>1,396</b>	<b>1,396</b>	<b>1,396</b>	<b>1,396</b>	<b>1,396</b>	<b>1,396</b>
No adjusted gross income.....	1,854,886	2,531	2,483	-	-	66	37	1,396	2,045	1,396	2,045	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396
\$1 under \$5,000.....	11,670,444	1,874	73,179	-	-	*3	*1	*33	*33	*33	*33	*33	*33	*33	*33	*33	*33	*33	*33	*33	*33
\$5,000 under \$10,000.....	12,135,417	82,301	925,909	8	*17	*8,978	*464	*385	*2,927	*385	*2,927	*385	*385	*385	*385	*385	*385	*385	*385	*385	*385
\$10,000 under \$15,000.....	11,656,193	363,967	1,840,535	69,842	7,807	64,964	14,339	42,074	359,103	42,074	359,103	42,074	42,074	42,074	42,074	42,074	42,074	42,074	42,074	42,074	42,074
\$15,000 under \$20,000.....	11,281,291	1,187,501	3,290,364	286,871	94,409	29,863	2,873	482,364	1,559,952	482,364	1,559,952	482,364	482,364	482,364	482,364	482,364	482,364	482,364	482,364	482,364	482,364
\$20,000 under \$25,000.....	9,705,192	2,351,428	4,096,436	431,217	218,818	*4,039	*1,027	1,173,040	2,170,107	1,173,040	2,170,107	1,173,040	1,173,040	1,173,040	1,173,040	1,173,040	1,173,040	1,173,040	1,173,040	1,173,040	1,173,040
\$25,000 under \$30,000.....	8,512,113	2,929,997	3,490,341	403,250	246,219	-	-	1,661,734	2,185,604	1,661,734	2,185,604	1,661,734	1,661,734	1,661,734	1,661,734	1,661,734	1,661,734	1,661,734	1,661,734	1,661,734	1,661,734
\$30,000 under \$40,000.....	13,915,452	5,696,638	5,544,138	736,624	469,329	-	-	3,846,759	3,769,952	3,846,759	3,769,952	3,846,759	3,846,759	3,846,759	3,846,759	3,846,759	3,846,759	3,846,759	3,846,759	3,846,759	3,846,759
\$40,000 under \$50,000.....	10,571,408	5,726,546	4,486,645	617,643	326,590	-	-	4,320,795	3,148,918	4,320,795	3,148,918	4,320,795	4,320,795	4,320,795	4,320,795	4,320,795	4,320,795	4,320,795	4,320,795	4,320,795	4,320,795
\$50,000 under \$75,000.....	18,047,126	13,150,076	7,863,016	1,516,690	805,010	-	-	10,421,698	6,298,585	10,421,698	6,298,585	10,421,698	10,421,698	10,421,698	10,421,698	10,421,698	10,421,698	10,421,698	10,421,698	10,421,698	10,421,698
\$75,000 under \$100,000.....	10,119,515	8,695,252	4,979,911	1,058,706	535,868	-	-	6,759,509	3,914,714	6,759,509	3,914,714	6,759,509	6,759,509	6,759,509	6,759,509	6,759,509	6,759,509	6,759,509	6,759,509	6,759,509	6,759,509
\$100,000 under \$200,000.....	9,735,569	5,090,848	3,916,143	1,004,475	535,516	-	-	3,590,023	2,575,665	3,590,023	2,575,665	3,590,023	3,590,023	3,590,023	3,590,023	3,590,023	3,590,023	3,590,023	3,590,023	3,590,023	3,590,023
\$200,000 under \$500,000.....	2,348,163	1,056,859	811,426	**191,323	**98,401	-	-	*646	*1,107	*646	*1,107	*646	*646	*646	*646	*646	*646	*646	*646	*646	*646
\$500,000 under \$1,000,000.....	433,145	1,227,028	225,054	**	**	-	-	**	**	**	**	**	**	**	**	**	**	**	**	**	**
\$1,000,000 under \$1,500,000.....	103,964	665,796	60,440	**	**	-	-	**	**	**	**	**	**	**	**	**	**	**	**	**	**
\$1,500,000 under \$2,000,000.....	45,104	427,779	27,102	**	**	-	-	**	**	**	**	**	**	**	**	**	**	**	**	**	**
\$2,000,000 under \$5,000,000.....	66,548	1,093,512	42,813	**	**	-	-	**	**	**	**	**	**	**	**	**	**	**	**	**	**
\$5,000,000 under \$10,000,000.....	15,835	625,431	11,481	**	**	-	-	**	**	**	**	**	**	**	**	**	**	**	**	**	**
\$10,000,000 or more.....	9,677	1,391,505	7,435	**	**	-	-	**	**	**	**	**	**	**	**	**	**	**	**	**	**
<b>Taxable returns, total.....</b>	<b>89,101,934</b>	<b>40,821,742</b>	<b>28,055,265</b>	<b>4,381,685</b>	<b>2,243,359</b>	<b>56,933</b>	<b>10,417</b>	<b>24,828,310</b>	<b>16,530,973</b>	<b>24,828,310</b>	<b>16,530,973</b>	<b>24,828,310</b>	<b>24,828,310</b>	<b>24,828,310</b>	<b>24,828,310</b>	<b>24,828,310</b>	<b>24,828,310</b>	<b>24,828,310</b>	<b>24,828,310</b>	<b>24,828,310</b>	<b>24,828,310</b>
No adjusted gross income.....	4,556	1,902	986	-	-	47	34	1,172	618	1,172	618	1,172	1,172	1,172	1,172	1,172	1,172	1,172	1,172	1,172	1,172
\$1 under \$5,000.....	753,517	1,511	61,669	-	-	-	-	*33	*33	*33	*33	*33	*33	*33	*33	*33	*33	*33	*33	*33	*33
\$5,000 under \$10,000.....	3,883,897	23,841	243,525	8	*17	-	-	*16	*8	*16	*8	*16	*16	*16	*16	*16	*16	*16	*16	*16	*16
\$10,000 under \$15,000.....	5,672,789	98,358	806,144	8	7,508	32,907	7,508	*44	*42	*44	*42	*44	*44	*44	*44	*44	*44	*44	*44	*44	*44
\$15,000 under \$20,000.....	6,143,870	183,965	760,852	-	-	19,940	1,848	*3,699	*4,088	*3,699	*4,088	*3,699	*3,699	*3,699	*3,699	*3,699	*3,699	*3,699	*3,699	*3,699	*3,699
\$20,000 under \$25,000.....	5,932,734	517,098	1,159,755	*13,004	*5,357	*4,039	*1,027	55,332	58,674	55,332	58,674	55,332	55,332	55,332	55,332	55,332	55,332	55,332	55,332	55,332	55,332
\$25,000 under \$30,000.....	5,850,586	932,393	1,150,543	45,017	18,714	-	-	362,777	371,820	362,777	371,820	362,777	362,777	362,777	362,777	362,777	362,777	362,777	362,777	362,777	362,777
\$30,000 under \$40,000.....	11,283,839	2,903,500	3,162,801	310,979	159,670	-	-	1,843,036	1,694,386	1,843,036	1,694,386	1,843,036	1,843,036	1,843,036	1,843,036	1,843,036	1,843,036	1,843,036	1,843,036	1,843,036	1,843,036
\$40,000 under \$50,000.....	9,467,339	3,972,673	3,469,558	398,382	185,971	-	-	3,001,892	2,226,497	3,001,892	2,226,497	3,001,892	3,001,892	3,001,892	3,001,892	3,001,892	3,001,892	3,001,892	3,001,892	3,001,892	3,001,892
\$50,000 under \$75,000.....	17,350,625	11,673,824	7,242,936	1,378,378	710,093	-	-	9,378,173	5,756,104	9,378,173	5,756,104	9,378,173	9,378,173	9,378,173	9,378,173	9,378,173	9,378,173	9,378,173	9,378,173	9,378,173	9,378,173
\$75,000 under \$100,000.....	10,021,150	8,432,450	4,902,820	1,040,261	529,765	-	-	6,604,091	3,847,550	6,604,091	3,847,550	6,604,091	6,604,091	6,604,091	6,604,091	6,604,091	6,604,091	6,604,091	6,604,091	6,604,091	6,604,091
\$100,000 under \$200,000.....	9,718,430	5,032,404	3,908,647	1,004,357	535,381	-	-	3,577,399	2,570,045	3,577,399	2,570,045	3,577,399	3,577,399	3,577,399	3,577,399	3,577,399	3,577,399	3,577,399	3,577,399	3,577,399	3,577,399
\$200,000 under \$500,000.....	2,345,868	1,634,637	810,849	**191,299	**98,391	-	-	*646	*1,107	*646	*1,107	*646	*646	*646	*646	*646	*646	*646	*646	*646	*646
\$500,000 under \$1,000,000.....	432,783	1,215,423	224,943	**	**	-	-	**	**	**	**	**	**	**	**	**	**	**	**	**	**
\$1,000,000 or more.....	239,951	4,197,763	149,237	**	**	-	-	**	**	**	**	**	**	**	**	**	**	**	**	**	**
<b>Non-taxable returns, total.....</b>	<b>43,124,107</b>	<b>11,545,127</b>	<b>13,638,987</b>	<b>1,934,964</b>	<b>1,094,626</b>	<b>50,981</b>	<b>8,323</b>	<b>7,472,145</b>	<b>9,457,737</b>	<b>7,472,145</b>	<b>9,457,737</b>	<b>7,472,145</b>	<b>7,472,145</b>	<b>7,472,145</b>	<b>7,472,145</b>	<b>7,472,145</b>	<b>7,472,145</b>	<b>7,472,145</b>	<b>7,472,145</b>	<b>7,472,145</b>	<b>7,472,145</b>

Footnotes at end of table.

**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax credits--continued											
	Education credit		Retirement savings contribution credit		Adoption credit		Earned income tax before credits		Minimum tax credit		Amount	
	Number of returns (10)	Amount (11)	Number of returns (12)	Amount (13)	Number of returns (14)	Amount (15)	Number of returns (16)	Amount (17)	Number of returns (18)	Amount (19)		
<b>All returns, total</b> .....	<b>7,180,884</b>	<b>6,016,805</b>	<b>5,288,732</b>	<b>1,011,506</b>	<b>71,136</b>	<b>301,880</b>	<b>2,975,197</b>	<b>767,524</b>	<b>274,596</b>	<b>902,000</b>		
No adjusted gross income.....	175	248	**342	**352	**	**	*9	*17	**	**		
\$1 under \$5,000.....	—	—	**	**	—	—	—	—	**	**		
\$5,000 under \$10,000.....	133,535	16,335	40,732	2,844	—	—	686,706	60,865	**	**		
\$10,000 under \$15,000.....	499,455	191,352	245,312	63,011	—	—	544,668	40,512	**	**		
\$15,000 under \$20,000.....	648,308	401,086	632,219	95,347	—	—	246,789	99,565	**	**		
\$20,000 under \$25,000.....	678,689	493,371	1,093,451	211,587	**974	**420	496,700	238,915	**3,850	**90		
\$25,000 under \$30,000.....	622,022	510,027	700,593	210,288	—	—	803,174	280,284	*1,350	*213		
\$30,000 under \$40,000.....	1,153,715	1,034,253	1,322,373	214,984	*6,947	*8,304	197,151	47,366	8,095	4,713		
\$40,000 under \$50,000.....	816,066	755,049	1,251,662	212,906	*3,739	*7,450	—	—	6,317	10,508		
\$50,000 under \$75,000.....	1,558,194	1,579,635	*2,048	*206	19,969	66,954	—	—	31,389	35,838		
\$75,000 under \$100,000.....	1,023,756	1,028,274	—	—	23,706	114,157	—	—	19,553	22,184		
\$100,000 under \$200,000.....	46,971	7,175	—	—	15,477	102,702	—	—	93,565	152,769		
\$200,000 under \$500,000.....	—	—	—	—	*316	*1,828	—	—	55,386	123,976		
\$500,000 under \$1,000,000.....	—	—	—	—	—	*74	—	—	36,523	137,685		
\$1,000,000 under \$1,500,000.....	—	—	—	—	*8	—	—	—	8,173	102,126		
\$1,500,000 under \$2,000,000.....	—	—	—	—	—	—	—	—	3,258	54,045		
\$2,000,000 under \$5,000,000.....	—	—	—	—	—	—	—	—	5,286	127,941		
\$5,000,000 under \$10,000,000.....	—	—	—	—	—	—	—	—	1,150	46,596		
\$10,000,000 or more.....	—	—	—	—	—	—	—	—	702	83,316		
<b>Taxable returns, total</b> .....	<b>5,114,143</b>	<b>4,413,348</b>	<b>3,215,625</b>	<b>551,813</b>	<b>31,792</b>	<b>143,278</b>	<b>1,200,459</b>	<b>273,456</b>	<b>257,650</b>	<b>835,700</b>		
No adjusted gross income.....	125	205	**342	**352	**	**	*9	*17	**	**		
\$1 under \$5,000.....	—	—	**	**	—	—	—	—	**	**		
\$5,000 under \$10,000.....	*9,969	*643	*2,979	*208	—	—	172,232	21,677	**	**		
\$10,000 under \$15,000.....	154,778	39,164	119,979	26,157	—	—	426,966	23,127	**	**		
\$15,000 under \$20,000.....	302,734	128,766	371,246	42,914	—	—	*973	*58	**	**		
\$20,000 under \$25,000.....	416,444	313,339	609,373	83,546	—	—	54,269	50,805	**3,266	**45		
\$25,000 under \$30,000.....	357,913	306,691	246,113	83,448	—	—	427,056	152,485	*1,293	*186		
\$30,000 under \$40,000.....	800,346	697,949	865,985	141,582	—	—	118,954	25,286	*4,089	*155		
\$40,000 under \$50,000.....	615,393	541,552	997,570	173,402	—	—	—	—	3,139	5,731		
\$50,000 under \$75,000.....	1,404,327	1,378,320	*2,040	*206	**4,959	**4,615	—	—	25,407	20,574		
\$75,000 under \$100,000.....	1,005,187	999,549	—	—	*13,187	*56,248	—	—	18,018	17,830		
\$100,000 under \$200,000.....	46,928	7,170	—	—	13,327	80,568	—	—	92,413	137,629		
\$200,000 under \$500,000.....	—	—	—	—	*310	*1,772	—	—	55,031	112,597		
\$500,000 under \$1,000,000.....	—	—	—	—	*8	*74	—	—	36,449	131,098		
\$1,000,000 or more.....	—	—	—	—	—	—	—	—	18,544	409,855		
<b>Nontaxable returns, total</b> .....	<b>2,066,741</b>	<b>1,603,457</b>	<b>2,073,107</b>	<b>459,692</b>	<b>39,344</b>	<b>158,612</b>	<b>1,774,738</b>	<b>494,068</b>	<b>16,947</b>	<b>66,300</b>		

Footnotes at end of table.

**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax credits--continued											
	Foreign tax credit		General business credit		Empowerment zone and community renewal credit		Nonconventional source fuel credit		New York liberty zone credit			
	Number of returns (20)	Amount (21)	Number of returns (22)	Amount (23)	Number of returns (24)	Amount (25)	Number of returns (26)	Amount (27)	Number of returns (28)	Amount (29)		
<b>All returns, total.....</b>	<b>4,700,259</b>	<b>6,757,994</b>	<b>248,506</b>	<b>635,391</b>	<b>27,845</b>	<b>105,179</b>	<b>3,353</b>	<b>12,861</b>	<b>685</b>	<b>10,032</b>		
No adjusted gross income.....	138	7	--	--	17	81	--	--	6	*387		
\$1 under \$5,000.....	72,172	1,656	*971	*184	--	--	--	--	--	--		
\$5,000 under \$10,000.....	71,978	1,317	*952	*58	--	--	--	--	--	--		
\$10,000 under \$15,000.....	112,004	3,609	*2,986	*1,092	--	--	--	--	--	--		
\$15,000 under \$20,000.....	114,525	9,709	*3,951	*1,379	--	--	--	--	--	--		
\$20,000 under \$25,000.....	116,703	10,088	*4,539	*1,972	--	--	--	--	--	--		
\$25,000 under \$30,000.....	139,115	14,884	4,923	3,753	*935	*1,299	--	--	--	--		
\$30,000 under \$40,000.....	246,228	36,891	11,642	6,901	--	--	**409	**108	--	--		
\$40,000 under \$50,000.....	292,310	41,828	27,513	23,060	*43	*55	--	--	--	--		
\$50,000 under \$75,000.....	781,723	117,929	42,609	63,960	*2,826	*3,678	**	**	--	--		
\$75,000 under \$100,000.....	648,639	160,631	36,458	47,134	*3,067	*2,841	*2,002	*4,959	--	--		
\$100,000 under \$200,000.....	1,157,765	605,580	53,862	71,771	4,300	18,879	*354	*17	*121	*1,663		
\$200,000 under \$500,000.....	630,692	1,375,080	23,139	42,463	**12,262	**41,531	*8	(Z)	*196	*2,333		
\$500,000 under \$1,000,000.....	185,213	999,072	15,817	54,331	**	**	147	1,174	*199	*2,373		
\$1,000,000 under \$1,500,000.....	51,664	503,664	6,909	48,421	1,683	7,467	*74	*296	*49	*231		
\$1,500,000 under \$2,000,000.....	23,786	330,175	3,254	37,637	800	3,729	85	178	*20	*13		
\$2,000,000 under \$5,000,000.....	38,166	854,037	5,725	86,906	1,281	14,534	131	498	52	1,981		
\$5,000,000 under \$10,000,000.....	10,505	515,278	1,779	51,832	305	4,248	74	2,400	21	151		
\$10,000,000 or more.....	6,933	1,176,557	1,477	92,537	327	6,836	67	3,232	21	900		
<b>Taxable returns, total.....</b>	<b>4,525,058</b>	<b>6,649,741</b>	<b>217,487</b>	<b>596,360</b>	<b>27,442</b>	<b>104,411</b>	<b>3,349</b>	<b>12,746</b>	<b>562</b>	<b>7,926</b>		
No adjusted gross income.....	*118	*5	--	--	17	81	--	--	**	**		
\$1 under \$5,000.....	61,636	1,477	--	--	--	--	--	--	--	--		
\$5,000 under \$10,000.....	60,060	1,204	*952	*58	--	--	--	--	--	--		
\$10,000 under \$15,000.....	90,141	2,323	*971	*35	--	--	--	--	--	--		
\$15,000 under \$20,000.....	97,849	5,879	*980	*36	--	--	--	--	--	--		
\$20,000 under \$25,000.....	99,639	5,256	*569	*277	--	--	--	--	--	--		
\$25,000 under \$30,000.....	120,198	4,563	*2,224	*914	*935	*1,299	--	--	--	--		
\$30,000 under \$40,000.....	225,739	23,952	*5,301	*904	--	--	**409	**108	--	--		
\$40,000 under \$50,000.....	270,756	28,190	24,072	16,602	--	--	--	--	--	--		
\$50,000 under \$75,000.....	756,773	86,564	35,241	49,267	*2,471	*3,029	**	**	--	--		
\$75,000 under \$100,000.....	638,578	152,843	35,758	44,628	*3,067	*2,841	*2,002	*4,959	--	--		
\$100,000 under \$200,000.....	1,156,824	600,176	53,407	70,439	4,300	18,879	*354	*17	*121	*1,663		
\$200,000 under \$500,000.....	630,370	1,365,256	23,074	41,793	**12,257	**41,468	*8	(Z)	*191	*2,246		
\$500,000 under \$1,000,000.....	185,143	994,253	15,801	54,254	**	**	146	1,060	*199	*2,373		
\$1,000,000 or more.....	131,034	3,377,801	19,136	317,154	4,396	36,815	431	6,603	163	3,276		
<b>Non taxable returns, total.....</b>	<b>175,201</b>	<b>108,252</b>	<b>31,018</b>	<b>39,031</b>	<b>*403</b>	<b>*768</b>	<b>*4</b>	<b>*115</b>	<b>123</b>	<b>2,106</b>		

Footnotes at end of table.

**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax credits--continued		Income tax after credits		Total income tax		All other taxes					
	Other tax credits		Number of returns		Amount		Total		Penalty tax on qualified retirement plans			
	Number of returns	Amount	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)
<b>All returns, total.....</b>	<b>46,910</b>	<b>135,862</b>	<b>89,101,934</b>	<b>831,975,834</b>	<b>89,101,934</b>	<b>831,976,333</b>	<b>21,290,085</b>	<b>47,156,392</b>	<b>4,924,584</b>	<b>3,640,374</b>		
No adjusted gross income.....	—	—	4,556	86,064	4,556	86,064	264,719	439,567	37,308	38,352		
\$1 under \$5,000.....	—	—	753,517	55,075	753,517	55,075	1,217,505	561,457	69,550	8,326		
\$5,000 under \$10,000.....	—	—	3,883,897	713,105	3,883,897	713,105	1,858,371	1,695,968	123,719	39,249		
\$10,000 under \$15,000.....	—	—	5,672,789	2,491,501	5,672,789	2,491,501	1,818,871	2,285,620	190,718	56,743		
\$15,000 under \$20,000.....	*973	*765	6,143,870	5,218,299	6,143,870	5,218,299	1,428,661	2,022,063	268,653	71,729		
\$20,000 under \$25,000.....	*2,000	*1,228	5,932,734	7,894,860	5,932,734	7,894,860	1,249,772	1,888,469	319,833	105,635		
\$25,000 under \$30,000.....	—	—	5,850,586	10,675,322	5,850,586	10,675,322	1,117,478	1,777,297	323,647	122,978		
\$30,000 under \$40,000.....	*7,904	*16,169	11,283,839	28,213,041	11,283,839	28,213,041	1,846,667	3,011,914	611,785	267,852		
\$40,000 under \$50,000.....	*2,993	*3,057	9,467,339	33,915,521	9,467,339	33,915,521	1,657,131	3,046,808	535,191	293,732		
\$50,000 under \$75,000.....	19,095	41,412	17,350,625	92,955,349	17,350,625	92,955,349	3,327,873	6,639,441	1,117,879	799,523		
\$75,000 under \$100,000.....	*7,201	*19,565	10,021,150	85,557,202	10,021,150	85,557,202	2,026,987	5,191,204	641,664	852,779		
\$100,000 under \$200,000.....	2,760	4,746	9,718,430	175,205,533	9,718,430	175,205,533	2,337,209	9,086,077	576,346	872,993		
\$200,000 under \$500,000.....	1,974	3,779	2,345,868	139,227,163	2,345,868	139,227,163	853,707	5,683,441	94,248	266,453		
\$500,000 under \$1,000,000.....	794	3,244	432,783	71,339,293	432,783	71,339,306	176,240	1,744,728	9,898	31,445		
\$1,000,000 under \$1,500,000.....	439	1,251	103,887	31,072,424	103,887	31,072,424	44,193	576,938	1,960	3,806		
\$1,500,000 under \$2,000,000.....	167	1,316	45,065	19,435,618	45,065	19,435,625	19,814	289,999	715	1,930		
\$2,000,000 under \$5,000,000.....	380	6,556	65,501	47,962,099	65,501	47,962,105	30,948	583,068	1,124	4,624		
\$5,000,000 under \$10,000,000.....	121	4,742	15,827	25,756,207	15,827	25,756,272	8,245	234,789	215	1,788		
\$10,000,000 or more.....	108	28,032	9,671	54,202,159	9,671	54,202,568	5,696	397,544	133	436		
<b>Taxable returns, total.....</b>	<b>36,962</b>	<b>113,231</b>	<b>89,101,934</b>	<b>831,975,834</b>	<b>89,101,934</b>	<b>831,976,333</b>	<b>13,882,614</b>	<b>37,347,151</b>	<b>3,890,497</b>	<b>3,224,148</b>		
No adjusted gross income.....	—	—	4,556	86,064	4,556	86,064	2,048	14,079	94	419		
\$1 under \$5,000.....	—	—	753,517	55,075	753,517	55,075	19,558	5,599	*2,914	*72		
\$5,000 under \$10,000.....	—	—	3,883,897	713,105	3,883,897	713,105	204,788	156,373	22,631	9,799		
\$10,000 under \$15,000.....	—	—	5,672,789	2,491,501	5,672,789	2,491,501	513,914	556,394	81,369	20,236		
\$15,000 under \$20,000.....	*973	*765	6,143,870	5,218,299	6,143,870	5,218,299	583,222	756,098	110,888	27,069		
\$20,000 under \$25,000.....	*2,000	*1,228	5,932,734	7,894,860	5,932,734	7,894,860	653,531	955,584	157,064	45,415		
\$25,000 under \$30,000.....	—	—	5,850,586	10,675,322	5,850,586	10,675,322	622,520	819,559	205,847	72,121		
\$30,000 under \$40,000.....	—	—	11,283,839	28,213,041	11,283,839	28,213,041	1,313,228	2,028,680	450,983	201,678		
\$40,000 under \$50,000.....	*2,993	*3,057	9,467,339	33,915,521	9,467,339	33,915,521	1,389,891	2,474,516	470,973	259,978		
\$50,000 under \$75,000.....	17,055	35,090	17,350,625	92,955,349	17,350,625	92,955,349	3,113,009	5,998,002	1,066,440	764,245		
\$75,000 under \$100,000.....	*7,201	*19,565	10,021,150	85,557,202	10,021,150	85,557,202	2,001,141	5,055,626	637,013	640,162		
\$100,000 under \$200,000.....	*2,760	*4,746	9,718,430	175,205,533	9,718,430	175,205,533	2,327,831	9,026,186	576,067	872,786		
\$200,000 under \$500,000.....	1,974	3,640	2,345,868	139,227,163	2,345,868	139,227,163	852,985	5,675,993	94,182	266,157		
\$500,000 under \$1,000,000.....	794	3,244	432,783	71,339,293	432,783	71,339,306	176,124	1,743,471	9,891	31,442		
\$1,000,000 or more.....	1,215	41,980	239,951	178,428,507	239,951	178,428,993	108,824	2,080,992	4,142	12,570		
<b>Nontaxable returns, total.....</b>	<b>*9,947</b>	<b>*22,631</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7,407,471</b>	<b>9,809,241</b>	<b>1,034,087</b>	<b>416,226</b>		

Footnotes at end of table.



**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	All other taxes--continued						Earned income credit used to offset other taxes		Total tax liability	
	Self-employment tax		Social security taxes on tip income		Household employment tax		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount				
	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
<b>All returns, total</b> .....	<b>15,920,203</b>	<b>42,210,737</b>	<b>517,609</b>	<b>107,929</b>	<b>243,702</b>	<b>895,832</b>	<b>4,630,477</b>	<b>3,957,024</b>	<b>92,846,419</b>	<b>874,009,720</b>
No adjusted gross income.....	217,951	363,269	2,460	829	11,965	35,910	97,165	51,319	227,736	456,746
\$1 under \$5,000.....	1,096,056	521,394	43,378	4,453	*4,316	*26,776	635,202	175,473	1,748,857	433,988
\$5,000 under \$10,000.....	1,686,350	1,623,531	72,860	13,069	2,262	19,704	1,285,937	842,731	4,718,497	1,561,926
\$10,000 under \$15,000.....	1,582,468	2,185,726	43,989	7,563	8,773	34,838	998,931	1,270,904	6,039,762	3,484,249
\$15,000 under \$20,000.....	1,114,136	1,919,723	47,905	10,707	2,253	9,636	599,934	787,575	6,440,096	6,349,049
\$20,000 under \$25,000.....	908,110	1,757,109	27,768	7,764	2,819	13,334	471,567	485,478	6,118,707	9,158,133
\$25,000 under \$30,000.....	779,657	1,634,921	28,362	16,933	2,041	17,500	353,856	276,225	6,087,090	11,940,357
\$30,000 under \$40,000.....	1,228,899	2,723,883	43,401	8,235	3,447	2,281	187,886	67,316	11,556,886	30,862,115
\$40,000 under \$50,000.....	1,110,985	2,729,653	21,024	4,352	4,376	11,689	9,622,210	9,622,210	36,778,610	36,778,610
\$50,000 under \$75,000.....	2,169,798	5,766,445	76,872	14,924	14,692	38,865	17,485,385	17,485,385	99,455,482	99,455,482
\$75,000 under \$100,000.....	1,354,772	4,493,437	65,130	10,547	18,321	29,914	10,044,036	10,044,036	90,732,646	90,732,646
\$100,000 under \$200,000.....	1,721,722	8,037,634	38,839	6,891	62,795	163,355	6,087,090	6,087,090	184,290,451	184,290,451
\$200,000 under \$500,000.....	71,482	5,197,146	5,569	1,527	58,555	212,906	2,346,590	2,346,590	144,910,604	144,910,604
\$500,000 under \$1,000,000.....	155,438	1,623,610	*41	**2	22,362	85,731	432,899	432,899	73,084,035	73,084,035
\$1,000,000 under \$1,500,000.....	38,571	518,983	--	--	8,189	38,229	103,920	103,920	31,649,361	31,649,361
\$1,500,000 under \$2,000,000.....	16,802	260,247	--	--	4,013	24,347	45,075	45,075	19,725,624	19,725,624
\$2,000,000 under \$5,000,000.....	26,032	478,003	*4	*29	7,421	54,962	65,520	65,520	48,545,173	48,545,173
\$5,000,000 under \$10,000,000.....	6,552	159,118	**6	**84	2,762	30,107	15,833	15,833	25,991,060	25,991,060
\$10,000,000 or more.....	4,424	216,903	**	**	2,342	51,497	9,675	9,675	54,600,111	54,600,111
<b>Taxable returns, total</b> .....	<b>9,682,859</b>	<b>33,065,382</b>	<b>321,070</b>	<b>66,560</b>	<b>206,693</b>	<b>693,823</b>	<b>89,099,888</b>	<b>89,099,888</b>	<b>869,322,708</b>	<b>869,322,708</b>
No adjusted gross income.....	1,925	10,985	--	--	174	2,289	4,556	4,556	100,143	100,143
\$1 under \$5,000.....	15,673	5,505	--	--	--	--	753,517	753,517	60,674	60,674
\$5,000 under \$10,000.....	153,065	141,155	28,975	5,397	--	--	3,883,897	3,883,897	869,478	869,478
\$10,000 under \$15,000.....	415,894	532,729	18,939	2,730	*222	*55	5,672,789	5,672,789	3,047,895	3,047,895
\$15,000 under \$20,000.....	443,337	722,005	22,923	6,423	--	--	6,143,870	6,143,870	5,974,396	5,974,396
\$20,000 under \$25,000.....	474,215	892,738	*6,005	*304	*2,737	*12,697	5,932,734	5,932,734	8,850,444	8,850,444
\$25,000 under \$30,000.....	402,859	737,079	*15,016	*8,053	*2,018	*1,611	5,850,586	5,850,586	11,494,169	11,494,169
\$30,000 under \$40,000.....	854,519	1,810,266	29,679	6,500	*3,038	*1,265	11,283,839	11,283,839	30,241,712	30,241,712
\$40,000 under \$50,000.....	906,517	2,202,000	16,010	3,671	*1,356	*2,460	9,467,339	9,467,339	36,390,036	36,390,036
\$50,000 under \$75,000.....	1,997,938	5,164,870	74,935	14,453	13,829	34,930	17,348,578	17,348,578	98,953,296	98,953,296
\$75,000 under \$100,000.....	1,333,213	4,383,193	64,129	10,495	17,497	17,366	10,021,150	10,021,150	90,612,828	90,612,828
\$100,000 under \$200,000.....	1,715,053	8,012,640	38,839	6,891	60,408	128,953	9,718,430	9,718,430	184,231,719	184,231,719
\$200,000 under \$500,000.....	720,953	5,194,517	5,569	1,527	58,366	208,404	2,345,868	2,345,868	144,903,156	144,903,156
\$500,000 under \$1,000,000.....	155,348	1,622,903	*41	*2	22,339	85,191	432,783	432,783	73,082,777	73,082,777
\$1,000,000 or more.....	92,330	1,632,798	*10	*113	24,708	198,602	239,951	239,951	180,509,985	180,509,985
<b>Nontaxable returns, total</b> .....	<b>6,237,364</b>	<b>9,145,355</b>	<b>196,539</b>	<b>41,369</b>	<b>37,009</b>	<b>192,010</b>	<b>4,630,477</b>	<b>3,957,021</b>	<b>3,746,531</b>	<b>4,687,012</b>

Footnotes at end of table.

**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax payments											
	Total		Income tax withheld		Estimated tax payments		Additional child tax credit		Payments with request for extension of filing time			
	Number of returns (50)	Amount (51)	Number of returns (52)	Amount (53)	Number of returns (54)	Amount (55)	Number of returns (56)	Amount (57)	Number of returns (58)	Amount (59)		
<b>All returns, total.....</b>	<b>120,970,534</b>	<b>981,644,294</b>	<b>116,312,978</b>	<b>731,734,362</b>	<b>10,996,504</b>	<b>188,770,357</b>	<b>14,528,434</b>	<b>14,450,019</b>	<b>1,518,779</b>	<b>59,268,206</b>		
No adjusted gross income.....	644,982	2,566,288	519,816	1,421,870	133,523	925,755	204,356	365,115	20,545	201,424		
\$1 under \$5,000.....	8,666,153	1,907,604	8,462,072	1,575,967	193,590	299,692	34,858	38,632	35,101	20,962		
\$5,000 under \$10,000.....	9,756,611	5,110,863	9,442,069	4,603,952	351,058	450,487	74,414	51,247	38,094	49,766		
\$10,000 under \$15,000.....	9,745,022	8,718,655	9,347,681	7,901,951	503,007	727,035	2,471,250	855,638	50,020	77,787		
\$15,000 under \$20,000.....	10,186,073	13,721,354	9,764,531	12,535,701	589,176	1,078,701	3,180,326	2,700,318	49,931	95,385		
\$20,000 under \$25,000.....	9,241,840	17,282,775	8,921,574	16,006,125	517,688	1,173,231	2,761,894	3,045,471	48,438	97,281		
\$25,000 under \$30,000.....	8,193,719	20,388,525	7,904,773	19,022,877	512,034	1,295,895	1,914,963	2,425,403	35,489	62,529		
\$30,000 under \$40,000.....	13,606,254	47,451,264	13,140,773	44,192,250	945,377	2,968,940	2,238,764	2,955,765	80,725	280,136		
\$40,000 under \$50,000.....	10,417,440	51,310,160	10,020,600	47,260,160	925,355	3,816,504	990,414	1,226,223	59,733	225,654		
\$50,000 under \$75,000.....	17,840,621	127,938,651	17,284,113	117,474,993	1,826,047	9,771,549	582,709	679,317	176,872	663,969		
\$75,000 under \$100,000.....	10,029,993	108,833,753	9,685,534	98,280,092	1,261,904	9,534,972	68,232	102,924	157,492	920,472		
\$100,000 under \$200,000.....	9,658,361	194,152,622	9,181,953	164,072,224	1,883,797	26,349,618	**6,255	**3,966	335,963	2,964,313		
\$200,000 under \$500,000.....	2,316,728	136,252,720	2,076,959	92,710,984	940,576	36,413,827	**	**	254,002	6,513,329		
\$500,000 under \$1,000,000.....	428,843	68,677,929	364,016	38,430,407	246,214	23,992,605	--	--	90,504	6,102,026		
\$1,000,000 under \$1,500,000.....	102,739	29,955,148	84,618	14,591,335	68,394	11,816,945	--	--	30,129	3,505,825		
\$1,500,000 under \$2,000,000.....	44,729	18,653,723	37,182	8,590,836	30,780	7,386,782	--	--	14,979	2,654,621		
\$2,000,000 under \$5,000,000.....	65,027	46,410,908	53,490	18,596,336	47,972	19,243,744	--	--	26,524	8,533,937		
\$5,000,000 under \$10,000,000.....	15,756	25,604,609	13,129	9,356,380	12,096	10,155,614	--	--	8,128	6,079,411		
\$10,000,000 or more.....	9,643	56,706,744	8,094	15,105,922	7,916	21,368,460	--	--	6,109	20,219,381		
<b>Taxable returns, total.....</b>	<b>86,514,111</b>	<b>942,309,939</b>	<b>82,937,762</b>	<b>697,450,038</b>	<b>9,601,128</b>	<b>184,261,026</b>	<b>*3,161</b>	<b>*1,239</b>	<b>1,368,252</b>	<b>58,797,187</b>		
No adjusted gross income.....	3,631	172,855	2,961	42,737	742	32,747	--	--	394	96,906		
\$1 under \$5,000.....	382,322	78,134	344,496	53,249	30,741	20,033	--	--	14,958	4,852		
\$5,000 under \$10,000.....	3,583,513	1,891,500	3,513,912	1,800,687	85,466	74,025	--	--	16,924	16,658		
\$10,000 under \$15,000.....	5,122,573	5,137,228	4,882,487	4,718,373	297,431	371,175	--	--	33,184	43,014		
\$15,000 under \$20,000.....	5,797,750	8,881,152	5,507,649	8,168,852	420,604	660,615	--	--	30,072	44,276		
\$20,000 under \$25,000.....	5,708,747	12,123,928	5,455,465	11,154,057	411,157	884,076	--	--	39,536	83,332		
\$25,000 under \$30,000.....	5,709,565	15,819,602	5,477,525	14,787,401	424,250	995,271	*947	*711	25,674	35,123		
\$30,000 under \$40,000.....	11,096,251	41,455,285	10,688,389	38,663,155	835,278	2,534,510	*8	*9	71,075	249,020		
\$40,000 under \$50,000.....	9,352,932	47,947,277	8,993,176	44,272,137	847,249	3,480,991	--	--	51,499	187,979		
\$50,000 under \$75,000.....	17,186,599	124,732,523	16,655,497	114,746,811	1,769,856	9,351,701	*2,206	*519	186,842	612,692		
\$75,000 under \$100,000.....	9,943,969	108,050,052	9,608,583	97,733,715	1,247,274	9,330,524	--	--	155,696	890,986		
\$100,000 under \$200,000.....	9,644,816	193,881,099	9,171,536	163,967,764	1,878,122	26,213,786	--	--	332,282	2,934,231		
\$200,000 under \$500,000.....	2,315,100	136,175,764	2,075,884	92,681,891	939,784	36,372,598	--	--	253,799	6,507,163		
\$500,000 under \$1,000,000.....	428,587	68,657,248	363,824	38,423,204	246,094	23,980,734	--	--	90,470	6,100,470		
\$1,000,000 or more.....	237,755	177,306,291	196,420	66,236,003	167,082	69,958,241	--	--	85,846	40,990,484		
<b>Nontaxable returns, total.....</b>	<b>34,456,422</b>	<b>39,334,356</b>	<b>33,375,216</b>	<b>34,284,324</b>	<b>1,395,376</b>	<b>4,509,331</b>	<b>14,525,273</b>	<b>14,448,780</b>	<b>150,527</b>	<b>471,019</b>		

Footnotes at end of table.

**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax payments--continued										Earned income credit refundable portion			
	Excess social security taxes withheld		Credit for Federal tax on gasoline and special fuels		Credit from regulated investment companies		Health coverage credit		Amount		Number of returns		Amount	
	(60)	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	(68)	(69)	(68)	(69)
<b>All returns, total.....</b>	1,242,604	1,727,641	345,020	86,378	9,608	33,754	16,314	23,595	19,448,355	35,299,505	19,448,355	35,299,505		
No adjusted gross income.....	2,555	5,164	25,690	10,162	**	**	*3	*17	118,848	120,867	118,848	120,867		
\$1 under \$5,000.....	*9	*999	22,841	10,948	--	--	*6	*35	2,506,104	1,594,372	2,506,104	1,594,372		
\$5,000 under \$10,000.....	*2,017	*260	19,334	5,654	--	--	*6	*4	4,304,037	6,829,934	4,304,037	6,829,934		
\$10,000 under \$15,000.....	*361	--	18,129	4,044	**979	**5,228	*2,915	*4,247	3,635,410	10,631,357	3,635,410	10,631,357		
\$15,000 under \$20,000.....	--	--	21,798	4,624	*971	*185	*3,611	*6,759	3,176,560	8,369,538	3,176,560	8,369,538		
\$20,000 under \$25,000.....	--	--	17,735	4,575	--	--	*971	*1,563	2,848,286	5,181,380	2,848,286	5,181,380		
\$25,000 under \$30,000.....	*1,128	*423	18,398	5,761	--	--	*1,873	*1,040	1,937,551	2,120,835	1,937,551	2,120,835		
\$30,000 under \$40,000.....	*56	*77	41,541	5,394	*960	*1,152	*2,922	*3,315	921,223	451,223	921,223	451,223		
\$40,000 under \$50,000.....	2,603	1,472	29,457	3,835	*939	*2,535	--	--	--	--	--	--		
\$50,000 under \$75,000.....	16,076	13,118	66,254	10,096	*933	*52	*1,919	*4,873	--	--	--	--		
\$75,000 under \$100,000.....	198,969	92,161	**55,924	**16,567	*1,042	*323	*1,042	*455	--	--	--	--		
\$100,000 under \$200,000.....	679,318	750,590	**	**	**1,905	*9,504	*999	*1,026	--	--	--	--		
\$200,000 under \$500,000.....	263,836	610,581	5,488	2,434	1,636	1,565	--	--	--	--	--	--		
\$500,000 under \$1,000,000.....	47,602	146,138	1,134	560	**	**	*41	*250	--	--	--	--		
\$1,000,000 under \$1,500,000.....	11,754	39,729	334	123	*67	*1,191	--	--	--	--	--	--		
\$1,500,000 under \$2,000,000.....	5,073	19,805	333	204	*43	*1,345	--	--	--	--	--	--		
\$2,000,000 under \$5,000,000.....	7,835	31,225	421	442	85	3,213	*3	*11	--	--	--	--		
\$5,000,000 under \$10,000,000.....	2,094	9,937	171	359	17	908	--	--	--	--	--	--		
\$10,000,000 or more.....	1,318	5,962	167	467	29	6,554	--	--	--	--	--	--		
<b>Taxable returns, total.....</b>	1,228,182	1,710,583	211,216	41,187	8,628	28,189	13,689	21,727	19,448,355	35,299,505	19,448,355	35,299,505		
No adjusted gross income.....	**67	**192	68	264	**	**	--	--	--	--	--	--		
\$1 under \$5,000.....	**	**	--	--	--	--	--	--	--	--	--	--		
\$5,000 under \$10,000.....	--	--	*705	*130	--	--	--	--	--	--	--	--		
\$10,000 under \$15,000.....	--	--	*4,027	*979	--	--	*1,942	*3,687	--	--	--	--		
\$15,000 under \$20,000.....	--	--	*8,289	*1,391	**976	**193	*2,914	*5,834	--	--	--	--		
\$20,000 under \$25,000.....	--	--	6,615	900	--	--	*971	*1,563	--	--	--	--		
\$25,000 under \$30,000.....	*3	*1	10,687	1,092	--	--	*935	*713	--	--	--	--		
\$30,000 under \$40,000.....	--	--	33,567	4,134	*960	*1,152	*2,922	*3,315	--	--	--	--		
\$40,000 under \$50,000.....	*1,309	*364	24,828	3,270	*939	*2,535	--	--	--	--	--	--		
\$50,000 under \$75,000.....	14,121	8,577	58,777	7,817	*933	*52	*1,919	*4,873	--	--	--	--		
\$75,000 under \$100,000.....	194,330	88,835	**55,751	**16,502	*1,042	*323	*1,042	*455	--	--	--	--		
\$100,000 under \$200,000.....	678,927	749,442	**	**	**1,902	*9,504	*999	*1,026	--	--	--	--		
\$200,000 under \$500,000.....	263,775	610,461	5,477	2,431	1,633	1,220	--	--	--	--	--	--		
\$500,000 under \$1,000,000.....	47,588	146,091	1,131	555	**	**	*41	*250	--	--	--	--		
\$1,000,000 or more.....	28,062	106,619	1,295	1,721	242	13,211	*3	*11	--	--	--	--		
<b>Nontaxable returns, total.....</b>	14,421	17,057	133,804	45,191	980	5,565	2,625	1,868	19,448,355	35,299,505	19,448,355	35,299,505		

Footnotes at end of table.

**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Overpayment						Tax due at time of filing		Predetermined estimated tax penalty	
	Total		Refunded		Credited to 2005 estimated tax		Number of returns	Amount	Number of returns	Amount
	(70)	(71)	(72)	(73)	(74)	(75)				
<b>All returns, total.....</b>	<b>103,706,648</b>	<b>255,064,839</b>	<b>100,674,244</b>	<b>221,371,474</b>	<b>4,314,593</b>	<b>33,693,366</b>	<b>24,452,350</b>	<b>99,683,782</b>	<b>5,641,853</b>	<b>774,697</b>
No adjusted gross income.....	790,689	2,794,014	735,264	2,278,653	68,507	515,361	153,269	218,447	26,490	2,390
\$1 under \$5,000.....	8,978,993	3,399,066	8,986,623	3,302,475	104,021	96,591	1,288,913	301,899	13,669	857
\$5,000 under \$10,000.....	10,024,918	11,125,320	9,930,619	11,000,689	137,154	124,631	1,326,008	712,805	189,974	6,305
\$10,000 under \$15,000.....	9,768,025	17,599,845	9,632,491	17,423,088	195,121	176,757	1,437,650	916,577	225,346	9,847
\$15,000 under \$20,000.....	9,606,118	19,426,522	9,462,829	19,188,279	246,108	238,244	1,415,193	1,128,750	239,071	14,345
\$20,000 under \$25,000.....	8,382,290	17,475,564	8,245,798	17,258,468	205,047	217,116	1,267,627	1,291,260	234,234	14,658
\$25,000 under \$30,000.....	7,217,827	14,120,939	7,084,551	13,874,786	204,700	246,153	1,245,654	1,381,746	233,830	13,117
\$30,000 under \$40,000.....	11,625,696	22,471,026	11,402,201	21,877,479	357,999	593,547	2,246,231	2,801,884	460,885	30,741
\$40,000 under \$50,000.....	8,407,807	18,900,181	8,177,238	18,243,043	332,670	657,138	2,146,709	3,358,214	501,885	31,528
\$50,000 under \$75,000.....	13,855,512	37,239,104	13,412,562	35,834,207	647,201	1,404,896	4,156,474	8,293,373	1,001,618	77,288
\$75,000 under \$100,000.....	7,584,758	24,966,618	7,252,975	23,704,316	487,650	1,262,301	2,518,493	6,837,340	733,012	58,524
\$100,000 under \$200,000.....	6,073,166	27,869,010	5,567,318	24,143,350	713,014	3,725,660	3,640,318	18,156,984	1,126,765	152,387
\$200,000 under \$500,000.....	1,060,465	11,887,469	735,349	6,714,224	402,114	5,173,245	1,270,759	20,708,203	494,177	162,850
\$500,000 under \$1,000,000.....	203,368	6,081,948	103,277	2,424,103	118,544	3,657,844	227,175	10,566,262	104,533	78,209
\$1,000,000 under \$1,500,000.....	51,926	2,914,103	21,008	891,830	36,610	2,022,273	51,543	4,637,025	25,053	28,708
\$1,500,000 under \$2,000,000.....	23,116	1,810,549	8,382	492,176	16,792	1,318,373	21,691	2,899,636	10,509	17,187
\$2,000,000 under \$5,000,000.....	35,588	4,957,206	11,468	1,126,780	27,607	3,830,427	29,586	7,130,043	15,453	38,572
\$5,000,000 under \$10,000,000.....	9,690	2,911,152	2,700	539,299	7,937	3,371,853	6,071	3,313,260	3,415	15,657
\$10,000,000 or more.....	6,675	7,115,183	1,589	1,054,228	5,798	6,060,955	2,976	5,030,076	1,934	21,526
<b>Taxable returns, total.....</b>	<b>66,988,412</b>	<b>169,524,971</b>	<b>64,357,513</b>	<b>137,439,116</b>	<b>3,683,588</b>	<b>32,085,855</b>	<b>22,005,465</b>	<b>97,289,017</b>	<b>5,111,573</b>	<b>745,960</b>
No adjusted gross income.....	2,358	103,775	1,936	55,928	563	47,847	2,196	31,234	631	170
\$1 under \$5,000.....	295,058	61,467	270,463	53,023	27,489	8,444	451,470	44,020	*977	*13
\$5,000 under \$10,000.....	3,170,575	1,231,670	3,146,538	1,219,135	35,411	12,535	708,707	211,840	42,853	1,710
\$10,000 under \$15,000.....	4,443,423	2,767,564	4,366,878	2,688,027	106,638	79,536	1,221,498	685,216	152,092	6,986
\$15,000 under \$20,000.....	4,881,971	3,825,820	4,774,202	3,682,242	176,304	143,579	1,256,679	932,626	179,742	11,271
\$20,000 under \$25,000.....	4,751,986	4,402,502	4,639,204	4,269,908	164,730	132,595	1,171,756	1,141,902	198,667	12,883
\$25,000 under \$30,000.....	4,722,138	5,486,728	4,610,837	5,325,500	161,626	161,229	1,122,123	1,172,963	188,903	10,708
\$30,000 under \$40,000.....	9,161,912	13,701,628	8,966,520	13,241,317	301,192	460,311	2,118,728	2,514,988	396,477	26,633
\$40,000 under \$50,000.....	7,378,283	14,746,487	7,170,772	14,203,255	297,346	543,232	2,088,117	3,218,519	470,539	28,714
\$50,000 under \$75,000.....	13,228,600	33,805,002	12,805,106	32,567,824	608,619	1,237,178	4,106,239	8,099,472	973,477	74,002
\$75,000 under \$100,000.....	7,502,359	24,187,146	7,175,432	22,988,607	480,104	1,198,539	2,511,530	6,808,486	727,759	58,096
\$100,000 under \$200,000.....	6,060,819	27,641,510	5,547,259	23,976,734	708,636	3,664,776	3,636,861	18,144,789	1,124,531	152,096
\$200,000 under \$500,000.....	1,058,943	11,816,733	734,207	6,667,310	401,590	5,149,423	1,270,549	20,706,952	494,054	162,828
\$500,000 under \$1,000,000.....	203,124	6,062,416	103,095	2,410,306	118,456	3,652,110	227,147	10,566,150	104,517	78,206
\$1,000,000 or more.....	126,865	19,684,523	45,066	4,090,000	94,685	15,594,523	111,865	23,009,861	56,354	121,644
<b>Non-taxable returns, total.....</b>	<b>36,718,236</b>	<b>85,539,868</b>	<b>36,316,731</b>	<b>83,932,358</b>	<b>631,005</b>	<b>1,607,511</b>	<b>2,446,885</b>	<b>2,394,765</b>	<b>530,280</b>	<b>28,736</b>

\* Estimate should be used with caution due to the small number of sample returns on which it is based.

\*\* Data combined to avoid disclosure of information for specific taxpayers.

( Z ) Less than \$500.

NOTE: Detail may not add to total because of rounding.

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Tax credits									
	All returns		Total		Child care credit		Credit for the elderly and disabled		Child tax credit	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>All returns, total</b> .....	<b>0.03</b>	<b>0.50</b>	<b>0.71</b>	<b>1.60</b>	<b>1.94</b>	<b>13.13</b>	<b>15.39</b>	<b>0.70</b>	<b>0.85</b>	
No adjusted gross income.....	1.71	32.95	19.52	--	--	23.84	27.03	38.63	23.57	
\$1 under \$5,000.....	1.12	13.22	29.11	--	--	--	--	95.44	95.44	
\$5,000 under \$10,000.....	1.11	4.33	5.22	93.66	93.66	45.86	66.34	57.46	65.36	
\$10,000 under \$15,000.....	1.13	3.11	4.41	16.66	20.25	16.88	18.39	7.24	9.25	
\$15,000 under \$20,000.....	1.16	2.31	3.02	8.17	9.51	24.98	30.20	3.42	4.13	
\$20,000 under \$25,000.....	1.27	2.04	2.54	6.59	7.52	70.70	70.82	2.86	3.32	
\$25,000 under \$30,000.....	1.37	2.20	2.59	6.77	7.84	--	--	2.83	3.16	
\$30,000 under \$40,000.....	1.04	1.72	2.06	5.02	5.88	--	--	2.14	2.34	
\$40,000 under \$50,000.....	1.07	1.83	2.24	5.36	6.32	--	--	2.26	2.48	
\$50,000 under \$75,000.....	0.73	1.33	1.60	3.40	4.06	--	--	1.53	1.71	
\$75,000 under \$100,000.....	0.91	1.62	2.06	4.07	4.99	--	--	1.91	2.18	
\$100,000 under \$200,000.....	0.91	1.70	2.82	3.73	4.60	--	--	2.36	2.89	
\$200,000 under \$500,000.....	0.90	1.55	6.87	4.29	5.15	--	--	55.63	70.97	
\$500,000 under \$1,000,000.....	1.05	1.44	6.69	6.13	6.81	--	--	--	--	
\$1,000,000 under \$1,500,000.....	1.29	1.68	6.86	8.34	9.94	--	--	--	--	
\$1,500,000 under \$2,000,000.....	1.04	1.37	6.71	7.55	9.05	--	--	--	--	
\$2,000,000 under \$5,000,000.....	0.56	0.70	3.46	4.81	5.48	--	--	--	--	
\$5,000,000 under \$10,000,000.....	0.61	0.70	2.79	5.28	6.06	--	--	--	--	
\$10,000,000 or more.....	0.03	0.03	0.02	--	--	--	--	--	--	
<b>Taxable returns, total</b> .....	<b>0.22</b>	<b>0.62</b>	<b>0.84</b>	<b>1.89</b>	<b>2.28</b>	<b>18.30</b>	<b>20.67</b>	<b>0.88</b>	<b>1.01</b>	
No adjusted gross income.....	15.43	27.16	25.74	--	--	30.00	29.35	26.16	27.54	
\$1 under \$5,000.....	4.64	14.28	33.76	--	--	--	--	95.44	95.44	
\$5,000 under \$10,000.....	2.11	8.40	9.87	93.66	93.66	--	--	93.66	93.66	
\$10,000 under \$15,000.....	1.72	4.68	7.34	--	--	24.06	25.53	96.45	92.10	
\$15,000 under \$20,000.....	1.64	4.82	7.42	--	--	30.85	35.56	59.85	62.72	
\$20,000 under \$25,000.....	1.67	3.92	6.00	38.50	51.96	70.70	70.82	17.40	17.61	
\$25,000 under \$30,000.....	1.69	3.90	4.88	20.96	25.42	--	--	7.14	7.19	
\$30,000 under \$40,000.....	1.18	2.31	2.86	7.83	8.79	--	--	3.26	3.39	
\$40,000 under \$50,000.....	1.15	2.12	2.65	6.75	7.75	--	--	2.74	2.95	
\$50,000 under \$75,000.....	0.75	1.40	1.69	3.59	4.28	--	--	1.62	1.80	
\$75,000 under \$100,000.....	0.92	1.64	2.07	4.11	5.02	--	--	1.93	2.20	
\$100,000 under \$200,000.....	0.91	1.70	2.79	3.73	4.60	--	--	2.36	2.90	
\$200,000 under \$500,000.....	0.90	1.55	6.97	4.29	5.15	--	--	55.63	70.97	
\$500,000 under \$1,000,000.....	1.05	1.44	6.76	6.14	6.81	--	--	--	--	
\$1,000,000 or more.....	0.55	0.68	1.61	4.68	5.68	--	--	--	--	
<b>Nontaxable returns, total</b> .....	<b>0.45</b>	<b>1.04</b>	<b>1.48</b>	<b>3.04</b>	<b>3.68</b>	<b>18.85</b>	<b>23.10</b>	<b>1.29</b>	<b>1.73</b>	

**Table 3.CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Tax credits--continued									
	Education credit		Retirement savings contribution credit		Adoption credit		Earned income credit used to offset income tax before credits		Minimum tax credit	
	Number of returns (10)	Amount (11)	Number of returns (12)	Amount (13)	Number of returns (14)	Amount (15)	Number of returns (16)	Amount (17)	Number of returns (18)	Amount (19)
<b>All returns, total.....</b>	<b>1.53</b>	<b>1.93</b>	<b>1.76</b>	<b>2.32</b>	<b>15.33</b>	<b>19.99</b>	<b>2.43</b>	<b>3.53</b>	<b>4.75</b>	<b>4.61</b>
No adjusted gross income.....	26.37	44.00	69.72	67.89	-	-	61.84	81.96	-	-
\$1 under \$5,000.....	-	-	-	-	-	-	-	-	-	-
\$5,000 under \$10,000.....	11.82	14.02	20.25	22.12	-	-	5.08	5.80	99.74	99.09
\$10,000 under \$15,000.....	6.16	6.87	8.42	10.58	-	-	5.73	8.92	99.88	99.88
\$15,000 under \$20,000.....	5.39	6.41	5.34	6.79	-	-	8.60	9.69	69.40	62.73
\$20,000 under \$25,000.....	5.25	6.50	4.06	5.23	99.85	98.34	6.13	7.68	72.36	60.97
\$25,000 under \$30,000.....	5.41	6.58	4.96	6.66	-	-	4.78	5.68	74.07	74.54
\$30,000 under \$40,000.....	3.93	4.77	3.55	4.19	51.73	61.73	9.63	13.53	38.41	65.86
\$40,000 under \$50,000.....	4.57	5.65	3.56	4.06	49.95	52.90	-	-	40.70	45.77
\$50,000 under \$75,000.....	3.25	4.02	99.58	99.74	28.07	31.23	-	-	20.35	25.76
\$75,000 under \$100,000.....	4.07	4.95	-	-	28.08	32.40	-	-	22.97	27.00
\$100,000 under \$200,000.....	18.96	27.75	-	-	32.86	41.28	-	-	8.94	19.87
\$200,000 under \$500,000.....	-	-	-	-	69.18	73.17	-	-	7.12	12.67
\$500,000 under \$1,000,000.....	-	-	-	-	93.66	93.66	-	-	4.25	9.63
\$1,000,000 under \$1,500,000.....	-	-	-	-	-	-	-	-	4.87	11.61
\$1,500,000 under \$2,000,000.....	-	-	-	-	-	-	-	-	4.45	10.80
\$2,000,000 under \$5,000,000.....	-	-	-	-	-	-	-	-	2.46	5.89
\$5,000,000 under \$10,000,000.....	-	-	-	-	-	-	-	-	2.18	4.28
\$10,000,000 or more.....	-	-	-	-	-	-	-	-	-	-
<b>Taxable returns, total.....</b>	<b>1.83</b>	<b>2.31</b>	<b>2.27</b>	<b>2.91</b>	<b>23.61</b>	<b>31.63</b>	<b>3.90</b>	<b>5.95</b>	<b>4.84</b>	<b>4.66</b>
No adjusted gross income.....	35.60	52.89	69.72	67.89	-	-	61.84	81.96	-	-
\$1 under \$5,000.....	-	-	-	-	-	-	-	-	-	-
\$5,000 under \$10,000.....	42.53	50.49	74.82	75.43	-	-	10.29	10.61	99.95	99.95
\$10,000 under \$15,000.....	11.12	13.28	12.32	16.09	-	-	6.49	7.49	-	-
\$15,000 under \$20,000.....	7.96	9.80	6.96	9.01	-	-	99.95	99.95	-	-
\$20,000 under \$25,000.....	6.76	8.41	5.45	6.86	-	-	18.78	19.39	77.16	77.13
\$25,000 under \$30,000.....	7.23	8.96	8.24	10.76	-	-	6.63	7.75	77.28	85.02
\$30,000 under \$40,000.....	4.76	5.93	4.36	5.13	-	-	12.57	18.21	60.06	65.17
\$40,000 under \$50,000.....	5.32	6.64	3.99	4.52	-	-	-	-	39.74	60.75
\$50,000 under \$75,000.....	3.44	4.25	99.98	99.98	60.37	66.74	-	-	23.74	27.53
\$75,000 under \$100,000.....	4.12	5.01	-	-	38.44	46.91	-	-	24.24	28.30
\$100,000 under \$200,000.....	18.97	27.77	-	-	34.96	45.59	-	-	9.03	20.44
\$200,000 under \$500,000.....	-	-	-	-	70.51	75.48	-	-	7.17	13.95
\$500,000 under \$1,000,000.....	-	-	-	-	93.66	93.66	-	-	4.25	10.12
\$1,000,000 or more.....	-	-	-	-	-	-	-	-	2.38	3.74
<b>Nontaxable returns, total.....</b>	<b>2.92</b>	<b>3.59</b>	<b>2.88</b>	<b>3.77</b>	<b>20.11</b>	<b>25.14</b>	<b>3.16</b>	<b>4.44</b>	<b>22.61</b>	<b>22.05</b>

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Tax credits--continued											
	Foreign tax credit		General business credit		Empowerment zone and community renewal credit		Nonconventional source fuel credit		New York liberty zone credit			
	Number of returns (20)	Amount (21)	Number of returns (22)	Amount (23)	Number of returns (24)	Amount (25)	Number of returns (26)	Amount (27)	Number of returns (28)	Amount (29)		
<b>All returns, total.....</b>	<b>0.91</b>	<b>2.50</b>	<b>5.93</b>	<b>4.10</b>	<b>12.18</b>	<b>14.58</b>	<b>45.19</b>	<b>30.51</b>	<b>30.00</b>	<b>27.32</b>		
No adjusted gross income.....	72.49	58.75	-	-	36.09	10.33	-	-	-	-		
\$1 under \$5,000.....	13.34	30.97	99.95	99.95	-	-	-	-	-	-		
\$5,000 under \$10,000.....	13.79	22.64	99.95	99.95	-	-	-	-	-	-		
\$10,000 under \$15,000.....	10.92	25.76	55.05	87.90	-	-	-	-	-	-		
\$15,000 under \$20,000.....	10.33	31.27	61.37	84.69	-	-	-	-	-	-		
\$20,000 under \$25,000.....	10.22	32.73	41.53	49.79	-	-	-	-	-	-		
\$25,000 under \$30,000.....	9.66	38.31	40.28	63.25	99.95	99.95	-	-	-	-		
\$30,000 under \$40,000.....	7.12	26.54	29.68	55.23	-	-	99.63	99.35	-	-		
\$40,000 under \$50,000.....	6.57	29.24	21.13	28.41	98.82	98.82	-	-	-	-		
\$50,000 under \$75,000.....	3.73	18.93	17.67	22.88	51.60	56.13	-	-	-	-		
\$75,000 under \$100,000.....	4.22	19.01	19.61	26.76	73.96	85.01	70.74	76.96	-	-		
\$100,000 under \$200,000.....	2.47	10.61	11.62	14.26	30.90	52.43	97.58	77.40	93.45	98.35		
\$200,000 under \$500,000.....	1.63	8.13	10.62	16.19	16.13	37.75	75.18	18.99	75.89	68.74		
\$500,000 under \$1,000,000.....	1.54	8.04	5.50	9.47	10.44	32.67	40.40	58.86	41.21	54.41		
\$1,000,000 under \$1,500,000.....	1.79	8.67	5.10	10.51	10.66	34.37	31.23	73.06	38.26	62.12		
\$1,500,000 under \$2,000,000.....	1.43	8.37	4.51	10.66	9.24	20.38	27.59	59.80	57.28	68.41		
\$2,000,000 under \$5,000,000.....	0.72	4.29	2.25	5.02	5.22	12.48	14.82	32.93	22.37	38.39		
\$5,000,000 under \$10,000,000.....	0.74	3.31	1.71	2.92	4.16	4.31	9.16	21.09	16.97	17.96		
\$10,000,000 or more.....	0.04	0.02	-	-	-	-	-	-	-	-		
<b>Taxable returns, total.....</b>	<b>0.94</b>	<b>2.52</b>	<b>6.30</b>	<b>4.13</b>	<b>12.29</b>	<b>14.67</b>	<b>45.24</b>	<b>30.78</b>	<b>30.60</b>	<b>27.76</b>		
No adjusted gross income.....	84.20	80.05	-	-	36.09	10.33	-	-	-	-		
\$1 under \$5,000.....	14.29	34.47	-	-	-	-	-	-	-	-		
\$5,000 under \$10,000.....	15.36	24.53	99.95	99.95	-	-	-	-	-	-		
\$10,000 under \$15,000.....	12.19	26.08	99.95	99.95	-	-	-	-	-	-		
\$15,000 under \$20,000.....	11.29	35.60	99.01	89.98	-	-	-	-	-	-		
\$20,000 under \$25,000.....	11.00	28.07	72.24	98.90	-	-	-	-	-	-		
\$25,000 under \$30,000.....	10.37	15.47	61.49	78.98	99.95	99.95	-	-	-	-		
\$30,000 under \$40,000.....	7.45	28.15	37.87	70.92	-	-	99.88	99.88	-	-		
\$40,000 under \$50,000.....	6.89	34.26	23.23	31.39	-	-	-	-	-	-		
\$50,000 under \$75,000.....	3.81	17.61	20.35	27.27	57.25	64.72	-	-	-	-		
\$75,000 under \$100,000.....	4.28	19.47	19.96	28.10	73.96	85.01	70.74	76.96	-	-		
\$100,000 under \$200,000.....	2.47	10.70	11.70	14.47	30.90	52.43	97.58	77.40	70.55	0.42		
\$200,000 under \$500,000.....	1.64	8.19	10.65	16.45	16.14	37.84	93.66	93.66	77.87	71.40		
\$500,000 under \$1,000,000.....	1.54	8.08	5.51	9.48	10.45	32.68	40.68	65.19	41.21	54.41		
\$1,000,000 or more.....	0.69	1.93	2.10	2.50	4.67	8.80	9.01	8.84	15.37	23.64		
<b>Nontaxable returns, total.....</b>	<b>8.48</b>	<b>19.96</b>	<b>17.39</b>	<b>22.13</b>	<b>88.65</b>	<b>84.79</b>	<b>-</b>	<b>-</b>	<b>91.47</b>	<b>77.65</b>		

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Tax credits--continued		Income tax after credits		Total income tax		Total		All other taxes	
	Other tax credits									
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)
<b>All returns, total.....</b>	<b>18.56</b>	<b>17.07</b>	<b>0.22</b>	<b>0.19</b>	<b>0.22</b>	<b>0.19</b>	<b>0.55</b>	<b>0.82</b>	<b>1.65</b>	<b>2.69</b>
No adjusted gross income.....	--	--	15.43	7.25	15.43	7.25	4.50	5.95	11.63	16.87
\$1 under \$5,000.....	--	--	4.64	7.76	4.64	7.76	3.08	6.19	14.62	27.90
\$5,000 under \$10,000.....	--	--	2.11	2.78	2.11	2.78	2.43	3.13	10.06	16.58
\$10,000 under \$15,000.....	--	--	1.72	1.96	1.72	1.96	2.48	3.11	8.38	12.50
\$15,000 under \$20,000.....	99.95	99.95	1.64	1.86	1.64	1.86	2.86	3.73	7.14	10.38
\$20,000 under \$25,000.....	99.97	99.97	1.67	1.90	1.67	1.90	3.15	4.39	6.77	10.40
\$25,000 under \$30,000.....	--	--	1.69	1.91	1.69	1.91	3.29	4.62	6.69	9.39
\$30,000 under \$40,000.....	47.00	51.30	1.18	1.35	1.18	1.35	2.53	3.73	4.84	6.52
\$40,000 under \$50,000.....	73.87	81.30	1.15	1.35	1.15	1.35	2.66	4.13	5.13	7.98
\$50,000 under \$75,000.....	31.26	38.10	0.75	0.91	0.75	0.91	1.88	3.00	3.60	5.52
\$75,000 under \$100,000.....	51.07	70.72	0.92	1.06	0.92	1.06	2.47	3.63	5.06	7.06
\$100,000 under \$200,000.....	51.05	63.12	0.91	0.87	0.91	0.87	1.92	2.23	4.65	6.25
\$200,000 under \$500,000.....	50.41	56.12	0.90	0.82	0.90	0.82	1.61	2.16	5.97	13.72
\$500,000 under \$1,000,000.....	26.68	58.29	1.05	0.97	1.05	0.97	1.69	2.46	8.83	20.85
\$1,000,000 under \$1,500,000.....	21.07	45.79	1.30	1.29	1.30	1.29	1.95	3.32	9.79	28.13
\$1,500,000 under \$2,000,000.....	19.96	46.98	1.04	1.11	1.04	1.11	1.72	3.06	9.63	27.26
\$2,000,000 under \$5,000,000.....	8.74	23.96	0.56	0.53	0.56	0.53	0.92	2.17	5.19	29.47
\$5,000,000 under \$10,000,000.....	7.28	1.63	0.61	0.55	0.61	0.55	0.83	2.19	5.29	20.12
\$10,000,000 or more.....	--	--	0.03	0.01	0.03	0.01	0.04	0.16	--	--
<b>Taxable returns, total.....</b>	<b>20.58</b>	<b>18.29</b>	<b>0.22</b>	<b>0.19</b>	<b>0.22</b>	<b>0.19</b>	<b>0.78</b>	<b>0.99</b>	<b>1.88</b>	<b>2.96</b>
No adjusted gross income.....	--	--	15.43	7.25	15.43	7.25	25.33	9.31	37.56	50.06
\$1 under \$5,000.....	--	--	4.64	7.76	4.64	7.76	23.46	52.60	57.70	67.31
\$5,000 under \$10,000.....	--	--	2.11	2.78	2.11	2.78	8.07	10.75	25.08	40.60
\$10,000 under \$15,000.....	--	--	1.72	1.96	1.72	1.96	4.88	6.29	13.21	20.95
\$15,000 under \$20,000.....	99.95	99.95	1.64	1.86	1.64	1.86	4.59	6.21	11.33	15.44
\$20,000 under \$25,000.....	99.97	99.97	1.67	1.90	1.67	1.90	4.50	6.68	9.89	17.12
\$25,000 under \$30,000.....	--	--	1.69	1.91	1.69	1.91	4.54	6.63	8.49	11.54
\$30,000 under \$40,000.....	--	--	1.18	1.35	1.18	1.35	3.04	4.53	5.60	7.59
\$40,000 under \$50,000.....	73.87	81.30	1.15	1.35	1.15	1.35	2.94	4.69	5.50	8.65
\$50,000 under \$75,000.....	32.89	41.20	0.75	0.91	0.75	0.91	1.97	3.16	3.69	5.70
\$75,000 under \$100,000.....	51.07	70.72	0.92	1.06	0.92	1.06	2.50	3.69	5.09	7.10
\$100,000 under \$200,000.....	51.05	63.12	0.91	0.87	0.91	0.87	1.92	2.23	4.65	6.25
\$200,000 under \$500,000.....	50.47	56.27	0.90	0.82	0.90	0.82	1.61	2.16	5.98	13.73
\$500,000 under \$1,000,000.....	26.68	58.29	1.05	0.97	1.05	0.97	1.70	2.46	8.83	20.85
\$1,000,000 or more.....	8.57	4.26	0.55	0.25	0.55	0.25	0.85	1.19	5.12	14.69
<b>Nontaxable returns, total.....</b>	<b>42.60</b>	<b>46.08</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.02</b>	<b>1.68</b>	<b>3.57</b>	<b>5.37</b>



**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	All other taxes--continued						Earned income credit used to offset other taxes		Total tax liability	
	Self-employment tax		Social security taxes on tip income		Household employment tax		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount				
	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
<b>All returns, total</b> .....	0.53	0.88	5.88	10.34	5.46	6.86	1.39	1.99	0.21	0.19
No adjusted gross income.....	4.81	6.06	45.67	50.55	34.19	35.09	7.88	12.33	4.92	5.58
\$1 under \$5,000.....	3.18	4.46	20.75	25.74	56.65	95.99	4.37	5.47	2.79	7.36
\$5,000 under \$10,000.....	2.50	3.01	16.05	23.97	88.93	99.27	3.00	3.93	1.85	2.94
\$10,000 under \$15,000.....	2.59	3.10	20.55	38.16	43.04	55.95	3.50	4.17	1.64	2.08
\$15,000 under \$20,000.....	3.11	3.87	19.77	29.06	89.29	77.94	4.59	5.69	1.59	1.85
\$20,000 under \$25,000.....	3.51	4.61	25.33	45.93	76.47	94.08	5.14	6.60	1.64	1.89
\$25,000 under \$30,000.....	3.70	4.94	25.96	40.69	97.19	90.23	5.81	7.28	1.64	1.85
\$30,000 under \$40,000.....	2.90	4.06	19.88	34.42	48.63	45.85	8.29	9.74	1.16	1.31
\$40,000 under \$50,000.....	3.06	4.51	29.16	50.90	56.09	75.63	—	—	1.14	1.33
\$50,000 under \$75,000.....	2.19	3.34	15.34	21.11	29.83	42.93	—	—	0.75	0.90
\$75,000 under \$100,000.....	2.80	4.04	16.75	25.93	29.17	38.52	—	—	0.92	1.06
\$100,000 under \$200,000.....	2.08	2.40	20.60	27.84	11.39	18.80	—	—	0.91	0.85
\$200,000 under \$500,000.....	1.69	2.21	26.48	68.24	6.57	9.44	—	—	0.90	0.81
\$500,000 under \$1,000,000.....	1.79	2.57	98.78	98.78	4.93	6.76	—	—	1.05	0.96
\$1,000,000 under \$1,500,000.....	2.08	3.12	—	—	4.84	11.39	—	—	1.29	0.96
\$1,500,000 under \$2,000,000.....	1.88	3.26	—	—	4.03	7.88	—	—	1.04	1.11
\$2,000,000 under \$5,000,000.....	1.03	1.98	62.81	78.59	1.97	3.45	—	—	0.56	0.53
\$5,000,000 under \$10,000,000.....	0.94	1.57	41.73	0.59	1.43	1.68	—	—	0.61	0.55
\$10,000,000 or more.....	0.06	0.28	—	—	0.11	0.05	—	—	0.03	0.02
<b>Taxable returns, total</b> .....	0.82	1.08	7.46	12.82	5.41	5.53	—	—	0.22	0.19
No adjusted gross income.....	26.93	10.70	—	—	19.65	21.48	—	—	15.43	6.69
\$1 under \$5,000.....	26.53	53.49	—	—	—	—	—	—	4.64	8.59
\$5,000 under \$10,000.....	8.82	11.44	25.61	37.93	—	—	—	—	2.11	3.10
\$10,000 under \$15,000.....	5.25	6.50	31.21	70.60	99.78	99.78	—	—	1.72	2.11
\$15,000 under \$20,000.....	5.03	6.46	28.57	40.36	—	—	—	—	1.64	1.91
\$20,000 under \$25,000.....	5.04	6.94	57.72	65.91	78.73	98.73	—	—	1.67	1.93
\$25,000 under \$30,000.....	5.26	7.20	35.92	61.13	98.25	97.97	—	—	1.89	1.89
\$30,000 under \$40,000.....	3.56	4.98	24.18	41.47	53.98	55.46	—	—	1.18	1.33
\$40,000 under \$50,000.....	3.43	5.16	33.30	58.79	73.51	83.62	—	—	1.15	1.34
\$50,000 under \$75,000.....	2.30	3.55	15.63	21.65	31.51	47.30	—	—	0.75	0.90
\$75,000 under \$100,000.....	2.83	4.12	16.94	26.06	30.41	35.84	—	—	0.92	1.06
\$100,000 under \$200,000.....	2.09	2.40	20.60	27.84	11.66	17.92	—	—	0.91	0.85
\$200,000 under \$500,000.....	1.69	2.21	26.48	68.24	6.59	9.64	—	—	0.90	0.81
\$500,000 under \$1,000,000.....	1.79	2.57	98.78	98.78	4.94	6.80	—	—	1.05	0.96
\$1,000,000 or more.....	0.94	1.24	35.56	20.29	1.82	2.59	—	—	0.25	0.55
<b>Non-taxable returns, total</b> .....	1.03	1.70	9.56	17.40	19.52	24.55	1.39	1.99	1.58	2.64

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Tax payments									
	Total		Income tax withheld		Estimated tax payments		Additional child tax credit		Payments with request for extension of filing time	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>All returns, total.....</b>	<b>0.10</b>	<b>0.19</b>	<b>0.12</b>	<b>0.24</b>	<b>0.92</b>	<b>0.60</b>	<b>0.99</b>	<b>1.31</b>	<b>2.19</b>	<b>0.63</b>
No adjusted gross income.....	3.20	3.12	3.63	4.02	7.03	5.18	7.92	9.93	15.18	5.57
\$1 under \$5,000.....	1.34	3.82	1.36	2.58	7.89	18.88	18.89	24.81	18.72	25.09
\$5,000 under \$10,000.....	1.27	1.88	1.30	1.86	6.11	9.04	13.41	15.56	16.68	27.10
\$10,000 under \$15,000.....	1.27	1.68	1.30	1.62	5.26	9.16	2.63	3.34	14.37	21.47
\$15,000 under \$20,000.....	1.24	1.48	1.27	1.50	4.84	6.67	2.34	2.49	14.89	20.61
\$20,000 under \$25,000.....	1.31	1.51	1.34	1.54	5.18	6.76	2.50	2.87	15.81	22.68
\$25,000 under \$30,000.....	1.41	1.58	1.44	1.62	5.15	6.41	3.01	3.53	17.69	19.67
\$30,000 under \$40,000.....	1.06	1.19	1.09	1.23	3.78	4.84	2.76	3.46	11.94	18.01
\$40,000 under \$50,000.....	1.08	1.24	1.11	1.28	3.75	5.19	4.08	5.23	13.38	19.93
\$50,000 under \$75,000.....	0.74	0.92	0.75	0.89	2.62	5.37	5.21	7.28	8.06	9.94
\$75,000 under \$100,000.....	0.92	1.03	0.94	1.09	3.10	3.80	14.97	19.32	8.54	10.37
\$100,000 under \$200,000.....	0.92	0.90	0.96	1.00	1.99	2.18	40.94	42.65	4.49	4.91
\$200,000 under \$500,000.....	0.91	0.88	1.00	1.13	1.43	1.62	-	-	2.83	3.34
\$500,000 under \$1,000,000.....	1.06	1.03	1.21	1.46	1.43	1.63	-	-	2.47	2.85
\$1,000,000 under \$1,500,000.....	1.30	1.36	1.48	1.96	1.59	1.87	-	-	2.43	2.83
\$1,500,000 under \$2,000,000.....	1.05	1.19	1.19	1.71	1.33	1.77	-	-	2.01	2.54
\$2,000,000 under \$5,000,000.....	0.56	0.57	0.68	0.98	0.69	0.88	-	-	1.00	1.16
\$5,000,000 under \$10,000,000.....	0.61	0.55	0.68	0.95	0.68	0.71	-	-	0.82	0.79
\$10,000,000 or more.....	0.03	0.01	0.03	-	0.03	0.03	-	-	-	-
<b>Taxable returns, total.....</b>	<b>0.22</b>	<b>0.20</b>	<b>0.24</b>	<b>0.26</b>	<b>0.99</b>	<b>0.61</b>	<b>71.19</b>	<b>66.03</b>	<b>2.28</b>	<b>0.63</b>
No adjusted gross income.....	18.47	4.36	22.28	12.40	15.38	8.42	-	-	10.15	3.94
\$1 under \$5,000.....	6.73	10.61	7.18	9.60	21.18	31.18	-	-	30.29	36.29
\$5,000 under \$10,000.....	2.22	2.72	2.24	2.68	13.19	20.67	-	-	26.38	40.00
\$10,000 under \$15,000.....	1.82	2.23	1.88	2.13	7.08	14.03	-	-	18.61	27.24
\$15,000 under \$20,000.....	1.70	1.88	1.75	1.94	5.91	7.36	-	-	18.62	23.00
\$20,000 under \$25,000.....	1.71	1.89	1.76	1.94	5.97	7.96	-	-	18.10	25.99
\$25,000 under \$30,000.....	1.72	1.86	1.76	1.92	5.78	7.19	99.09	98.81	21.76	25.59
\$30,000 under \$40,000.....	1.19	1.31	1.22	1.35	4.10	5.21	93.66	93.66	12.86	19.69
\$40,000 under \$50,000.....	1.16	1.32	1.20	1.35	3.95	5.56	-	-	14.60	22.52
\$50,000 under \$75,000.....	0.76	0.94	0.78	0.91	2.67	5.55	92.72	89.69	8.41	10.51
\$75,000 under \$100,000.....	0.92	1.04	0.95	1.09	3.13	3.83	-	-	8.62	10.59
\$100,000 under \$200,000.....	0.92	0.90	0.96	1.00	2.00	2.19	-	-	4.49	4.95
\$200,000 under \$500,000.....	0.91	0.88	1.00	1.13	1.43	1.62	-	-	2.83	3.34
\$500,000 under \$1,000,000.....	1.06	1.03	1.21	1.46	1.43	1.64	-	-	2.47	2.85
\$1,000,000 or more.....	0.55	0.27	0.65	0.54	0.67	0.42	-	-	0.94	0.38
<b>Nontaxable returns, total.....</b>	<b>0.55</b>	<b>1.03</b>	<b>0.56</b>	<b>1.05</b>	<b>2.79</b>	<b>3.85</b>	<b>0.99</b>	<b>1.31</b>	<b>7.70</b>	<b>8.79</b>

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Tax payments--continued											
	Excess social security taxes withheld		Credit for Federal tax on gasoline and special fuels		Credit from regulated investment companies		Health coverage credit		Earned income credit refundable portion			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
<b>All returns, total.....</b>	(60)	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)		
No adjusted gross income.....	2,86	2.79	5.15	9.25	27.14	20.71	25.69	30.76	0.79	1.02		
\$1 under \$5,000.....	20.78	18.66	13.60	27.46	35.08	0.02	81.70	81.70	8.39	11.55		
\$5,000 under \$10,000.....	83.41	25.02	22.01	37.33	--	--	91.64	91.64	2.67	3.66		
\$10,000 under \$15,000.....	99.42	98.38	21.13	47.89	--	--	91.64	91.64	1.98	2.50		
\$15,000 under \$20,000.....	98.47	93.03	25.44	29.11	99.85	99.95	57.70	70.45	2.13	2.34		
\$20,000 under \$25,000.....	--	--	22.27	36.18	99.95	99.95	50.39	55.46	2.33	2.51		
\$25,000 under \$30,000.....	--	--	24.42	33.86	--	--	99.95	99.95	2.48	2.75		
\$30,000 under \$40,000.....	86.79	80.02	20.20	34.51	--	--	70.67	75.39	3.05	3.53		
\$40,000 under \$50,000.....	59.31	71.71	16.79	19.53	99.95	99.95	75.07	83.86	4.47	5.31		
\$50,000 under \$75,000.....	56.34	49.86	17.24	20.43	99.95	99.95	--	--	--	--		
\$75,000 under \$100,000.....	28.99	35.53	12.49	15.39	99.53	99.49	70.66	86.02	--	--		
\$100,000 under \$200,000.....	9.67	13.19	20.12	23.79	99.95	99.95	99.95	99.95	--	--		
\$200,000 under \$500,000.....	4.16	4.96	17.81	35.06	60.02	69.04	99.95	99.95	--	--		
\$500,000 under \$1,000,000.....	3.40	4.47	19.63	23.16	36.53	53.29	--	--	--	--		
\$1,000,000 under \$1,500,000.....	3.75	4.96	17.02	27.92	30.37	74.32	98.78	98.78	--	--		
\$1,500,000 under \$2,000,000.....	4.24	5.33	21.00	28.91	63.57	78.43	--	--	--	--		
\$2,000,000 under \$5,000,000.....	3.63	6.03	17.05	37.19	37.13	85.17	--	--	--	--		
\$5,000,000 under \$10,000,000.....	1.98	2.65	8.23	13.26	18.46	37.91	82.25	82.25	--	--		
\$10,000,000 or more.....	1.78	9.37	5.14	5.94	15.23	0.01	--	--	--	--		
<b>Taxable returns, total.....</b>	2,87	2.81	6.74	11.20	28.05	21.81	28.53	33.00	--	--		
No adjusted gross income.....	13.88	8.09	46.78	38.69	49.09	4.83	--	--	--	--		
\$1 under \$5,000.....	--	--	--	--	--	--	--	--	--	--		
\$5,000 under \$10,000.....	--	--	99.93	99.93	--	--	--	--	--	--		
\$10,000 under \$15,000.....	--	--	58.25	62.43	--	--	70.67	79.72	--	--		
\$15,000 under \$20,000.....	--	--	38.15	46.63	99.95	99.95	57.70	62.27	--	--		
\$20,000 under \$25,000.....	--	--	41.41	43.11	--	--	99.95	99.95	--	--		
\$25,000 under \$30,000.....	81.60	81.60	26.87	30.29	--	--	99.95	99.95	--	--		
\$30,000 under \$40,000.....	--	--	18.30	20.07	99.95	99.95	75.07	83.86	--	--		
\$40,000 under \$50,000.....	77.90	72.04	18.88	22.59	99.95	99.95	--	--	--	--		
\$50,000 under \$75,000.....	32.07	43.31	13.19	15.43	99.63	99.93	70.66	86.02	--	--		
\$75,000 under \$100,000.....	9.79	13.44	20.23	24.06	99.95	99.95	99.95	99.95	--	--		
\$100,000 under \$200,000.....	4.17	4.96	17.81	35.07	60.06	69.04	99.95	99.95	--	--		
\$200,000 under \$500,000.....	3.40	4.47	19.67	23.18	36.59	68.36	--	--	--	--		
\$500,000 under \$1,000,000.....	3.75	4.97	17.06	28.18	30.44	74.32	98.78	98.78	--	--		
\$1,000,000 or more.....	1.96	2.55	6.64	8.32	19.93	14.50	82.25	82.25	--	--		
<b>Non-taxable returns, total.....</b>	27.69	24.07	8.23	14.45	99.03	59.84	57.93	60.48	0.79	1.02		

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Overpayment						Tax due at time of filing		Predetermined estimated tax penalty	
	Total		Refunded		Credited to 2005 estimated tax		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount				
(70)	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)	
<b>All returns, total</b> .....	0.17	0.42	0.18	0.46	1.50	0.87	0.66	0.66	1.30	1.45
No adjusted gross income.....	3.27	3.14	3.46	3.53	8.66	6.63	6.41	6.74	12.75	12.00
\$1 under \$5,000.....	1.32	2.76	1.32	2.53	10.55	26.69	3.18	4.86	27.07	53.25
\$5,000 under \$10,000.....	1.25	1.88	1.26	1.89	9.35	13.22	3.29	5.11	8.12	9.04
\$10,000 under \$15,000.....	1.27	1.82	1.28	1.83	8.23	12.66	3.22	4.66	7.24	8.40
\$15,000 under \$20,000.....	1.28	1.80	1.30	1.82	7.33	9.70	3.27	4.97	7.06	10.69
\$20,000 under \$25,000.....	1.39	1.88	1.41	1.89	8.32	11.19	3.48	5.25	7.39	11.77
\$25,000 under \$30,000.....	1.52	2.00	1.53	2.02	8.09	11.67	3.49	5.11	7.50	9.53
\$30,000 under \$40,000.....	1.17	1.53	1.19	1.54	6.09	10.48	2.56	3.74	5.09	7.44
\$40,000 under \$50,000.....	1.26	1.71	1.28	1.71	6.10	9.84	2.56	3.78	4.99	7.44
\$50,000 under \$75,000.....	0.90	1.71	0.92	1.75	4.40	7.12	1.79	2.77	3.48	6.01
\$75,000 under \$100,000.....	1.18	1.70	1.22	1.75	5.07	6.33	2.32	3.48	4.08	6.28
\$100,000 under \$200,000.....	1.32	1.77	1.42	1.94	3.19	3.91	1.64	1.97	2.77	3.89
\$200,000 under \$500,000.....	1.55	2.12	2.02	2.81	2.26	2.89	1.34	1.75	2.10	3.31
\$500,000 under \$1,000,000.....	1.67	2.37	2.58	3.83	2.12	2.76	1.61	2.40	2.40	3.80
\$1,000,000 under \$1,500,000.....	1.86	2.86	3.17	5.43	2.17	2.80	1.97	2.46	2.75	4.47
\$1,500,000 under \$2,000,000.....	1.58	2.38	2.78	4.42	1.88	2.70	1.66	2.33	2.46	5.10
\$2,000,000 under \$5,000,000.....	0.84	1.24	1.68	2.76	0.96	1.33	1.00	1.27	1.40	2.76
\$5,000,000 under \$10,000,000.....	0.76	0.72	1.54	1.56	0.82	0.80	1.07	1.14	1.32	2.32
\$10,000,000 or more.....	--	--	--	--	--	--	0.09	0.02	--	--
<b>Taxable returns, total</b> .....	0.33	0.54	0.34	0.64	1.63	0.87	0.71	0.68	1.38	1.49
No adjusted gross income.....	25.14	4.50	30.55	7.86	9.81	3.04	17.21	12.78	26.44	12.67
\$1 under \$5,000.....	7.79	12.24	8.23	13.28	21.79	29.53	5.82	10.81	99.32	88.49
\$5,000 under \$10,000.....	2.38	3.19	2.39	3.18	20.07	27.14	4.87	8.01	17.67	19.07
\$10,000 under \$15,000.....	1.98	2.91	2.00	2.84	11.61	19.54	3.59	5.47	10.33	10.33
\$15,000 under \$20,000.....	1.88	2.31	1.91	2.32	9.02	12.58	3.54	5.61	8.30	13.01
\$20,000 under \$25,000.....	1.91	2.41	1.93	2.45	9.55	12.89	3.68	5.74	8.24	13.16
\$25,000 under \$30,000.....	1.92	2.48	1.95	2.50	9.36	14.35	3.74	5.65	8.57	11.02
\$30,000 under \$40,000.....	1.34	1.75	1.36	1.75	6.72	11.86	2.66	3.97	5.58	8.29
\$40,000 under \$50,000.....	1.37	1.89	1.40	1.88	6.57	11.05	2.60	3.88	5.19	7.91
\$50,000 under \$75,000.....	0.93	1.81	0.96	1.86	4.57	6.57	1.81	2.82	3.55	6.23
\$75,000 under \$100,000.....	1.19	1.70	1.23	1.75	5.13	6.45	2.33	3.50	4.10	6.32
\$100,000 under \$200,000.....	1.32	1.78	1.42	1.95	3.20	3.95	1.65	1.97	2.77	3.90
\$200,000 under \$500,000.....	1.55	2.13	2.02	2.83	2.27	2.90	1.34	1.75	2.10	3.31
\$500,000 under \$1,000,000.....	1.67	2.38	2.58	3.85	2.12	2.76	1.61	2.05	2.40	3.80
\$1,000,000 or more.....	0.81	0.56	1.60	1.51	0.91	0.54	0.96	0.69	1.33	1.56
<b>Nontaxable returns, total</b> .....	0.52	0.78	0.53	0.79	4.00	5.79	2.01	3.15	4.39	5.20

**Table 3.4--Returns with Modified Taxable Income: Tax Classified by Both the Marginal Rate and Each Rate at Which Tax Was Computed**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Tax rate classes	Classified by the highest marginal rate at which tax was computed								
	Number of returns	Adjusted gross income less deficit	Modified taxable income		Tax generated		Income tax after credits		
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percentage of	
								Adjusted gross income	Modified taxable income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>All returns</b>									
All tax rates.....	102,721,593	6,633,918,423	4,671,235,965	1,648,021,625	871,235,271	373,981,958	831,651,188	12.5	17.8
5 percent.....	1,050,924	23,461,140	7,140,697	7,139,895	357,108	356,995	312,599	1.3	4.4
8 percent.....	979	6,988	5,847	5,847	468	468	466	6.7	8.0
10 percent.....	22,551,903	415,765,037	104,892,909	104,887,271	10,490,342	10,488,727	5,164,426	1.2	4.9
10 percent (capital gains).....	2,670,249	65,057,813	22,333,898	96,515	1,819,481	9,652	1,393,653	2.1	6.2
10 percent (Form 8814).....	10,298	-253,059	6,926	6,926	693	693	4,692	(X)	(X)
15 percent.....	40,584,215	1,676,097,980	1,005,860,591	578,769,078	129,525,438	86,815,362	103,669,190	6.2	10.3
15 percent (capital gains).....	7,894,116	615,168,897	423,550,033	149,386,077	55,036,233	22,407,912	52,296,646	8.5	12.3
20 percent.....	23,907	3,697,630	2,889,483	1,097,082	454,485	219,416	450,627	12.2	15.6
25 percent.....	15,575,830	1,209,645,283	899,581,246	239,674,078	150,748,225	59,918,520	145,304,980	12.0	16.2
25 percent (capital gains).....	6,455,653	681,342,607	522,772,894	5,354,958	88,571,451	1,338,740	87,597,903	12.9	16.8
28 percent.....	1,682,276	240,355,615	192,600,541	35,316,078	40,999,202	9,888,502	41,322,341	17.2	21.5
28 percent (capital gains).....	1,902,565	341,028,461	277,482,362	616,277	56,884,573	172,558	58,515,667	17.2	21.1
33 percent.....	1,364,321	405,239,381	345,720,894	72,013,180	82,876,707	23,764,349	85,597,768	21.1	24.8
35 percent.....	842,741	955,745,268	864,940,431	452,330,772	253,166,479	158,315,770	249,728,932	26.1	28.9
Form 8615.....	111,617	1,559,382	1,457,214	1,327,593	304,384	284,294	291,298	18.7	20.0
<b>Joint returns and returns of surviving spouses</b>									
All tax rates.....	44,461,823	4,454,047,702	3,206,818,540	1,084,545,532	619,823,881	261,632,669	592,944,251	13.3	18.5
5 percent.....	322,546	13,596,948	4,025,412	4,025,372	201,279	201,269	163,738	1.2	4.1
8 percent.....	8	607	194	194	16	16	13	2.1	6.7
10 percent.....	6,249,263	181,477,548	43,476,696	43,473,715	4,347,993	4,347,372	1,880,052	1.0	4.3
10 percent (capital gains).....	1,325,767	44,529,037	14,857,914	62,776	1,230,176	6,278	897,670	2.0	6.0
10 percent (Form 8814).....	3,722	-281,600	2,049	2,049	206	206	4,692	(X)	(X)
15 percent.....	16,630,637	980,640,218	582,661,748	344,840,087	75,508,506	51,726,013	58,030,078	5.9	10.0
15 percent (capital gains).....	5,230,050	471,504,031	322,164,121	105,461,151	41,948,422	15,819,173	39,241,089	8.3	12.2
20 percent.....	18,978	2,667,645	2,007,767	675,521	308,678	135,104	300,758	11.3	15.0
25 percent.....	6,737,416	713,716,297	519,904,037	128,458,943	86,015,020	32,114,736	81,565,004	11.4	15.7
25 percent (capital gains).....	4,089,522	512,763,418	389,835,189	3,907,504	65,622,558	976,876	64,615,596	12.6	16.6
28 percent.....	818,307	145,576,188	114,755,503	18,808,817	23,913,673	5,266,469	24,158,587	16.6	21.1
28 percent (capital gains).....	1,249,947	252,224,411	203,619,048	400,086	41,204,137	112,024	42,574,774	16.9	20.9
33 percent.....	1,061,475	326,459,308	277,475,410	56,156,417	65,845,567	18,531,618	68,138,175	20.9	24.6
35 percent.....	724,186	809,173,647	732,033,452	378,272,901	213,677,651	132,395,515	211,374,026	26.1	28.9
Form 8615.....	--	--	--	--	--	--	--	(X)	(X)
<b>Separate returns of married persons</b>									
All tax rates.....	2,141,439	119,024,614	88,236,961	39,823,240	17,544,746	9,798,383	17,069,747	14.3	19.3
5 percent.....	9,510	232,601	42,721	42,721	2,136	2,136	3,843	1.7	9.0
8 percent.....	--	--	--	--	--	--	--	(X)	(X)
10 percent.....	297,644	4,325,108	1,099,848	1,099,848	109,987	109,985	86,170	2.0	7.8
10 percent (capital gains).....	11,836	277,626	75,126	17,357	7,317	1,736	5,971	2.2	7.9
10 percent (Form 8814).....	8	-26,844	18	18	2	2	--	(X)	(X)
15 percent.....	1,025,710	29,661,191	17,864,086	10,530,258	2,312,948	1,579,539	2,041,627	6.9	11.4
15 percent (capital gains).....	93,381	10,245,812	7,869,402	5,832,951	1,100,591	874,943	1,160,373	11.3	14.7
20 percent.....	258	293,518	263,167	93,257	43,513	18,651	46,504	15.8	17.7
25 percent.....	445,220	23,306,655	17,578,939	4,645,286	2,942,256	1,161,322	2,855,391	12.3	16.2
25 percent (capital gains).....	95,021	6,732,778	5,246,231	137,737	881,672	34,434	905,298	13.4	17.3
28 percent.....	70,541	6,169,818	4,961,712	826,236	1,035,078	231,346	1,042,762	16.9	21.0
28 percent (capital gains).....	34,444	3,575,123	2,949,136	69,173	589,204	19,368	606,088	17.0	20.6
33 percent.....	35,068	5,697,868	4,819,595	1,000,895	1,137,033	330,295	1,191,917	20.9	24.7
35 percent.....	22,797	28,533,361	25,466,980	15,527,502	7,383,008	5,434,626	7,123,804	25.0	28.0
Form 8615.....	--	--	--	--	--	--	--	(X)	(X)

Footnotes at end of table

**Table 3.4--Returns with Modified Taxable Income: Tax Classified by Both the Marginal Rate and Each Rate at Which Tax Was Computed--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Tax rate classes	Classified by the highest marginal rate at which tax was computed								
	Number of returns	Adjusted gross income less deficit	Modified taxable income		Tax generated		Income tax after credits		
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percentage of	
								Adjusted gross income	Modified taxable income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>Returns of heads of households</b>									
All tax rates.....	13,352,406	508,103,161	276,759,483	120,763,876	42,356,910	20,765,207	32,968,963	6.5	11.9
5 percent.....	25,133	823,698	236,568	235,806	11,869	11,790	8,184	1.0	3.5
8 percent.....	--	--	--	--	--	--	--	(X)	(X)
10 percent.....	5,409,279	113,320,955	26,266,120	26,263,463	2,626,902	2,626,346	284,990	0.3	1.1
10 percent (capital gains).....	113,493	2,803,074	880,611	--	75,272	--	28,111	1.0	3.2
10 percent (Form 8814).....	5,593	55,605	4,622	4,622	462	462	--	(X)	(X)
15 percent.....	5,901,891	220,698,917	121,535,948	61,335,900	15,220,525	9,200,385	9,064,195	4.1	7.5
15 percent (capital gains).....	361,993	21,179,091	13,704,841	4,028,988	1,751,460	604,348	1,550,304	7.3	11.3
20 percent.....	4	25,778	24,557	7,129	4,024	1,426	4,404	17.1	17.9
25 percent.....	1,188,444	87,046,797	62,997,593	16,767,136	10,520,392	4,191,784	9,879,630	11.3	15.7
25 percent (capital gains).....	207,987	19,862,547	14,737,081	117,861	2,546,257	29,465	2,537,201	12.8	17.2
28 percent.....	45,924	6,927,748	5,456,486	841,090	1,187,289	235,505	1,215,863	17.6	22.3
28 percent (capital gains).....	36,489	6,481,103	5,120,177	21,584	1,088,736	6,044	1,175,116	18.1	23.0
33 percent.....	38,815	10,653,208	9,169,468	2,072,568	2,284,262	683,947	2,382,892	22.4	26.0
35 percent.....	17,362	18,224,640	16,625,412	9,067,728	5,039,460	3,173,705	4,838,072	26.5	29.1
Form 8615.....	--	--	--	--	--	--	--	(X)	(X)
<b>Returns of single persons</b>									
All tax rates.....	42,765,925	1,552,742,946	1,099,420,981	402,888,976	191,509,734	81,785,700	188,668,226	12.2	17.2
5 percent.....	693,734	8,807,893	2,835,996	2,835,996	141,824	141,800	136,834	1.6	4.8
8 percent.....	971	6,381	5,652	5,652	453	452	453	7.1	8.0
10 percent.....	10,595,717	116,641,427	34,050,245	34,050,245	3,405,461	3,405,025	2,913,213	2.5	8.6
10 percent (capital gains).....	1,219,154	17,448,076	6,520,247	16,382	506,716	1,638	461,900	2.6	7.1
10 percent (Form 8814).....	975	-220	236	236	24	24	--	(X)	(X)
15 percent.....	17,025,977	445,097,653	283,798,809	162,062,833	36,483,459	24,309,425	34,533,290	7.8	12.2
15 percent (capital gains).....	2,208,692	112,239,963	79,811,669	34,062,987	10,235,760	5,109,448	10,344,879	9.2	13.0
20 percent.....	4,667	710,689	593,993	321,175	98,270	64,235	98,961	13.9	16.7
25 percent.....	7,204,749	385,575,534	299,100,678	89,802,712	51,270,557	22,450,678	51,004,956	13.2	17.1
25 percent (capital gains).....	2,063,123	141,983,863	112,954,393	1,191,856	19,520,963	297,964	19,539,808	13.8	17.3
28 percent.....	747,504	81,681,862	67,426,839	14,839,935	14,863,163	4,155,182	14,905,129	18.2	22.1
28 percent (capital gains).....	581,685	78,747,824	65,794,001	125,434	14,002,495	35,122	14,159,689	18.0	21.5
33 percent.....	228,963	62,428,998	54,256,421	12,783,299	13,609,846	4,218,489	13,884,784	22.2	25.6
35 percent.....	78,396	99,813,621	90,814,586	49,462,641	27,066,360	17,311,924	26,393,031	26.4	29.1
Form 8615.....	111,617	1,559,382	1,457,214	1,327,593	304,384	284,294	291,298	18.7	20.0

(X) Percentage not computed

NOTE: Detail may not add to totals because of rounding.

**Table 3.5--Returns with Modified Taxable Income: Tax Generated, by Rate and by Size of Adjusted Gross Income**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Number of returns	Taxable income	Modified taxable income	Tax generated at all rates	Tax generated at specified rate					
					5 percent			8 percent		
					Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
<b>Total.....</b>	<b>102,721,593</b>	<b>4,670,165,330</b>	<b>4,671,235,965</b>	<b>871,235,271</b>	<b>11,669,158</b>	<b>54,487,388</b>	<b>2,724,758</b>	<b>11,553</b>	<b>99,717</b>	<b>7,978</b>
Under \$2,000.....	300,578	123,999	125,052	9,080	178,409	70,805	3,544	--	--	--
\$2,000 under \$4,000.....	287,958	349,852	349,852	30,383	164,411	157,443	7,872	--	--	--
\$4,000 under \$6,000.....	974,788	807,681	808,159	78,535	139,263	149,793	7,494	--	--	--
\$6,000 under \$8,000.....	1,160,208	2,453,732	2,456,939	237,820	110,338	165,584	8,283	*971	*5,662	*453
\$8,000 under \$10,000.....	2,609,023	5,009,507	5,009,825	495,293	174,108	213,759	10,681	--	--	--
\$10,000 under \$12,000.....	2,636,751	8,591,163	8,591,563	845,086	239,643	320,142	16,019	--	--	--
\$12,000 under \$14,000.....	2,638,601	12,253,742	12,267,261	1,225,668	229,867	369,233	18,469	--	--	--
\$14,000 under \$16,000.....	2,945,589	17,073,794	17,086,060	1,734,325	244,173	449,420	22,489	*2,000	*162	*17
\$16,000 under \$18,000.....	3,405,686	22,454,271	22,469,272	2,406,610	299,958	603,413	30,184	--	--	--
\$18,000 under \$20,000.....	3,753,538	27,214,656	27,229,368	3,041,159	345,744	605,459	30,286	*960	*753	*60
\$20,000 under \$25,000.....	8,868,444	88,185,848	88,218,442	10,242,795	806,300	1,671,210	83,582	--	--	--
\$25,000 under \$30,000.....	8,190,375	113,029,248	113,062,553	13,603,201	866,820	2,077,076	103,900	*1,906	*13,869	*1,109
\$30,000 under \$40,000.....	13,665,157	269,409,154	269,501,146	33,865,146	1,662,248	4,480,012	224,048	*1,356	*5,886	*472
\$40,000 under \$50,000.....	10,483,796	290,235,986	290,396,767	39,622,738	1,255,888	4,626,160	231,341	*935	*19,349	*1,548
\$50,000 under \$75,000.....	17,969,102	729,503,069	729,767,801	105,987,893	2,916,611	11,931,173	596,630	*1,902	*26,944	*2,156
\$75,000 under \$100,000.....	10,092,901	610,458,946	610,671,582	94,028,152	1,346,045	9,578,898	478,993	*363	*2,070	*166
\$100,000 under \$200,000.....	9,722,070	962,802,162	963,012,179	178,200,665	511,321	11,017,707	550,909	*999	*18,994	*1,520
\$200,000 under \$500,000.....	2,344,773	565,602,397	565,577,396	134,052,737	126,774	3,886,711	194,348	*92	*4,179	*334
\$500,000 under \$1,000,000.....	432,469	260,116,504	260,109,074	70,921,028	28,665	1,115,294	55,767	*46	*1,365	*109
\$1,000,000 under \$1,500,000.....	103,839	112,688,920	112,695,770	31,285,276	9,000	371,714	18,587	*17	*328	*26
\$1,500,000 under \$2,000,000.....	45,055	69,942,269	69,937,281	19,605,837	3,781	163,827	8,192	--	--	--
\$2,000,000 under \$5,000,000.....	65,425	176,063,515	176,031,643	48,518,222	6,366	293,735	14,687	*3	*2	--
\$5,000,000 under \$10,000,000.....	15,813	97,901,784	97,945,958	26,124,134	1,982	96,156	4,808	**4	**163	**13
\$10,000,000 or more.....	9,656	227,893,131	227,915,024	55,073,487	1,445	72,664	3,633	**	**	**

Size of adjusted gross income	Tax generated at specified rate--continued								
	10 percent			10 percent (capital gains)			10 percent (from Form 8814)		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
<b>Total.....</b>	<b>101,368,631</b>	<b>946,805,321</b>	<b>94,680,532</b>	<b>44,199</b>	<b>289,572</b>	<b>28,942</b>	<b>109,147</b>	<b>61,851</b>	<b>6,187</b>
Under \$2,000.....	153,496	51,695	5,170	--	--	--	1,441	989	99
\$2,000 under \$4,000.....	174,240	143,000	14,300	--	--	--	--	--	--
\$4,000 under \$6,000.....	918,365	601,848	60,185	--	--	--	*973	*510	*52
\$6,000 under \$8,000.....	1,134,655	2,242,523	224,252	--	--	--	*1,942	*3,108	*311
\$8,000 under \$10,000.....	2,527,648	4,743,997	474,400	*973	*1,384	*138	*971	*233	*23
\$10,000 under \$12,000.....	2,569,125	8,232,995	823,300	--	--	--	*940	*227	*23
\$12,000 under \$14,000.....	2,595,136	11,561,179	1,156,118	--	--	--	--	--	--
\$14,000 under \$16,000.....	2,899,025	15,717,175	1,571,718	*5,919	*5,277	*528	*940	*226	*23
\$16,000 under \$18,000.....	3,360,804	18,070,599	1,807,060	*952	*617	*62	*3,999	*1,200	*120
\$18,000 under \$20,000.....	3,672,360	19,676,318	1,967,632	*3,999	*3,745	*374	*3,128	*1,653	*165
\$20,000 under \$25,000.....	8,770,396	56,612,993	5,661,299	*971	*12,899	*1,290	*7,924	*2,078	*208
\$25,000 under \$30,000.....	8,120,596	63,044,150	6,304,415	*971	*31	*3	*4,001	*1,840	*184
\$30,000 under \$40,000.....	13,560,647	125,114,351	12,511,435	*6,751	*33,194	*3,320	*6,938	*2,578	*257
\$40,000 under \$50,000.....	10,434,042	109,719,333	10,971,933	*954	*571	*57	*6,998	*1,314	*132
\$50,000 under \$75,000.....	17,883,973	213,099,670	21,309,967	8,689	72,134	7,213	16,338	8,538	854
\$75,000 under \$100,000.....	10,025,771	130,542,254	13,054,225	8,290	12,676	1,267	11,604	4,907	491
\$100,000 under \$200,000.....	9,632,217	128,559,743	12,855,974	4,341	110,401	11,040	24,601	19,179	1,919
\$200,000 under \$500,000.....	2,297,965	30,584,115	3,058,412	*1,102	*24,521	*2,452	10,386	8,112	812
\$500,000 under \$1,000,000.....	415,574	5,548,979	554,898	233	9,721	972	3,193	2,670	267
\$1,000,000 under \$1,500,000.....	97,916	1,295,360	129,536	*17	*956	*96	1,154	1,093	109
\$1,500,000 under \$2,000,000.....	42,283	559,505	55,951	*11	*330	*33	507	381	38
\$2,000,000 under \$5,000,000.....	60,129	793,513	79,351	*12	*541	*48	834	716	72
\$5,000,000 under \$10,000,000.....	13,999	183,015	18,302	**13	**575	**48	194	166	17
\$10,000,000 or more.....	8,270	107,011	10,701	**	**	**	140	134	13

Footnotes at end of table.

**Table 3.5--Returns with Modified Taxable Income: Tax Generated, by Rate and by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax generated at specified rate--continued								
	15 percent			15 percent (capital gains)			20 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
<b>Total.....</b>	<b>75,970,951</b>	<b>1,663,794,661</b>	<b>249,569,199</b>	<b>11,332,216</b>	<b>442,179,782</b>	<b>66,327,177</b>	<b>55,751</b>	<b>3,136,866</b>	<b>627,369</b>
Under \$2,000.....	--	--	--	--	--	--	--	--	--
\$2,000 under \$4,000.....	--	--	--	--	--	--	--	--	--
\$4,000 under \$6,000.....	--	--	--	--	--	--	--	--	--
\$6,000 under \$8,000.....	--	--	--	--	--	--	--	--	--
\$8,000 under \$10,000.....	*9,864	*8,165	*1,225	--	--	--	--	--	--
\$10,000 under \$12,000.....	*9,771	*17,430	*2,615	--	--	--	--	--	--
\$12,000 under \$14,000.....	267,882	285,021	42,753	--	--	--	--	--	--
\$14,000 under \$16,000.....	877,600	847,847	127,177	--	--	--	--	--	--
\$16,000 under \$18,000.....	1,925,415	3,766,809	565,021	--	--	--	--	--	--
\$18,000 under \$20,000.....	1,908,789	6,907,125	1,036,069	--	--	--	--	--	--
\$20,000 under \$25,000.....	4,764,556	29,832,054	4,474,808	--	--	--	--	--	--
\$25,000 under \$30,000.....	5,274,317	47,878,867	7,181,830	--	--	--	--	--	--
\$30,000 under \$40,000.....	11,028,553	138,324,259	20,748,639	105,752	69,284	10,388	*935	*1,029	*206
\$40,000 under \$50,000.....	9,878,983	154,722,954	23,208,443	614,042	1,176,977	176,544	*3,817	*3,923	*784
\$50,000 under \$75,000.....	17,583,029	415,491,155	62,323,673	1,380,016	5,310,062	796,523	9,805	62,752	12,550
\$75,000 under \$100,000.....	9,953,945	363,215,486	54,482,323	2,283,477	9,418,072	1,412,754	8,457	33,780	6,755
\$100,000 under \$200,000.....	9,572,173	384,891,800	57,733,770	4,609,638	45,425,760	6,813,971	19,690	318,712	63,741
\$200,000 under \$500,000.....	2,281,828	91,994,275	13,799,141	1,743,614	68,159,112	10,223,906	9,424	410,591	82,119
\$500,000 under \$1,000,000.....	413,032	16,734,838	2,510,226	374,626	49,479,031	7,421,862	2,179	293,435	58,687
\$1,000,000 under \$1,500,000.....	97,145	3,898,435	584,765	94,300	28,409,292	4,261,396	474	113,917	22,783
\$1,500,000 under \$2,000,000.....	42,035	1,689,431	253,415	41,353	18,840,574	2,826,087	295	110,119	22,024
\$2,000,000 under \$5,000,000.....	59,830	2,406,365	360,955	60,922	56,857,825	8,528,676	419	329,482	65,896
\$5,000,000 under \$10,000,000.....	13,952	556,212	83,432	15,095	38,368,428	5,755,265	130	204,028	40,806
\$10,000,000 or more.....	8,253	326,134	48,920	9,381	120,665,365	18,099,805	126	1,255,100	251,020

Size of adjusted gross income	Tax generated at specified rate--continued								
	25 percent			25 percent (capital gains)			28 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	
<b>Total.....</b>	<b>27,762,690</b>	<b>682,440,467</b>	<b>170,610,117</b>	<b>510,813</b>	<b>11,038,064</b>	<b>2,759,579</b>	<b>5,781,344</b>	<b>220,414,909</b>	<b>61,716,175</b>
Under \$2,000.....	--	--	--	--	--	--	--	--	--
\$2,000 under \$4,000.....	--	--	--	--	--	--	--	--	--
\$4,000 under \$6,000.....	--	--	--	--	--	--	--	--	--
\$6,000 under \$8,000.....	--	--	--	--	--	--	--	--	--
\$8,000 under \$10,000.....	--	--	--	--	--	--	--	--	--
\$10,000 under \$12,000.....	--	--	--	--	--	--	--	--	--
\$12,000 under \$14,000.....	--	--	--	--	--	--	--	--	--
\$14,000 under \$16,000.....	--	--	--	--	--	--	--	--	--
\$16,000 under \$18,000.....	--	--	--	--	--	--	--	--	--
\$18,000 under \$20,000.....	--	--	--	--	--	--	--	--	--
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--	--
\$25,000 under \$30,000.....	--	--	--	--	--	--	--	--	--
\$30,000 under \$40,000.....	966,196	1,410,122	352,531	--	--	--	--	--	--
\$40,000 under \$50,000.....	3,359,324	20,125,107	5,031,277	*5,068	*1,080	*272	--	--	--
\$50,000 under \$75,000.....	5,354,107	83,405,285	20,851,321	39,707	81,602	20,404	21,942	59,834	16,754
\$75,000 under \$100,000.....	6,231,834	93,597,553	23,399,388	57,687	103,163	25,797	554,122	4,148,004	1,161,441
\$100,000 under \$200,000.....	9,042,283	327,583,271	81,895,818	203,900	1,603,897	401,002	2,536,936	61,401,057	17,192,296
\$200,000 under \$500,000.....	2,196,585	122,110,126	30,527,532	129,181	2,426,035	606,523	2,076,948	118,433,505	33,161,381
\$500,000 under \$1,000,000.....	398,207	22,254,323	5,563,581	41,828	2,094,936	523,739	382,758	23,507,024	6,581,967
\$1,000,000 under \$1,500,000.....	93,578	5,237,079	1,309,270	12,462	730,566	182,643	90,957	5,622,973	1,574,432
\$1,500,000 under \$2,000,000.....	40,742	2,272,429	568,107	5,930	505,113	126,279	39,508	2,433,599	681,408
\$2,000,000 under \$5,000,000.....	58,150	3,243,692	810,923	9,974	1,388,404	347,102	56,794	3,494,217	978,381
\$5,000,000 under \$10,000,000.....	13,608	755,974	188,994	2,917	699,686	174,922	13,383	824,174	230,769
\$10,000,000 or more.....	8,076	445,507	111,377	2,158	1,403,581	350,895	7,996	490,522	137,346

Footnotes at end of table



**Table 3.5--Returns with Modified Taxable Income: Tax Generated, by Rate and by Size of Adjusted Gross Income**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Tax generated at specified rate--continued											
	28 percent (capital gains)			33 percent			35 percent			Form 8615		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
<b>Total</b> .....	21,661	1,239,277	346,997	2,207,069	191,554,312	63,212,923	842,749	452,366,186	158,328,165	111,617	1,327,593	284,294
Under \$2,000.....	--	--	--	--	--	--	--	--	--	*9,833	*1,563	*269
\$2,000 under \$4,000.....	--	--	--	--	--	--	--	--	--	40,395	49,410	8,183
\$4,000 under \$6,000.....	--	--	--	--	--	--	--	--	--	18,073	56,008	10,781
\$6,000 under \$8,000.....	--	--	--	--	--	--	--	--	--	*7,830	*40,071	*4,468
\$8,000 under \$10,000.....	--	--	--	--	--	--	--	--	--	*5,865	*42,287	*8,707
\$10,000 under \$12,000.....	--	--	--	--	--	--	--	--	--	*2,177	*20,768	*3,067
\$12,000 under \$14,000.....	--	--	--	--	--	--	--	--	--	*4,837	*51,828	*8,196
\$14,000 under \$16,000.....	--	--	--	--	--	--	--	--	--	*4,958	*65,954	*12,194
\$16,000 under \$18,000.....	--	--	--	--	--	--	--	--	--	*1,942	*26,634	*4,012
\$18,000 under \$20,000.....	--	--	--	--	--	--	--	--	--	*1,923	*34,313	*6,384
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--	--	*4,837	*87,209	*21,170
\$25,000 under \$30,000.....	--	--	--	--	--	--	--	--	--	*1,923	*46,720	*11,351
\$30,000 under \$40,000.....	--	--	--	--	--	--	--	--	--	*1,906	*60,430	*13,367
\$40,000 under \$50,000.....	--	--	--	--	--	--	--	--	--	--	--	--
\$50,000 under \$75,000.....	*2,037	*524	*147	--	--	--	--	--	--	*4,094	*218,129	*48,812
\$75,000 under \$100,000.....	*1,000	*11,724	*3,283	*2,037	*2,995	*988	--	--	--	--	--	--
\$100,000 under \$200,000.....	9,746	62,717	17,561	100,681	1,962,717	647,697	2,364	30,949	10,832	*41	*5,276	*1,838
\$200,000 under \$500,000.....	4,941	122,838	34,395	1,531,980	110,787,023	36,559,718	308,211	16,384,080	5,734,428	*862	*242,174	*67,066
\$500,000 under \$1,000,000.....	1,789	102,850	28,798	369,296	50,570,096	16,688,132	339,550	88,363,416	30,927,196	*41	*31,096	*4,784
\$1,000,000 under \$1,500,000.....	513	53,976	15,113	88,242	12,260,195	4,045,864	82,728	54,676,345	19,136,721	*17	*23,542	*3,923
\$1,500,000 under \$2,000,000.....	396	43,341	12,136	38,393	5,342,628	1,763,067	36,694	37,959,440	13,285,804	*8	*16,566	*3,293
\$2,000,000 under \$5,000,000.....	706	348,446	97,565	55,382	7,693,130	2,538,733	52,809	99,089,255	34,681,239	*38	*92,320	*14,587
\$5,000,000 under \$10,000,000.....	271	202,840	56,795	13,149	1,833,360	605,009	12,663	54,106,013	18,937,105	16	115,296	27,862
\$10,000,000 or more.....	262	290,022	81,206	7,909	1,102,169	363,716	7,730	101,756,688	35,614,841	--	--	--

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

\*\* Data combined to avoid disclosure of information for specific taxpayers.

NOTE: Detail may not add to totals because of rounding

**Table 3.6--Returns with Modified Taxable Income: Taxable Income and Tax Classified by Each Rate at Which Tax Was Computed and by Marital Status**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Tax rate class	All returns			Joint returns and returns of surviving spouses			Returns of married persons filing separately		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All tax rates.....	102,721,593	4,671,235,965	871,229,750	44,461,823	3,206,818,540	619,821,457	2,141,439	88,236,961	17,544,727
5 percent.....	11,669,158	54,487,388	2,724,369	6,873,253	36,448,536	1,822,427	112,046	542,852	27,143
8 percent.....	11,553	99,717	7,977	3,449	39,627	3,170	*43	*1,228	*98
10 percent.....	101,368,631	946,805,321	94,680,532	44,038,329	574,137,817	57,413,782	2,123,230	14,125,945	1,412,595
10 percent (capital gains).....	44,199	289,572	28,957	25,747	210,349	21,035	*2,899	*18,712	*1,871
10 percent (Form 8814).....	109,147	61,851	6,187	78,820	48,885	4,890	937	1,864	186
15 percent.....	75,970,951	1,663,794,661	249,569,199	36,398,647	1,104,833,489	165,725,023	1,813,039	26,859,821	4,028,973
15 percent (capital gains).....	11,332,216	442,179,782	66,326,967	7,504,203	330,973,121	49,645,968	187,591	14,415,115	2,162,267
20 percent.....	55,751	3,136,866	627,373	36,590	2,218,584	443,717	392	170,357	34,071
25 percent.....	27,762,690	682,440,467	170,610,117	14,641,434	453,005,255	113,251,314	701,160	10,611,391	2,652,848
25 percent (capital gains).....	510,813	11,038,064	2,759,516	347,828	8,506,490	2,126,622	10,952	315,016	78,754
28 percent.....	5,781,344	220,414,909	61,716,174	3,846,799	159,337,910	44,614,615	162,838	2,968,037	831,050
28 percent (capital gains).....	21,661	1,239,277	346,998	16,598	917,249	256,830	69	77,294	21,642
33 percent.....	2,207,069	191,554,312	63,212,923	1,785,661	157,868,330	52,096,549	57,865	2,601,825	858,602
35 percent.....	842,749	452,366,186	158,328,165	724,186	378,272,901	132,395,515	22,797	15,527,502	5,434,626
Form 8615.....	111,617	1,327,593	284,294	--	--	--	--	--	--

Tax rate class	Returns of heads of households			Returns of single persons		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(10)	(11)	(12)	(13)	(14)	(15)
All tax rates.....	13,352,406	276,759,483	42,356,182	42,765,925	1,099,420,981	191,507,384
5 percent.....	497,689	1,752,886	87,644	4,186,170	15,743,114	787,156
8 percent.....	*934	*13,831	*1,106	*7,125	*45,030	*3,602
10 percent.....	13,310,384	106,284,986	10,628,499	41,896,688	252,256,572	25,225,657
10 percent (capital gains).....	*2,210	*3,363	*336	13,342	57,148	5,715
10 percent (Form 8814).....	26,347	10,596	1,060	3,044	506	51
15 percent.....	7,782,512	110,247,095	16,537,064	29,976,754	421,854,257	63,278,139
15 percent (capital gains).....	316,630	9,549,782	1,432,467	3,323,792	87,241,764	13,086,265
20 percent.....	433	41,578	8,316	18,335	706,348	141,270
25 percent.....	1,532,486	29,602,345	7,400,586	10,887,610	189,221,476	47,305,369
25 percent (capital gains).....	13,742	196,104	49,026	138,291	2,020,454	505,113
28 percent.....	138,577	5,174,643	1,448,900	1,633,129	52,934,319	14,821,609
28 percent (capital gains).....	*28	*26,562	*7,437	4,964	218,171	61,088
33 percent.....	56,177	4,787,984	1,580,035	307,367	26,296,175	8,677,738
35 percent.....	17,362	9,067,728	3,173,705	78,404	49,498,055	17,324,319
Form 8615.....	--	--	--	111,617	1,327,593	284,294

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

NOTE: Detail may not add to totals because of rounding.

## Section 4

## Explanation of Terms

The Explanation of Terms section is designed to clarify the statistical content of this report and should not be construed as an interpretation of the Internal Revenue Code, related regulations, procedures, or policies.

The definitions and explanation in this section relate to column or row titles used in one or more tables in this report. They provide background or limitations to such titles, and are necessary to interpret the statistical tables to which they relate. For each of these titles, the line number of the tax form on which it is reported appears after the title. Definitions marked with the symbol  $\Delta$  have been revised for 2004 to reflect changes in the law.

### **Additional Child Tax Credit $\Delta$**

(line 67, Form 1040)

See "Child Tax Credit."

### **Additional Standard Deduction**

(included in line 39, Form 1040)

See "Standard Deduction."

### **Additional Taxes**

(line 43, Form 1040)

Taxes calculated on Form 4972, *Tax on Lump-Sum Distributions* were reported here.

### **Adjusted Gross Income Less Deductions**

See "Adjusted Gross Income Less Deficit."

### **Adjusted Gross Income Less Deficit $\Delta$**

(line 36, Form 1040)

Income that had to be reported for the calculation of total income (line 22, Form 1040) and of adjusted gross income included the following:

- Compensation for services, including wages, salaries, fees, commissions, tips, taxable fringe benefits, and similar items;
- Taxable interest received;
- Ordinary dividends and capital gain distributions;
- Taxable refunds of state and local income taxes;

- Alimony and separate maintenance payments;
- Net income derived from a business, profession, or farm;
- Net gain from the sale of capital assets;
- Net gain from the sale of business property;
- Taxable amounts of annuities, pensions, and individual retirement arrangement (IRA) distributions;
- Rents and royalties;
- Distributive share of partnership or S corporation net income;
- Net income from an estate or trust;
- Unemployment compensation;
- Taxable amounts of social security and railroad retirement (Tier 1) payments;
- Taxable distributions from a Coverdell education savings account;
- Taxable distributions from a health savings account (HAS) or Archer MSA;
- Prizes, awards, and gambling winnings;
- Jury duty fees;
- Amounts received that were claimed as a deduction or credit in a prior year;
- Bartering income; and
- Alaska permanent fund dividends;

Some reported income was fully or partially excluded from total income for 2004. The following is a list of such items:

- The cost basis of pension, annuity, or IRA payments or distributions;
- Tax-exempt interest;
- Limited exclusion of social security benefits and railroad retirement benefits (only reported if there was also a taxable amount);
- Limited exclusion of qualified foreign earned income;
- Exclusion of part or all of the gain from sale of principal residence up to \$250,000 (\$500,000 on joint returns); and

From total income, the following statutory adjustments (lines 23 through 34, Form 1040) were subtracted to arrive at adjusted gross income (line 36, Form 1040):

- Educator expenses;

- Certain business expenses of reservists, performing artists, and fee-basis government officials;
- Contributions to self-employed retirement plans (Keogh or simplified employee pension) and certain contributions to IRAs;
- Certain student loan interest;
- Tuition and fees deduction;
- Health savings account deduction;
- Moving expenses;
- One-half of self-employment tax;
- Self-employed health insurance deduction;
- Forfeited interest and penalties incurred by persons who made premature withdrawals of funds from time savings accounts;
- Alimony payments;
- Forestation or reforestation expenses;
- Foreign housing exclusion;
- Repayments of supplemental unemployment compensation;
- Amount of jury duty pay reported on line 21, Form 1040, that was repaid to employers;
- Attorney fees and court costs paid after October 22, 2004, for actions settled or decided after that date involving certain unlawful discrimination claims but only to the extent of gross income from such actions;
- Deduction for clean-fuel vehicles; and
- Employee business expenses of fee-basis state or local government officials

A deficit occurred if the allowable exclusions and deductions exceeded gross income, (i.e., the amount on line 35 was greater than the amount on line 22).

### **Adjusted Gross Income or Loss**

See "Adjusted Gross Income Less Deficit."

### **Adjustments**

See "Statutory Adjustments."

### **Adoption Credit $\Delta$**

(line 52, Form 1040)

Generally, this nonrefundable credit (reported on Form 8839) was available to

taxpayers who paid qualified adoption expenses in 2003 for an adoption that became final in 2004 or later, or for qualified expenses paid in 2004, for an adoption that was final in or before 2004. The credit could have been as much as \$10,390 for each child.

### **Advance Earned Income Credit Payments**

(line 60, Form 1040)

Taxpayers who believed they would be eligible for the earned income credit at the end of the year could have received part of the credit from their employers as an additional payment in their paychecks during the year. Those payments were then shown on the tax return where they either increased the balance due amount or reduced the amount of the overpayment.

### **Alimony Paid**

(line 34a, Form 1040)

Payments made as alimony or separate maintenance counted as a deduction (an adjustment to total income) for the person paying them.

### **Alimony Received**

(line 11, Form 1040)

Payments received as alimony or separate maintenance were income to the person receiving them.

### **All Other Taxes**

(lines 57, 58, 59, 61, 62 Form 1040)

For the statistics in this report, this amount represents the sum of the self-employment tax; additional tax on health savings account distributions; additional tax on Archer MSA distributions; additional tax on Medicare Advantage MSA distributions; tax from the recapture of the investment credit, the low income housing credit, qualified electric vehicle credit, the Indian employment credit, the new markets credit and credit for employer provided child care facilities; social security and Medicare taxes on tip income, penalty tax on qualified

retirement plans; household employment taxes, recapture of federal mortgage subsidy, and other unspecified taxes which included uncollected FICA (or social security) tax on tips; excess golden parachute payments; and section 72 penalty taxes; excise tax on stock compensation from an expatriated corporation; and the statistics included tax from recapture of education credits. This differs slightly from the "other taxes" portion of the Form 1040 itself, which included the taxes listed above plus the advance earned income credit payments, received. Another item not included in all other taxes but instead is included in "total income tax" is tax from Form 4970, *Tax on Accumulation Distribution of Trusts*. (See also "Taxable and Nontaxable Returns" and "Total Income Tax.")

### **Alternative Minimum Tax**

(line 44, Form 1040)

The alternative minimum tax (AMT) was levied on income including benefits received in the form of deductions and exclusions, which reduced an individual's regular effective tax rate. These benefits, known as "alternative minimum tax preferences and adjustments," resulted from the treatment that the tax law gave to particular income and expense items. Alternative minimum taxable income (line 28, Form 6251) was defined as taxable income for ordinary income tax purposes adjusted for net operating losses from other tax years plus the amount of adjustments and preferences.

Alternative minimum taxable income (AMTI) was then reduced by an exemption amount determined by filing status and AMTI. If the return was filed jointly by a married couple or a surviving spouse, the maximum amount of the exemption was \$58,000. The maximum amount for a single or head of household taxpayer was \$40,250, and for a married couple filing separately, \$29,000. The AMT exclusion was phased out if AMTI exceeded certain levels. For single taxpayers, the phase-out began at \$112,500 and ended at \$273,500. For joint returns the range was \$150,000 to \$382,000, and

for married couples filing separately, the range was \$75,000 to \$191,000.

If there was an amount remaining after subtracting the exemption, the first \$175,000 (the first \$87,500 if married filing separately) was taxed at a 26 percent rate; any excess was taxed at a 28 percent rate, except that capital gains were taxed at the same rates under the AMT as under the regular income tax. This amount was then reduced by the recalculated alternative minimum tax foreign tax credit, and regular income tax before credits (line 41, Form 1040 minus the regular foreign tax credit, line 44, Form 1040) to arrive at the alternative minimum tax.

Personal credits (such as the child tax credit, child care credit, etc.) could be taken against the AMT.

### **Archer Medical Savings Account Deduction $\Delta$**

(included in line 35, Form 1040)

Certain taxpayers who were covered only by a high-deductible health plan were able to participate in the Archer medical savings account program. The taxpayer was allowed to take a deduction of up to \$1,690 (\$3,862.50 for a family) a year for contributions to a medical savings account. The Archer medical savings accounts were used to pay for medical expenses not reimbursable by medical insurance. Form 8853, *Archer MSA's and Long-Term Care Insurance Contracts*, was used for the medical savings accounts.

### **Basic Standard Deduction**

(included in line 39, Form 1040)

See "Standard Deduction."

### **Business or Profession Net Income or Loss**

(line 12, Form 1040)

This source of income or loss was reported by individuals who were sole proprietors of a nonfarm business, including self-employed members of a profession.

If two or more sole proprietorships were operated by the same taxpayer, the single amount of net income or loss included in the adjusted gross income represented the combined net income and loss from all sole proprietorships. The proprietor was required to exclude investment income from business profits and include it, instead, with the various types of investment income for which separate provisions were made on the individual income tax return.

Total expenses (line 28, Schedule C) were deducted from gross income (line 7, Schedule C) to arrive at a tentative profit or loss. Expenses for business use of the taxpayer's home (line 30, Schedule C) were then deducted to arrive at net income or loss. Compensation of the proprietor was taxable income and, therefore, not allowed as a business deduction in computing net income. The deduction of net operating losses from previous years was not considered a business expense, but was offset against "Other Income" (line 21, Form 1040).

Information on sole proprietorships, business receipts, and expenditures can be found in the Summer 2006 issue of the *Statistics of Income Bulletin*.

### **Business or Profession Net Income Less Loss**

See "Business or Profession Net Income or Loss."

### **Capital Assets**

See "Sales of Capital Assets, Net Gain or Loss."

### **Capital Gain Distributions Reported on Form 1040**

(included in line 13, Form 1040)

Taxpayers who had capital gains strictly from capital gain distributions could enter the amount directly on line 13, Form 1040.

### **Capital Gain Distributions Reported on Schedule D**

(line 13, Schedule D)

See "Sales of Capital Assets, Net Gain or Loss."

### **Capital Gains and Losses**

See "Sales of Capital Assets, Net Gain or Loss."

### **Casualty or Theft Loss Deduction, Nonbusiness**

(line 19, Schedule A)

Nonbusiness casualty and theft losses were deductible, as an itemized deduction, from adjusted gross income to the extent that nonreimbursable net loss for each such casualty or theft exceeded \$100, and the combined amount for all net losses during the year exceeded 10 percent of adjusted gross income. (See also "Total Itemized Deductions.")

### **Casualty or Theft Loss of Income-Producing Property**

(included in line 27, Schedule A)

See "Miscellaneous Itemized Deductions."

### **Certain business expenses of reservist, performing artist, and fee-basis government officials**

(line 24, Form 1040)

Qualified business expenses were deductible for reservists, performing artists, and fee-basis state or local government officials, whether or not the taxpayer itemized their deductions.

### **Child Care Credit**

(line 47, Form 1040)

This credit could be claimed by taxpayers who, while employed or looking for work, incurred expenses for the care of dependent children under age 13, or disabled dependents of any age. Qualified expenses included those for services performed within the home by non-

dependent baby-sitters, maids, or cooks. Expenditures paid for the care of children under the age 13 or any other qualified individuals for out-of-home, non-institutional care qualified for the child care credit. If the taxpayer omitted or used an invalid Social Security number or employer identification number (EIN) for the child care provider, the IRS had the authority to use mathematical error procedures to change the child care credit.

The maximum amount of care-related expenses on which the credit could be based with one qualifying child or dependent, was the smaller of earned income or \$3,000; with more than one dependent the credit was based on the smaller of earned income or \$6,000. For returns of married couples filing jointly, earned income refers to the earnings of the spouse with the lesser earned income. Exceptions were allowed if the spouse was disabled or a full-time student.

The credit was equal to 35 percent of eligible expenses for taxpayers with adjusted gross income of \$15,000 or less. The credit was reduced by one percentage point for each \$2,000 or fraction thereof of adjusted gross income in excess of \$15,000 up to \$43,000. The credit remained at 20 percent of expenses for individuals with adjusted gross income over \$43,000.

The amount of the credit which could be claimed was limited to income tax before credits, and any excess was not refundable.

### **Child Tax Credit $\Delta$**

(line 51, Form 1040)

A credit was allowed for each qualifying child under 17. To be a qualifying child, the person had to be a son, daughter, stepson, stepdaughter, grandchild, adopted child, or qualifying foster child for whom the taxpayer claims a dependent exemption. The taxpayer could claim up to \$1,000 for each child meeting the AGI phase out guidelines. The credit was phased out by \$50 for each \$1,000, or fraction thereof, that AGI exceeded: \$110,000 for taxpayers filing jointly; \$55,000 for married

filing separately; and \$75,000 for single filers, head of households, or widow(ers).

An additional child tax credit could have been refundable. The taxpayer had to meet the general requirements and some additional requirements. The additional child tax credit was not included in credits but instead as a payment (line 67, Form 1040). For 2004, the credit limit based on earned income was increased to 15 percent of the taxpayers earned income that exceeded \$10,750. Members of the US Armed Forces, who served in a combat zone, had their nontaxable combat pay count as earned income in figuring this credit.

### **Contributions Deduction**

(lines 15-18, Schedule A)

Taxpayers could deduct contributions to certain organizations that were religious, charitable, educational, scientific, or literary in purpose. Contributions could be in cash, property, or out-of-pocket expenses that a taxpayer paid in doing volunteer work for a qualified organization. Contributions were allowed as an itemized deduction on Schedule A. Cash contributions were generally limited to one-half of the taxpayer's AGI, while contributions of capital gain property were generally limited to 30 percent (20 percent in certain cases) of the taxpayers AGI. Contributions which could not be deducted due to the AGI limitation could be carried over to future years (and brought over from previous years). For all charitable contributions of \$250 or more, a written acknowledgment from the qualified recipient organization was required.

### **Credit for Federal Tax on Gasoline and Special Fuels**

(line 69b, Form 1040)

This refundable credit (claimed on Form 4136) was allowed for federal excise taxes paid on gasoline and special fuels, such as gasohol and diesel fuel, provided the fuel was used for certain purposes (such as farm or non-highway use in a trade or business), bought at a price that included the tax, and a refund of the tax was not

requested or received. The credit could reduce unpaid total tax liability or could be refunded.

### **Credit for the Elderly or Disabled**

(line 48, Form 1040)

A credit (claimed on Schedule R) for the elderly or permanently and totally disabled was available to taxpayers age 65 or older (within certain income limitations), and to those taxpayers under age 65 who had retired with a permanent and total disability and who had received taxable income from a public or private employer because of that disability. The income to which the credit could be applied was reduced by nontaxable amounts of social security and railroad retirement benefits, veterans' pensions, and any other pension, annuity, or disability benefits that were excluded from income under any other provisions of the law.

An individual was considered permanently and totally disabled when he or she could not engage in any substantial gainful activity because of a physical or mental condition which had lasted, or was expected to last, at least twelve months, or was determined to be terminal.

The maximum credit available (\$1,125) was limited to total income tax with any excess not refundable, and was reduced if the taxpayer's income exceeded certain levels. Generally, if a taxpayer's income was high enough to require the reporting of social security benefits as taxable income, the taxpayer could not take the credit.

### **Credit from Regulated Investment Companies**

(line 69a, Form 1040)

Taxpayers were required to include in total income any amounts which were allocated to them as undistributed long-term capital gains of regulated investment companies. If investment companies paid tax on the capital gain, taxpayers were entitled to claim a refundable credit (claimed on Form 2439) for their proportionate share of the tax paid.



**Credit to 2005 Estimated Tax**

(line 73, Form 1040)

This amount was the part of the overpayment of 2004 tax which taxpayers specifically requested to be credited to their estimated tax for 2005. (See also "Overpayment" and "Estimated Tax Payments.")

**Deduction of Self-Employment Tax**

(line 30, Form 1040)

If a taxpayer had income from self-employment and owed self-employment tax, one-half of that tax was deductible for income tax purposes. The amount was subtracted as an adjustment to total income in the calculation of AGI. (See also "Self-Employment Tax.")

**Dividends**

(lines 9a and 9b, Form 1040)

Ordinary dividend income consisted of distributions of money, stock, or other property received by taxpayers from domestic and foreign corporations, either directly or passed through estates, trusts, partnerships, or regulated investment companies. Ordinary dividends also included distributions from money market mutual funds.

Ordinary dividends did not include nontaxable distributions of stock or stock rights, returns of capital, capital gains, or liquidation distributions. Taxpayers were also instructed to exclude amounts paid on deposits or withdrawable accounts in banks, mutual savings banks, cooperative banks, savings and loan associations, and credit unions, which were treated as interest income.

Qualified dividends are the ordinary dividends received in tax years beginning after 2002 that met certain conditions. These included: the dividend must have been paid by a U.S. corporation or a "qualified" foreign corporation; the stock ownership must have met certain holding period requirements; the dividends were not from certain institutions, such as mutual savings banks, cooperative banks,

credit unions, tax-exempt organizations, or farmer cooperatives; and the dividends were not for any share of stock which was part of an employee stock ownership plan (ESOP). The maximum tax rate for qualified dividends was 15 percent (generally 5 percent for taxpayers whose other income was taxed at the 10 percent or 15 percent rate).

**Earned Income Credit  $\Delta$** 

(line 65a, Form 1040)

The earned income credit (EIC) for 2004 was a maximum of \$2,604 for one qualifying child, \$4,300 for two or more qualifying children, and \$390 for taxpayers with no qualifying children. To be eligible for the credit with children, the taxpayers, other than married taxpayers filing jointly, must have had a qualifying child living with them for more than half the year and have had earned income and adjusted gross income each less than \$30,338 (\$34,458 if more than one qualifying child). For married filing jointly, earned income and adjusted gross income had to be less than \$31,338 for one child and \$35,458 for two or more children. To be eligible for the credit without children, the taxpayer must have had earned income and adjusted gross income less than \$11,490 (\$12,490 for married filing jointly) and the taxpayer (or their spouse) must have been at least 25 years of age and less than 65 years old. The credit was generally based on earned income, consisting of wages, salaries, and other employee compensation, plus net earnings from self-employment. A taxpayer who was a member of the US Armed Forces and served in a combat zone, had certain pay excluded from their income. The taxpayer could have elected to include this pay in earned income when figuring the EIC. Taxpayers with investment income totaling more than \$2,650 were not eligible to receive the EIC. Investment income included interest income (taxable and tax-exempt), dividend income, plus interest and dividend income from Form 8814, and capital gain net income. As in previous years, taxpayers could not take the credit if their filing status was

married filing separately, or if they claimed the foreign-earned income exclusion.

For this report, the earned income credit is divided into three parts: the amount used to offset income tax before credits (limited to the amount needed to reduce income tax after credits to zero); the amount used to offset all other taxes (limited to the amount needed to reduce total tax liability to zero); and the refundable portion. (See also "Advance Earned Income Credit Payments.")

### **Earned Income Credit, Refundable Portion**

See "Earned Income Credit."

### **Earned Income Credit Used to Offset Income Tax Before Credits**

See "Earned Income Credit."

### **Earned Income Credit Used to Offset Other Taxes**

See "Earned Income Credit."

### **Education Credits $\Delta$**

(line 49, Form 1040)

There were two credits available, the Hope credit and the Lifetime Learning credit. A taxpayer was only able to claim one of the credits per student, not both. The credits were phased out for AGI between \$42,000 and \$52,000 (\$85,000 and \$105,000 for married filing jointly). A taxpayer could not take either credit if they were claimed as a dependent on another return, married filing separately, or took a deduction for tuition and fees for the same student.

The Hope credit allowed a maximum credit per student of 100 percent of the first \$1,000 of qualified tuition and related expenses and 50 percent credit of the next \$1,000 of eligible expenses for enrollment in undergraduate programs. Also, the credit only applied to the first two years of post-secondary education.

The Lifetime Learning credit could have been used for tuition and expenses for

undergraduate, graduate, and professional degree courses. The credit could have been used for an unlimited amount of time, as long as the taxpayer or dependents were enrolled in post-secondary education. The Lifetime Learning credit was a maximum of 20 percent of the first \$10,000 of eligible expenses, or \$2,000 per return.

### **Education IRA (Coverdell Education Savings Accounts)**

Taxpayers could have made nondeductible contributions up to \$2,000 annually to an educational IRA for a child under age 18. The earnings and withdrawals were tax-free to the extent that withdrawals did not exceed the beneficiary's qualified higher education expenses for the year. The educational IRA contribution was phased out for modified AGI between \$95,000 and \$110,000 (between \$190,000 and \$220,000 for taxpayers married filing jointly) (See also "Individual Retirement Arrangement Deductible Payments.")

### **Educator Expenses**

(line 23, Form 1040)

If a taxpayer was an eligible educator in kindergarten through grade 12 in 2004, a deduction of \$250 (\$500 for two educators filing jointly) qualified expenses may have been taken. This deduction could have been taken even if the taxpayer did not itemize deductions.

### **Employee Business Expense**

See "Unreimbursed Employee Business Expenses."

### **Empowerment Zone and Renewal Community Employment Credit**

(included in line 54c, Form 1040)

Both the empowerment zone and renewal community credits were available to taxpayers for qualified wages paid or incurred during 2004. Parts of designated urban and rural areas in the United States qualified to receive the benefits of this credit.

**Estate or Trust Net Income or Loss**

(line 37, Schedule E, Part III)

This was the beneficiary's share of fiduciary income (with the exception of the items described below, which were reported separately) from any estate or trust. Income from estates or trusts included amounts required to be distributed, amounts credited to beneficiaries' accounts from current-year fiduciary income (whether or not actually distributed), and any other amounts which were properly paid, credited, or required to be distributed for that year.

Taxpayers excluded their share of dividends and gains or losses from sales of capital assets or other property, from estate or trust income. Such income (which made up the largest portion of income from estates or trusts) was included on the tax return on the separate lines provided for these income types and was not separately identified for the statistics. A loss from an estate or trust was allocated to the beneficiary only upon settlement or termination of an estate or trust and was limited by the "passive loss" rules.

The columns labeled "net income" and "net loss" represent the sum of all income and losses reported from all estates or trusts, i.e., the net amount computed on a return-by-return basis.

**Estate or Trust Net Income Less Loss**

See "Estate or Trust Net Income or Loss."

**Estimated Tax Payments**

(line 64, Form 1040)

This figure represents the total of the tax payments made for 2004 using Form 1040-ES, and any overpayment from the taxpayer's 2003 return that was applied to the 2004 estimated tax. Generally, individuals were required to make estimated tax payments if they expected to owe, after subtracting withholding and credits, at least \$1,000 in tax for 2004, and they expected withholding and credits to be less than the smaller of: (a) 90 percent of the tax shown on Form 1040 for 2004, or (b) 100 percent of the tax shown on Form 1040 for 2003 (112 percent of the tax shown on Form 1040 for 2003 for

taxpayers with adjusted gross income greater than \$150,000 (\$75,000 for married filing separately)).

**Excess Social Security Taxes****Withheld  $\Delta$** 

(line 66, Form 1040)

If a taxpayer earned more than \$87,900 in total wages from two or more employers in 2004, too much social security (FICA) or Railroad Retirement Tax Act (RRTA) tax may have been withheld from his or her wages. (There was no wage base limitation for Medicare tax; therefore, all covered wages were subject to Medicare tax.) Filers claimed credit for such overpayment on their income tax returns. The excess social security, or RRTA, taxes withheld could be taken as a credit toward payment of the taxpayer's income tax, or refunded. In the case of a joint return, the credit was computed separately for each taxpayer.

**Exemptions  $\Delta$** 

(lines 6, 41, Form 1040)

In the computation of taxable income, a \$3,100 deduction was allowed for each exemption claimed if adjusted gross income was less than \$107,025. In general, an exemption was allowed for each taxpayer and dependent shown on a return. If an individual who could be claimed as a dependent by another taxpayer also filed his or her own return, that individual could not claim his or her own exemption.

With few exceptions, an individual had to meet five requirements to qualify as a dependent for 2004:

- 1) The individual received more than half of his or her support for 2003 from the taxpayer;
- 2) The individual was related to the taxpayer (such as a son, daughter, or parent) or was a member of the same household for the entire year;
- 3) The individual did not file a joint return with his or her spouse;
- 4) The individual met certain citizenship requirements;

5) The individual's gross income was less than \$3,100. An exception to the income limitation was granted to children under age 19 or full-time students under age 24.

These statistics classify the exemptions as children at home, children away from home, parents, and other.

If a taxpayer had AGI above certain levels, his or her personal exemption deduction may have been reduced or eliminated. For single taxpayers, the phaseout began at \$142,700 and was completed at \$265,200; for married persons filing jointly and surviving spouses, the phaseout began at \$214,050 and was completed at \$336,550; for heads of household, the phaseout began at \$178,350 and was completed at \$300,850; and for married persons filing separately, the phaseout began at \$107,025 and was completed at \$168,275.

### **Farm Net Income or Loss**

(line 18, Form 1040)

This source of income or loss was reported by individuals who were sole proprietors of farms. When there were two or more farms operated by the same taxpayer, the single amount of profit or loss included in the adjusted gross income represented the combined profit and loss from all farming activities. Farm business total expenses (line 35, Schedule F) were deducted from farm gross income (line 11, Schedule F) to arrive at farm net profit or loss.

Gains from certain sales of livestock and crops that qualified for capital gains treatment were excluded from farm net profit or loss and were included in capital gains. Farm rental income was included in total rent net income or loss. (See also "Farm Rental Net Income or Loss.")

### **Farm Rental Net Income or Loss**

(line 40, Schedule E)

Taxpayers were required to report farm rental income and expenses separately from other farm profit or loss if they: a) received income that was based on crops or livestock produced by the tenant, and b) did not manage or operate the farm

to any great extent. This income and expenses were reported on Form 4835 with net income less loss then reported on Schedule E. (See also "Total Rent and Royalty Income or Loss.")

### **Farm Rental Net Income Less Loss**

See "Farm Rental Net Income or Loss."

### **Filing Status**

See "Marital Filing Status."

### **Foreign-Earned Income Exclusion**

(included in line 21, Form 1040)

Qualified taxpayers could exclude from total income a certain amount of their foreign-earned income and employer-provided foreign housing expenses if their home, for tax purposes, was in a foreign country.

Qualifying individuals were limited to the lesser of a \$80,000 exclusion or their total foreign-earned income. Also, they could elect to exclude a portion of employer-provided foreign housing expenses. If the taxpayer elected to take both the foreign-earned income and foreign housing exclusions, the total amount of both exclusions was limited to the taxpayer's total foreign earned income. The foreign-earned income exclusion was entered as a negative amount on this line by the taxpayer but edited into a separate field during service center processing. The employer-provided foreign housing exclusion was left as part of other income. (See also "Other Income.")

### **Foreign Housing Deduction**

(included in the total on line 35, Form 1040)

Qualified taxpayers who had foreign housing expenses that were not provided by their employer were eligible to deduct these expenses from total income. This deduction together with the foreign-earned income exclusion was limited to the total amount of foreign-earned income for 2004.

**Foreign Tax Credit**

(line 46, Form 1040)

Individuals who paid income or excess profit taxes to a foreign country or U.S. possession could claim either this credit against Federal income tax liability, or take an itemized deduction for the amount of the foreign tax payment. Depending on the taxpayer's income and taxes, the foreign tax credit could be less than the amount of foreign tax paid. Qualifying foreign taxes paid in excess of the allowable amount for Tax Year 2004 could be carried back 2 years and then forward 5 years.

**Forms 1040, 1040A, and 1040EZ**

The individual income tax system utilizes three major forms to collect income and tax information: the 1040, 1040A, and 1040EZ. A variation of the basic forms is an electronically filed form. Returns of all types were included in the population of returns subjected to sampling, and were classified by the guidelines for filing a standard form (i.e., Forms 1040, 1040A and 1040EZ), discussed below. For example, if a return was filed electronically that could have been a Form 1040EZ had it been filed on paper, it would have been considered a Form 1040EZ in the statistics.

The forms represented different levels of complexity in regard to the information reported. The Form 1040EZ for instance, could only be used if taxable income was less than \$50,000, non-wage income came from only a limited number of sources, and the taxpayer did not itemize deductions. The Form 1040A could only be used if taxable income was less than \$100,000, non-wage income came from only a limited number of sources, and the taxpayer did not itemize deductions. The Form 1040 had to be used if taxable income was greater than \$100,000. In addition, the taxpayer had to file Form 1040 if he or she itemized deductions or had income (or losses) from a source not provided for on Form 1040A or 1040EZ, used certain tax provisions, or had certain tax credits not on Form 1040A or 1040EZ. (These forms can be found in Section 5, 2004 Forms.)

**Gambling Earnings**

(included in line 21, Form 1040)

Gambling earnings include proceeds from lotteries, raffles, etc, and are included in line 21, Form 1040. These gambling earnings were edited into a separate field during service center processing. Gambling losses were not allowed to offset winnings on line 21. Instead, gambling losses were an itemized deduction reported on Schedule A. (See also "Gambling Loss Deduction" and "Other Income.")

**Gambling Loss Deduction**

(included in line 27, Schedule A)

Gambling losses (to the extent of gambling winnings) were fully deductible for taxpayers who itemize deductions. (See also "Gambling Earnings", "Total Itemized Deductions", and "Miscellaneous Itemized Deductions.")

**General Business Credit**

(line 54a, Form 1040)

The general business credit consisted of the:

- investment credit,
- the work opportunity credit,
- the welfare-to-work credit,
- the alcohol fuel credit,
- the research credit,
- the low-income housing credit,
- the enhanced oil recovery credit,
- the disabled access credit,
- the renewable electricity production credit,
- the Indian employment credit,
- the credit for employer social security and Medicare taxes paid on employee tips,
- the orphan drug credit,
- the new markets credit,
- small employer pension plan startup credit
- employer-provided child care facilities and services credit
- biodiesel fuels credit;
- low sulfur diesel fuel production credit;

- the community development corporation credit,
- the Alaska pipeline liability fund credit and,
- the credit from electing large partnerships.

Taxpayers claiming more than one of the credits were required to summarize them on Form 3800, *General Business Credit*. The general business credit was limited to 100 percent of the first \$25,000 (\$12,500 for a married couple filing separately) of tax liability and 25 percent of the excess over \$25,000. If the current year general business credit exceeded the tax liability limitation, the excess amount could be carried back to the 3 preceding tax years, then forward 15 years.

### General Sales Tax Deduction

See "Sales Tax Deduction."

### Health Coverage Credit (formerly Health Insurance Credit)

(line 69c, Form 1040)

A taxpayer who was an eligible trade adjustment assistance (TAA), alternate TAA, or Pension Benefit Guaranty Corporation pension recipient was able to take the credit. A taxpayer could not take the credit if they were covered under any employer-sponsored health plan. The credit was equal to 65 percent of the amount the taxpayer paid for qualified health insurance for 2004 minus any Archer medical savings account and health savings account (HSA) distributions used to pay the amount.

### Health Savings Account Deduction $\Delta$

(line 28, Form 1040)

For tax year 2004, a taxpayer could have taken a deduction for contributions to a Health Savings Account. The deduction was limited to the annual deductible on the qualifying high deductible health plan, but not more than \$2,600 (\$5,150, if family coverage). These limits were \$500 higher if the taxpayer was age 55 or older (\$1,000 if both spouses were 55 or older) A

taxpayer could not contribute to an HSA starting the first month he or she was enrolled in Medicare.

### Home Mortgage Interest Deduction

(lines 10+11, Schedule A)

See "Interest Paid Deduction."

### Household Employment Taxes $\Delta$

(line 61, Form 1040)

Taxpayers paying domestic employees more than \$1,400 generally had to pay social security and Medicare taxes for these employees with their income tax return by filing Schedule H, *Household Employment Taxes*.

### Income Subject to Tax

See "Modified Taxable Income."

### Income Tax After Credits

(line 56 minus part or all of line 65a, Form 1040)

To arrive at income tax after credits, taxpayers deducted total credits (line 55, Form 1040) from income tax before credits (line 45, Form 1040). For the statistics, tax was further reduced by the portion of the earned income credit which did not result in a negative tax. This portion of the earned income credit was included in the total credits as "earned income credit used to offset income tax before credits." Any tax remaining after subtraction of all credits and the earned income credit was tabulated as "income tax after credits."

### Income Tax Before Credits

(line 45, Form 1040)

This amount consisted of the tax liability on taxable income, computed by using the tax tables, tax rate schedules, Schedule D Tax worksheet, Schedule J (Income averaging for farmers and fishermen), or Form 8615, plus Form(s) 8814 (line 43a), any additional taxes from Form 4972 (line 43b), and the alternative minimum tax (line 44).

(See also "Tax Generated.")

**Income Tax Withheld**

(line 63, Form 1040)

Income tax withheld included amounts deducted from salaries, wages, and tips, as reported on Form W-2; deducted from pensions, annuities, and certain gambling winnings as reported on Forms 1099-R and W-2G; and withheld from total distributions of profit-sharing, retirement plans, and individual retirement accounts, as reported on Form 1099-R.

In some cases, a backup withholding rate of 31 percent was required for interest, dividend, and royalty payments which, generally, were not subject to withholding.

**Individual Retirement Arrangement (Deductible) Payments Δ**

(lines 25, Form 1040)

An individual retirement arrangement (IRA) is a savings program that allows a taxpayer to set aside money for retirement. In addition to the traditional IRA, there were two other plans for the taxpayer: the education IRA and the Roth IRA, information on these two IRA's can be found under their separate headings.

Taxpayers not covered by an employment retirement plan may have been able to deduct all contributions to a traditional IRA. The deduction was limited to \$3,000 (\$3,500 if age 50 or older) and was phased out for modified AGI (on a joint return) between \$150,000 and \$160,000. The modified AGI levels at which the traditional IRA deduction phased out (for taxpayers covered by a retirement plan at work) was between \$65,000 and \$75,000 for married persons filing jointly and surviving spouses; between \$45,000 and \$55,000 for single filers, heads of households, or married filing separately taxpayers living apart; and between \$0 and \$10,000 for married filing separately taxpayers living together. If one spouse was an active participant in an employer plan but the other was not, the deduction for the IRA contribution of the spouse not covered by an employer plan phased out between modified AGI of \$150,000 and \$160,000. Deductible contributions could be

subtracted from the employee's total income in arriving at adjusted gross income.

Contributions to an IRA (whether or not they were deductible) were limited to the lesser of: (a) the individual's taxable compensation for the year, or (b) \$3,000 (\$3,500 if age 50 or older). Married couples filing a joint return could contribute up to \$3,000 (\$3,500 if age 50 or older) to each spouse's IRA, even if one spouse had minimal or no compensation. Therefore, the total combined IRA contributions could be up to \$6,000 (\$7,000 if age 50 or older) for a year.

Unless they were disabled, taxpayers could not start withdrawing funds from the traditional account until they reached age 59-1/2. After age 70-1/2 taxpayers were required to begin withdrawals. Penalty taxes were assessed if the taxpayer failed to comply with these limitations. The additional tax on early withdrawals from a traditional IRA was eliminated if the distributions were used for qualified higher education expenses. This additional tax was also eliminated on distributions up to \$10,000 from traditional or Roth IRA's if the distributions were used to buy, build, or rebuild a qualified first home.

Payments to an IRA for a particular taxable year had to be made no later than the due date of the individual's return for that year. (See also "Roth IRA" and "Education IRA.")

**Individual Retirement Arrangement Taxable Distributions**

(line 15b, Form 1040)

Any money or property received from a taxpayer's IRA account was considered a distribution and, generally, had to be included in the taxpayer's total income in the year received. Exempted from this rule were tax-free roll-over distributions from one retirement account to another, distributions where the payout represented previously taxed non-deductible IRA contributions, and distributions from a Roth IRA. If a taxpayer converted from a traditional IRA to a Roth IRA, they were required to include in gross income the amount that they would have reported in income if they had made a

withdrawal from this IRA. The taxpayer did not include in gross income any part of the conversion that was a nondeductible contribution in a traditional IRA.

### Interest Paid Deduction

(line 14, Schedule A, includes all lines 10-13)

The rules for deducting home mortgage interest for 2004 were: (1) if a taxpayer took out a mortgage before October 13, 1987, secured by the taxpayer's main or second home, all the interest was deductible, (2) if the taxpayer's mortgage was after October 13, 1987, and the funds were used to buy, build, or improve that home, all interest could be deducted if the total of all mortgages on the property was \$1 million or less (\$500,000 if married filing separately), and (3) taxpayers could deduct all of the interest on an additional \$100,000 (\$50,000 if married filing separately) of mortgages on their main or second home other than to buy, build, or improve that home.

Generally, investment interest (interest paid on money borrowed that is allocable to property held for investment) was fully deductible up to the amount of net investment income. Beginning in 1993, the net investment income that was to be compared to investment interest could not include any net capital gains taxed on the capital gain tax rates or qualified dividends. Interest relating to business, royalty, and rental income was deducted directly from these items and was not reflected in the interest paid statistics.

### Interest Received

See "Taxable Interest Received."

### Interest, Tax-Exempt

See "Tax-Exempt Interest."

### Investment Interest Expense Deduction

(line 13, Schedule A)

See "Interest Paid Deduction." and "Total Itemized Deductions."

### Itemized Deductions

See "Total Itemized Deductions" and specific itemized deductions.

### Itemized Deduction Limitation

See "Total Itemized Deductions."

### Limited Miscellaneous Deductions

(lines 20-26, Schedule A)

Certain taxpayer expenses could be deducted on Schedule A, but were limited to the amount that exceeded 2 percent of adjusted gross income. These included: unreimbursed employee business expenses (including qualifying educational expenses), tax preparation fees, expenses paid to produce or collect taxable income, and expenses paid to manage or protect property held for earning income (including safe deposit boxes).

### Long-Term Capital Gain or Loss

(line 15, Schedule D)

These include gains or losses from sales of capital assets held more than one year. (See also "Sales of Capital Assets, Net Gain or Loss.")

### Long-Term Gain or Loss from Other Forms

(line 11, Schedule D)

The other forms include:

- Long-term gains from Forms 4797, 2439, and 6252;
- Long-term gain or loss from Forms 4684, 6781, and 8824

See "Sales of Capital Assets, Net Gain or Loss."

### Long-Term Loss Carryover

(line 14, Schedule D)

Long-term capital losses from the prior year Schedule D that are carried over to the current year. (See "Sales of Capital Assets, Net Gain or Loss.")



## Marginal Tax Rates

Different portions of taxable income are taxed at different rates. The tax rate applied to the last dollar of income is called the "marginal tax rate" for that return. (See also "Tax Generated.")

## Marital Filing Status

(lines 1-5, Form 1040)

The five marital filing status classifications were:

- (1) returns of single persons (not heads of household or surviving spouses);
- (2) joint returns of married persons;
- (3) separate returns of married persons;
- (4) returns of heads of household; and
- (5) returns of surviving spouses.

Marital filing status was usually determined as of the last day of the tax year. The exception was that if one's spouse died during the tax year, the survivor was considered married for the entire year. If a taxpayer was divorced during the tax year and did not remarry, the taxpayer was considered to be unmarried for the entire year. Surviving spouse status could only be used by those taxpayers whose spouse died in 2002 or 2003, and had a qualifying dependent.

## Medical and Dental Expenses Deduction

(lines 1-4, Schedule A)

Qualified medical expenses included nonreimbursed payments made for the diagnosis, treatment, or prevention of disease or for medical or dental insurance. However, taxpayers who took the self-employed health insurance adjustment had to reduce their total premium deduction by the amount of the adjustment (see "Self-Employed Health Insurance"). In general, medical and dental expenses could be claimed as an itemized deduction to the extent that they exceeded 7.5 percent of adjusted gross income. Amounts paid for medicine and drugs were deductible only if they were not available except by prescription or were for insulin. Taxpayers could deduct costs for transportation to obtain medical care and also a maximum of \$50 per day

for certain lodging expenses incurred while traveling to obtain medical care. (See also "Total Itemized Deductions.")

## Medical and Dental Expenses Limitation

(line 3, Schedule A)

See "Medical and Dental Expenses Deduction" and "Total Itemized Deductions."

## Medical Savings Account Deduction

See "Archer Medical Savings Account Deduction."

## Minimum Tax Credit

(line 54b, Form 1040)

A minimum tax credit could be taken for 2004 by certain taxpayers who paid alternative minimum tax for 2003 or prior years. If all of the minimum tax credit (claimed on Form 8801) could not be used for 2004, the excess could be carried forward to later years.

## Miscellaneous Deductions Other Than Gambling

(included in line 27, Schedule A)

Other fully deductible expenses included such items as impairment-related work expenses for disabled persons, and amortizable bonds. (See also "Miscellaneous Itemized Deductions" and "Total Itemized Deductions.")

## Miscellaneous Deductions Subject to 2% AGI Limitation

(lines 20-26, Schedule A)

See "Limited Miscellaneous Deductions" and "Miscellaneous Itemized Deductions."

## Miscellaneous Itemized Deductions

(lines 20-27, Schedule A)

Miscellaneous itemized deductions were divided into two types. The first, such as employee business expenses, included those items that were limited to the amount that exceeded 2 percent of adjusted gross income,

while the expenses of the other types, such as gambling losses not in excess of gambling winnings, and casualty and theft losses of income producing property were fully deductible. (See also "Gambling Loss Deduction," "Limited Miscellaneous Deductions," and "Miscellaneous Deductions Other Than Gambling.")

### Modified Taxable Income

"Modified taxable income" is the term used to describe "income subject to tax," the actual base on which tax is computed for the statistics in Tables 3.4, 3.5, and 3.6. For most taxpayers filing current year returns, modified taxable income is identical to "taxable income." For those returns with a Form 8814, *Parents' Election To Report Child's Interest and Dividends* attached, modified taxable income includes the sum of all children's interest and dividend income taxed at a 10 percent rate, as well as the parent's taxable income.

For prior year returns included in the 2004 statistics, a modified taxable income was calculated by using the tax rate schedule for 2004 to impute a hypothetical taxable income amount necessary to yield the given amount of tax reported.

A person who has no tax will have no modified taxable income. Since the tax rate schedule is used to generate the modified taxable income, it is possible for a person to have up to four dollars of taxable income but have no modified taxable income because their tax reported would be zero.

### Moving Expenses Adjustment

(line 29, Form 1040)

Taxpayers deducted current-year qualified moving expenses in the calculation of adjusted gross income as a statutory adjustment. In order to qualify for this deduction, the new work place had to be at least 50 miles farther from the former residence than the former work place. Deductible expenses included those incurred to move household and personal goods, and travel including lodging en route to the new residence. Expenses no longer deductible included: meals

while moving from the old residence to the new residence; travel expenses for pre-move house hunting trips; expenses while occupying temporary quarters in the area of the new job; and qualified residence sale, purchase, and lease expenses.

### Net Capital Gain in AGI less Loss

See "Sales of Capital Assets, Net Gain or Loss."

### Net Long-Term Gain or Loss from Sales of Capital Assets

See "Sales of Capital Assets, Net Gain or Loss," also "Long-Term Capital Gain or Loss."

### Net Operating Loss

(included in line 21, Form 1040)

The excess loss of a business when taxable income for a prior year was less than zero. The loss could be applied to the AGI for the current year and carried forward up to 20 years. (See also "Other Income.")

### Net Short-Term Gain or Loss from Sales of Capital Assets

See "Sales of Capital Assets, Net Gain or Loss," also "Short-Term Capital Gain or Loss."

### New York Liberty Zone Credit

(included in line 54c, Form 1040)

The credit is 40 percent (25 percent for employees who worked fewer than 400 hours) of the qualified wages (up to \$6,000) for work performed during calendar year 2002 or 2003 by a New York Liberty Zone business employee. (The credit was not allowed for work performed during 2004.)

### Nonconventional Source Fuel Credit

(included in line 54c, Form 1040)

This nonrefundable credit was available to taxpayers who sold fuel produced from a nonconventional source. Examples would be oil produced from shale and tar sands, gas produced

from geopressured brine or biomass, and liquid, gaseous, or solid synthetic fuels produced from coal.

### **Nondeductible Passive Losses**

(calculated on Form 8582)

Nondeductible passive losses were calculated by subtracting deductible passive losses reported on Form 8582 (line 16) from total current year passive losses (lines 1b+2a+3b) and were limited to zero.

### **Nontaxable Returns**

See "Taxable and Nontaxable Returns."

### **Nontaxable Combat Pay Election $\Delta$**

(line 65b, Form 1040)

For Tax Year 2004, members of the U.S. Armed Forces who served in a combat zone could have excluded certain pay from their income. The qualified taxpayer's entitlement to the pay must have been fully accrued in a month during which they served in a combat zone or were hospitalized as a result of wounds, disease, or injury incurred while serving in the combat zone. However, this nontaxable pay was used to gain benefits for both the EIC and additional child tax credit purposes.

### **One-Half of Self-Employment Tax**

See "Deduction for Self-Employment Tax."

### **Ordinary Dividends**

(line 9a, Form 1040)

See "Dividends."

### **Other Adjustments**

(included in line 35, Form 1040)

See "Statutory Adjustments."

### **Other Income**

(line 21, Form 1040)

Included in other income were items such as taxable distributions from a Coverdell education savings account, distributions from qualified

tuition programs (though some may be excluded if not more than the taxpayers qualified higher education expenses), taxable distributions from health savings accounts or Archer MSA's, prizes, awards, jury duty fees, Alaska permanent fund dividends, reimbursements for medical expenses, real estate taxes, or home mortgage interest taken as a deduction in a previous year, children's interest and non-qualified dividends (non-qualified) from Form 8814, and any other income subject to tax for which no specific line was provided on the return form. Any foreign-earned income exclusions or "net operating loss" in an earlier year (that was carried forward and deducted for 2004) were entered as a negative amount on this line by the taxpayer but edited into separate fields during service center processing. However, any employer-provided foreign housing exclusions were included in other income (as a negative amount). Gambling earnings, which were entered on this line by the taxpayer, were edited into a separate field during service center processing.

### **Other Income Less Loss**

See "Other Income."

### **Other Payments**

(line 69, Form 1040)

See "Credit for Federal Tax on Gasoline and Special Fuels", "Credit from Regulated Investment Companies", and "Health Insurance Credit."

### **Other Tax Credits**

(included in lines 53b, 54c, 55, Form 1040)

"Other tax credits" is a residual category in the statistics. It includes other miscellaneous credits that did not belong in any other category and were used to offset income tax before credits.

### **Other Taxes Deduction**

(line 8, Schedule A)

Other taxes consisted of any deductible tax other than state and local income taxes, real

estate taxes, and personal property taxes. Examples of other taxes are taxes paid to a foreign country or US possession. (See also "Personal Property Tax" and "Taxes Paid Deduction.")

### Overpayment

(line 71, Form 1040)

An overpayment of tax occurred when "total tax payments" exceeded "total tax." Overpayments included the amount of any "refundable portion of the earned income tax credit." An overpayment could be refunded or credited toward the estimated tax for the following year. (See also "Credit to 2004 Estimated Tax" and "Refund.")

### Overpayment Refunded

(line 72a, Form 1040)

See "Overpayment" and "Refund."

### Parents' Election to Report Child's Interest and Dividends $\Delta$

(calculated on Form 8814)

See "Other Income."

A parent could elect to report on his or her return income received by his or her child. If the election were made, the child was not required to file a return. A parent could make this election if the child:

- was under age 14 on January 1, 2005;
- had income only from interest and dividends including Alaska permanent fund dividends, and capital gain distributions;
- had gross income for 2004 that was more than \$800 but less than \$8,000;
- had no estimated tax payments for 2004;
- did not have any overpayment of tax shown on his or her 2003 return applied to the 2004 return; and
- had no Federal income tax withheld from his or her income (backup withholding).

If the parents were not filing a joint return, special rules applied to determine which parent could make the election. (See also "Modified Taxable Income.")

### Partnership and S Corporation Net Income or Loss

(line 32, Schedule E)

Partnerships and S Corporations (formerly Subchapter S Corporations) are not taxable entities; therefore, tax on their net profit or loss was levied, in general, directly on the members of the partnership or shareholders of the S Corporation. The profit or loss shown in the statistics was the taxpayer's share of the ordinary gain or loss of the enterprise, and certain payments made to the taxpayer for the use of capital or, for partnership, as salary. Net long-term capital gains received from partnerships and S Corporations were reported on Schedule D.

If a return showed net income from one partnership or S Corporation and a net loss from another, the two were added together, and the return was tabulated by the net amount of income or loss in the appropriate column. Beginning in 1987, net income and net loss were reported separately for passive and non-passive partnership and S Corporation activities. Passive losses were limited under new rules to the amount that could offset passive income.

### Partnership and S Corporation Net Income Less Loss

See "Partnership and S Corporation Net Income or Loss."

### Passive Activity Losses

Losses generated by any "flow-through" business activity (such as partnerships or S Corporations for which profits and certain other amounts were passed directly through to the owners), in which the taxpayer did not "materially participate" (i.e., was not involved regularly and substantially in the operations of the activity) qualified as passive activity losses. (See also "Nondeductible Passive Losses.")

**Payment with Request for Extension of Filing Time**

(line 68, Form 1040)

This payment was made when the taxpayer filed Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*, or Form 2688, *Application for Additional Extension of Time to File*. The extension granted the taxpayer an additional period of time to file a tax return, but did not extend the time for the payment of the expected tax. Full payment of any tax due had to be made with the application for extension.

**Payments to a Keogh Plan**

(line 32, Form 1040)

Self-employed individuals were allowed to contribute to a Keogh retirement plan or a simplified employment pension plan for themselves and to deduct all or part of such contributions in computing adjusted gross income. The amount which could be deducted was based on net earnings from self-employment.

**Penalty on Early Withdrawal of Savings**

(line 33, Form 1040)

Taxpayers who paid penalties for the premature withdrawal of funds from time savings accounts or deposits could deduct those penalties as an adjustment to total income.

**Penalty Tax on Qualified Retirement Plans**

(line 59, Form 1040)

If taxpayers withdrew any funds from an Individual Retirement Arrangement or qualified retirement plan before they were either age 59-1/2 or disabled, they were subject to a penalty tax equal to 10 percent of the premature distribution. Any taxpayer who failed to withdraw the minimum required distribution after reaching age 70-1/2 had to pay a 50 percent excise tax on the excess accumulation. Contributions to the IRA's in excess of the legal

limitation for the year (the lesser of \$3,500, \$7,000 if married filing jointly, or the taxpayer's compensation for the year) were subject to an excise tax equal to 6 percent of the excess contribution.

**Pensions and Annuities**

(lines 16a, 16b, Form 1040)

Generally, pensions are periodic income received after retirement for past services with an employer, while annuities are income payable at stated intervals after payment of a specific premium. A taxpayer could acquire a pension or annuity either by purchase from a commercial organization (usually life insurance, endowment, or annuity contracts) or under a plan or contract connected with the taxpayer's employment. Those pensions or annuities obtained in connection with employment could be purchased entirely by the taxpayer or could be financed in part (a contributory plan) or in whole (a non-contributory plan) by contributions of the employer.

Since a non-contributory plan was paid for entirely by an employer, the amount received by the employee was fully taxable. This fully taxable pension was reported on lines 16a and 16b. For the taxpayer who participated in a contributory retirement plan while employed, the amount received was only partially taxable. In general, the amount excludable from gross income, the nontaxable portion, represented the taxpayer's contributions under the plan, while the taxable portion represented the employer's contribution and earnings on the entire investment. The nontaxable contribution had to be amortized over the expected lifetime of the taxpayer.

The entire amount of pensions and annuities received for the year was reported on line 16a of the Form 1040. The taxable portion was computed on a separate worksheet and entered on line 16b.

**Personal Property Taxes Deduction**

(line 7, Schedule A)

Personal property tax could be included as a deduction if the tax was an annual tax based on value alone. (See also "Taxes Paid Deduction.")

**Predetermined Estimated Tax****Penalty**

(line 75, Form 1040)

If a return showed taxes of \$1,000 or more owed on line 74 (tax due at time of filing) and this amount was more than 10 percent of the total tax, the taxpayer could owe a penalty, unless tax payments in the current year equaled or exceeded prior-year tax liability (provided prior-year liability was greater than zero). Also, taxpayers could owe a penalty if they underpaid their 2004 estimated tax liability for any payment period. Form 2210 was used to determine the amount of a penalty, if any.

For this report, the predetermined estimated tax penalty includes only the amount calculated by the taxpayer when the return was initially filed.

**Qualified Dividends**

(line 9b, Form 1040)

See "Dividends."

**Real Estate Taxes**

(line 6, Schedule A)

This amount included taxes paid on real estate that was owned and not used for business by the taxpayer. The real estate taxes could only be used as a deduction if the taxes were based on the assessed value of the property. Also, the assessment had to be made uniformly on property throughout the community, and the proceeds had to be used for general community or governmental purposes. (See also "Taxes Paid Deductions").

**Recapture Taxes**

(included in line 62, Form 1040)

See "Tax from Recomputing Prior Year Investment Credit."

**Refund**

(line 72a, Form 1040)

A refund of tax included all overpayment of income taxes not applied by the taxpayer as a credit to the next year's estimated tax. (See also "Overpayment.")

**Refund Credited to Next Year**

(line 73, Form 1040)

See "Credit to 2005 Estimated Tax."

**Regular Tax Computation**

Typically, the taxpayer, in determining the amount of "tax generated," first computed taxable income. Depending on marital status and size of taxable income, the taxpayer then used the tax table or applied the rates from one of four tax rate schedules to determine tax. Also, returns of taxpayers who had taxes computed by the Internal Revenue Service were classified under the regular tax computation method. If a taxpayer filed a Form 8615 or had any long-term capital gains, or qualified dividends taxed at a rate less than the tax tables, then they were not considered as regular tax computations.

**Rent and Royalty Net Income**

(lines 24, Schedule E)

This amount was the combination of rent income and royalty income. It is possible for a taxpayer to have both rent and royalty income and losses.

**Rent and Royalty Net Loss**

(lines 25, Schedule E)

This amount was the combination of rent losses and royalty losses. This amount did not include passive losses that were not deductible, but included carryovers of previous years' passive losses. It is possible for a taxpayer to

have both rent and royalty income and losses. (See also "Passive Activity Losses.")

### **Rent Net Income or Loss**

(line 22, columns A,B,C, Schedule E)

Rent net income or loss was determined by deducting from gross rent, the amounts for depreciation, repairs, improvements, interest, taxes, commissions, advertising, utilities, insurance, janitorial services, and any other allowable expenses related to the rented property. In the statistics, total rental net loss includes passive losses that were not deductible in figuring AGI. (See also "Passive Activity Losses," and "Total Rent and Royalty Income or Loss in AGI.")

### **Rent Net Income Less Loss**

See "Rent Net Income or Loss."

### **Retirement Savings Contribution Credit**

(line 50, Form 1040)

A taxpayer could take a credit of up to \$1,000 (\$2,000 if married filing jointly) for qualified retirement savings contributions, if their adjusted gross income was less than or equal to \$25,000 (\$37,500 if head of household, \$50,000 if married filing jointly).

### **Roth IRA**

(lines 16-25, Form 8606)

Unlike traditional IRAs, contributions to a Roth IRA were not deductible. However, qualified distributions from the earnings of a Roth IRA were tax-exempt. The contribution limit for Roth IRAs was the lesser of \$3,000 ((\$3,500 if age 50 or older) (\$6,000, \$6,500, or \$7,000 depending on if none, one, or two of the taxpayers were age 50 or older and married filing jointly)) or the individual's taxable compensation unless the taxpayer contributed to both Roth IRAs and traditional IRAs. In this case, the contribution limit for Roth IRAs was reduced by all contributions (other than employer contributions) to traditional IRAs for the taxable

year. The eligibility for Roth IRAs was phased out for joint filers with modified AGI between \$150,000 and \$160,000, married taxpayers filing separately and living with their spouses with modified AGI between \$0 and \$10,000, and all other filers (single, head of household, and married filing separately and not living with their spouse at any time during the year) with modified AGI between \$95,000 and \$110,000. Contributions to Roth IRAs could be made after the taxpayer reached the age of 70½. Also, the minimum distribution rules did not apply to living taxpayers as they did for traditional IRAs.

Some taxpayers were also eligible to make taxable rollovers of traditional IRAs to Roth IRAs without paying the 10 percent tax on early withdrawals. Taxpayers had to have a modified AGI of \$100,000 or less to be able to roll over a traditional IRA to a Roth IRA. When a taxpayer converted an amount from the traditional IRA to a Roth IRA, they were required to include in gross income the amount that they would have reported in income if they had made a withdrawal from this IRA. The taxpayer did not include in gross income any part of the conversion that was a nondeductible contribution in a traditional IRA. Married taxpayers filing separately could not take advantage of this rollover provision. (See also "Individual Retirement Arrangement Taxable Distributions.")

### **Royalty Net Income or Loss**

(line 22, columns A, B, C, Schedule E)

Net royalties consisted of gross royalties less deductions for depletion, depreciation, office rent, legal fees, clerical help, interest, taxes, and similar items. Gross royalties included revenues from oil, gas, and other mineral rights; revenue from patents; and revenue from literary, musical, or artistic works. Certain royalties received under a lease agreement on timber, coal, and domestic iron ore were eligible for capital gains or ordinary loss treatment under Code section 1231. As a result of the separate computation, those royalties are reflected in the statistics for "sales of capital assets" and "sales of property other

than capital assets." (See also "Total Rent and Royalty Income or Loss in AGI.")

### Royalty Net Income Less Loss

See "Royalty Net Income or Loss."

### S Corporations

See "Partnership and S Corporation Net Income or Loss."

### Salaries and Wages

(line 7, Form 1040)

Salaries and wages as reported on the tax return were amounts of compensation primarily for personal services. The following items are included:

- salaries;
- wages;
- commissions;
- bonuses;
- tips;
- fees;
- excess reimbursement of employee business expenses;
- moving expenses allowances;
- the difference between the fair market value of certain property and the discount price for which it was purchased by a taxpayer from his or her employer;
- severance pay;
- sick pay;
- the value of exercising a stock appreciation right;
- directors' fees;
- vacation allowances;
- most disability payments;
- strike and lockout benefits;
- the value of certain non-monetary payments for services (e.g., merchandise, accommodations, certain meals or lodging, certain stock purchase plans, or property);
- dependent care benefits;
- employer provided adoption benefits; and
- scholarship and fellowship grants.

Identifiable amounts for any of these categories, which may have been reported by

taxpayers as "other income," are treated as salaries and wages for the statistics.

### Sales of Capital Assets, Net Gain or Loss $\Delta$

(line 13a, Form 1040)

In general, capital assets for tax purposes included all property held for personal use or investment. Examples of such assets were furniture, automobiles, and stocks and bonds. Most assets used for business activities were specifically excluded from treatment as capital assets. (See also "Sales of Property Other Than Capital Assets, Net Gain or Loss.")

The following concepts are used in the computation of net capital gain or loss for this report:

*Long-term or short-term:* If the holding period was one year or less, the asset was considered short-term; otherwise, it was considered long-term. All capital gain distributions were considered long-term.

*Net capital gain:* If the combination of net short-term gain or loss and net long-term gain or loss resulted in a positive amount, the taxpayer had a net capital gain. The full amount of this gain, whether short-term or long-term was included in adjusted gross income.

*Net capital loss:* If the combination of net short-term gain or loss and net long-term gain or loss resulted in a negative amount, the taxpayer showed a net capital loss. The amount of net capital loss to be included in adjusted gross income was limited to the smaller of the actual net capital loss or \$3,000 (\$1,500 for married persons filing separately). Any excess capital losses over the \$3,000 limit could be carried over to subsequent tax years ("long-term loss carryover" and "short-term loss carryover" in the statistics).

The maximum rate for most net capital gains was 15 percent (generally, 5 percent for taxpayers in the 10- or 15-percent tax bracket). Collectible gains and up to 50 percent of eligible gains on qualified small business stock were taxed at the 28-percent rate. Gains from the sale of certain depreciable real property were taxed at



a 25-percent rate. Qualified 5-year gain (long term capital gain from sale or other disposition of property held more than five years) were taxed at 8 percent to the extent the gain would otherwise be taxed at 10 percent. Therefore, the long-term capital gain tax rate could be 5-percent, 8-percent, 10-percent, 15-percent, 25-percent, or 28-percent.

Taxpayers were generally able to exclude from income up to \$250,000 (\$500,000 for married couples filing a joint tax return) of the gain on the sale of their homes.

### **Sales of Capital Assets Reported on Schedule D**

See "Sales of Capital Assets, Net Gain or Loss."

### **Sales of Property Other Than Capital Assets, Net Gain or Loss**

(line 14, Form 1040)

Property other than capital assets generally included property of a business nature, in contrast to personal or investment property, which were capital assets. Some types of property specifically included in this group were:

- (1) certain depreciable, depletable, and real business property;
- (2) accounts and notes receivable in the ordinary course of business generated from the sale of goods and services ordinarily held for sale by the business or includable in the inventory of the business;
- (3) certain copyrights, literary, musical, or artistic compositions, or similar properties; and
- (4) amounts resulting from certain "involuntary conversions," including net losses from casualty and theft.

Taxpayers reported all gains and losses not treated as capital gains on Form 4797, *Sales of Business Property*.

### **Sales Tax Deduction Δ**

(line 5b, Schedule A)

For Tax Year 2004, a taxpayer could have elected to deduct state and local general sales taxes instead of state and local income taxes as an itemized deduction on Schedule A. The taxpayer could have used either actual expenses or the optional state sales tax tables.

### **Schedule D Capital Gain Distributions**

See "Sales of Capital Assets, Net Gain or Loss."

### **Self-Employed Health Insurance Deduction**

(line 31, Form 1040)

Self-employed persons, or owners of more than 2 percent of outstanding stock of an S Corporation, if they were not eligible for health coverage under an employer-provided plan, were allowed to deduct, in the calculation of AGI, up to 100 percent of the amount paid for health insurance for themselves and their families.

### **Self-Employment Tax Δ**

(line 57, Form 1040)

The ceiling for social security tax on taxable self-employment income for 2004 was \$87,900. The limit did not apply for purposes of the Medicare tax. All net earnings greater than \$400 (\$108.28 for church employees) were also subject to the Medicare tax portion. (See also "Total Tax Liability.")

### **Short-Term Capital Gain or Loss**

(line 7, Schedule D)

These include gains and losses from sale of capital assets held one year or less. (See "Sales of Capital Assets, Net Gain or Loss.")

### **Short-Term Gain or Loss from Other Forms**

(line 4, Schedule D)

The other forms include:

- Short-term gains from Form 6252
- Short-term gain or loss from Forms 4684, 6781, and 8824

See "Sales of Capital Assets, Net Gain or Loss."

### Short-Term Loss Carryover

(line 6, Schedule D)

These are short-term capital losses from the prior year Schedule D that are carried over to the current year. (See "Sales of Capital Assets, Net Gain or Loss.")

### Size of Adjusted Gross Income

(line 36, Form 1040)

The amount of adjusted gross income reported by the taxpayer on the return was the basis for classifying data by size of adjusted gross income. Returns without positive adjusted gross income, such as deficit returns or returns on which income and loss were equal, were classified as having "no adjusted gross income" and appear as a separate class in most basic tables. The absence of a class labeled "no adjusted gross income" indicates that any deficit or break-even returns in a table were included in the lowest income size class. See "Adjusted Gross Income Less Deficit."

### Social Security Benefits

(lines 20a, 20b, Form 1040)

Social security benefits included any monthly benefit under title II of the Social Security Act or the part of a "tier 1 railroad retirement benefit" that was equivalent to a social security benefit. Social security benefits were not taxable unless the taxpayer's total income (including tax-exempt interest) plus one-half of total social security benefits exceeded certain levels. The maximum taxable amount was up to 85 percent of the net social security benefits received. Social security benefits received were reported on Form 1040, line 20a and the taxable portion was reported on line 20b. Taxpayers who had no taxable benefits were not required to show the total benefits on their income tax returns.

### Social Security and Medicare Tax on Tip Income

(line 58, Form 1040)

Cash tips amounting to \$20 or more received by the taxpayer in a month while working for any one employer were subject to withholding of income tax, social security tax (or the equivalent railroad retirement tax), and Medicare tax. If the employer was unable to withhold the social security and Medicare tax, the amount of uncollected social security tax on tips was indicated on the employee's Form W-2, and the employee was required to report the uncollected tax and pay it with the Form 1040. If the employee did not report the tips to the employer, the employee was required to compute the social security and Medicare tax on unreported tips on Form 4137 and attach it to Form 1040.

### Standard Deduction $\Delta$

(included in line 39, Form 1040)

For 2004, the basic standard deduction was increased. Taxpayers who were age 65 or over or blind could claim an additional standard deduction amount of \$950 or \$1,200 based on filing status. Both the basic and additional standard deductions were determined by marital filing status, as shown below.

#### *Single*

Basic deduction of \$4,850;

Each taxpayer 65 or over or blind was allowed an additional \$1,200 deduction each for age and blindness.

#### *Married filing jointly or surviving spouses*

Basic deduction of \$9,700;

Each taxpayer 65 or over or blind was allowed an additional \$950 deduction each for age and blindness.

#### *Married, filing separately*

Basic deduction of \$4,850;

Each taxpayer 65 or over or blind was allowed an additional \$950 deduction each for age and blindness.

#### *Head of Household*

Basic deduction of \$7,150;

Each taxpayer 65 or over or blind was allowed an additional \$1,200 deduction each for age and blindness.

The basic standard deduction claimed by filers who were dependents of other taxpayers was the greater of \$800 or the dependent's earned income plus \$250 (but not more than the regular standard deduction amount).

In the statistics, the basic standard deduction is tabulated for all taxpayers who claimed it, including those who were 65 or over and/or blind. The "additional standard deduction" total includes only the additional amount that was taken by those taxpayers who were 65 or over and/or blind.

### **State Income Tax Refund**

(line 10, Form 1040)

If a taxpayer received a refund, credit, or offset of state or local income taxes in 2004 that was paid or deducted before 2004, all or part of that amount had to be reported as income to the extent that an itemized deduction for state and local taxes had previously resulted in a tax benefit.

### **State and Local Income Taxes**

(line 5a, Schedule A)

State and local income taxes paid could be used as an itemized deduction if a taxpayer had state and local income tax withheld from their salary during 2004; had paid state and local income taxes directly during 2004 for a prior year, or had made mandatory contributions to specific state disability funds. (See also "Taxes Paid Deduction.")

### **State and Local Taxes Δ**

(line 5, Schedule A)

This is the total of State and Local Income Taxes (line 5a) or Sales Tax Deduction (line 5b). The taxpayer could elect to use either line, but not both.

### **Statutory Adjustments Δ**

(lines 23-35, Form 1040)

Certain adjustments to total income were allowed as deductions in the calculation of adjusted gross income. For 2004, statutory adjustments included educator expenses, certain business expenses of reservists, performing artists, and fee-basis government officials, payments to an IRA, student loan interest deductions, tuition and fees deductions, health savings account deduction, moving expenses, the deduction for one-half of self-employment tax, the self-employed health insurance deduction, payments to a self-employed Keogh retirement plan or a simplified employee pension (SEP), penalty on early withdrawal of savings, alimony paid, and the foreign housing deduction. Each of the above items is described separately in this section. In addition, statutory adjustments included Archer medical savings account deductions, deduction for clean-fuel vehicles, performing-arts-related expenses, jury duty pay received by the taxpayer and given to the employer if the taxpayer continued to receive wages while on jury duty, deductible expenses related to income of personal property, the forestation/reforestation amortization deduction, and the repayment of supplemental unemployment benefits under the Trade Act of 1974, and employee business expenses of fee-basis state or local government officials. If not listed separately, these amounts are included in the "Other Adjustments" category in the statistics.

### **Student Loan Interest Deduction**

(line 26, Form 1040)

For 2004, eligible taxpayers were allowed to deduct up to \$2,500 for interest paid on qualified higher educational loans. The deduction was phased out for taxpayers with modified AGI between \$50,000 to \$65,000 (\$100,000 to \$130,000 for taxpayers filing a joint return).

**Tax Credits**

See "Total Tax Credits."

**Tax Due at Time of Filing**

(line 74, Form 1040)

"Tax due" was reported on returns on which total tax liability exceeded total tax payments.

**Tax from Recomputing Prior-Year Investment Credit**

(included line 62, Form 1040)

The investment tax credit provisions of the law included a recapture rule which required taxpayers to pay back some or all of any investment credit previously taken on property disposed of before the end of the useful life claimed in computing the credit. The law specified that if property qualifying for the credit was disposed of before the end of its useful life, the tax for the year of disposal was increased by the difference between the credit originally claimed and the credit that would have been allowed based on the shorter actual life. Tax credits could not be applied against this additional tax. Also tax from recapture of an education credit was reported here.

**Tax Generated  $\Delta$** 

(line 43, Form 1040)

This amount was the tax computed on modified taxable income. The tax rates for 2004 were 10, 15, 25, 28, 33, and 35 percent. The 10-percent bracket applied to taxable income equal to or below \$7,150 for single filers and married persons filing separately; \$14,300 for joint filers or surviving spouses; and \$10,200 for heads of household. The 15-percent bracket applied to taxable income in excess of the 10-percent bracket ceiling and equal to or below \$29,050 for single filers; \$58,100 for joint filers or surviving spouses; \$29,050 for married persons filing separately; and \$38,900 for heads of household. The 25.0 percent tax bracket applied to taxable income in excess of the 15-percent bracket ceiling and equal to or below \$70,350 for single filers; \$117,250 for joint filers or surviving

spouses; \$58,625 for married persons filing separately; and \$100,500 for heads of household. The 28 percent tax rate applied to taxable income in excess of the 25 percent tax bracket ceiling and equal to or below \$146,750 for single filers; \$178,650 for joint filers or surviving spouses; \$89,325 for married persons filing separately; and \$162,700 for heads of households. The 33 percent tax rate applied to taxable income in excess of the 28 percent tax bracket ceiling and equal to or below \$319,100 for single filers, joint filers, or surviving spouses and heads of households and \$159,550 for married persons filing separately. The 35 percent tax rate applied to taxable income in excess of the upper boundary for the 33 percent tax bracket. The tax generated at each of these tax rates is shown in Tables 3.4, 3.5, and 3.6.

If children under age 14 had investment income that exceeded \$1,600, there were two methods of reporting this income. If the child filed his or her own return, the investment income that exceeded \$1,600 was taxed at the parents' rate on Form 8615 (the remaining investment income was taxed at the child's rate) and tabulated separately in Tables 3.4, 3.5, and 3.6. If the parents elected to report the child's investment income on their return, they attached a Form 8814. The investment income in excess of \$1,600 was included on either Form 1040, line 21 or in the case of capital gains distributions on either Form 1040, line 13 or Schedule D, line 13, or qualified dividends on Form 1040, line 9b. The remaining investment income in excess of the \$800 standard deduction was taxed at the child's rate, added to the parents' tax on Form 1040, line 43, and is also tabulated separately in Tables 3.4, 3.5, and 3.6.

On most returns, except those with additional taxes from special computations, "tax generated" equaled "income tax before credits." (See also "Modified Taxable Income" and "Rate Reduction Credit.")

**Tax Payments**

(lines 63, 64, 66, 68-70, Form 1040)

These payments were generally made before the return was filed and were applied against tax liability to determine any amount payable or refundable at the time of filing. They consisted of the following:

- (1) income tax withheld, including backup withholding;
- (2) estimated tax payments (including those from overpayment on 2003 return);
- (3) payment with request for extension of filing time;
- (4) excess social security, Medicare, or railroad retirement tax withheld;
- (5) credit for tax on certain gasoline, fuel, and oil; and
- (6) credit from regulated investment companies.

Each of the above is described under a separate heading in this section.

Although the earned income credit was included with tax payments on the tax return itself (line 65a, Form 1040), for the statistics it is treated partly as a credit against income tax liability and partly as a refundable amount. (See also "Earned Income Credit.") Also, the additional child credit was included on the tax return as a payment but not treated that way for the statistics.

**Tax Penalty**

(line 75, Form 1040)

See "Predetermined Estimated Tax Penalty."

**Tax Preparation Fees**

(line 21, Schedule A)

Tax preparation fees were included on Schedule A as a miscellaneous deduction, the total of which was subject to a 2 percent of AGI floor. The amounts reported in the statistics are prior to this floor. (See also "Limited Miscellaneous Deductions.")

**Tax Rates, Tax Rate Classes**

See "Tax Generated."

**Tax Withheld**

(line 63, Form 1040)

See "Income Tax Withheld."

**Tax-Exempt Interest**

(line 8b, Form 1040)

Tax-exempt interest included interest on certain State and municipal bonds, as well as any tax-exempt interest dividends from a mutual fund or other regulated investment company. This was an information reporting requirement and did not convert tax-exempt interest into taxable interest. It is included as income for certain programs, for example for the earned income credit or taxability of social security benefits.

**Taxable and Nontaxable Returns**

The taxable and nontaxable classification of a return for this report is determined by the presence of "total income tax". Some returns classified as "nontaxable" may have had a liability for other taxes, such as self-employment tax, uncollected employee social security and medicare tax on tips, tax from recomputing prior-year investment credit, penalty taxes on individual retirement accounts, Section 72 penalty taxes, advance earned income credit payments, household employment taxes, or golden parachute payments. These taxes, however, were disregarded for the purposes of this classification since three of the above taxes were considered social security (rather than income) taxes, and the remaining ones, except for advance earned income payments, were either based on prior year's income or were penalty taxes.

For this report, the earned income credit is treated first as an amount used to offset income tax before credits. Since the earned income credit was refundable, it was subtracted from income tax (for the statistics) after reduction by all other statutory credits. As a result, some returns became nontaxable strictly because of the earned income credit and the earned income credit equaled or exceeded income tax before credits reduced by any other credits.

It should be noted that classification as taxable or nontaxable was based on each return as it was filed and does not reflect any changes resulting from audit or other enforcement activities. (See also, "Total Income Tax.")

### **Taxable Income**

(line 42, Form 1040)

Taxable income was derived by subtracting from adjusted gross income any exemption amount and either total itemized deductions or the standard deduction. (See "Modified Taxable Income.")

### **Taxable Interest (Received)**

(line 8a, Form 1040)

This amount was the taxable portion of interest received from bonds, debentures, notes, mortgages, certain insurance policy proceeds, personal loans, bank deposits, savings deposits, tax refunds, and U.S. savings bonds. Also included as interest were "dividends" on deposits or withdrawable accounts in mutual savings banks, savings and loan associations, and credit unions. Interest on state or local government obligations remained tax-exempt, but the total tax-exempt interest had to be reported on line 8b of Form 1040. It was not included in the taxpayer's income for tax purposes. (See also "Tax-Exempt Interest.")

### **Taxable IRA Distributions (in AGI)**

(line 15b, Form 1040)

See "Individual Retirement Arrangement Taxable Distributions."

### **Taxable Pensions and Annuities (in AGI)**

(line 16b, Form 1040)

See "Pensions and Annuities."

### **Taxable Social Security Benefits**

(line 20b, Form 1040)

See "Social Security Benefits."

### **Taxes Paid Deduction $\Delta$**

(lines 5-9, Schedule A)

Taxes allowed as an itemized deduction from adjusted gross income, included personal property taxes, state and local income taxes or general sales taxes, taxes paid to foreign countries or U.S. possessions (unless a foreign tax credit was claimed), and real estate taxes except those levied for improvements that tended to increase the value of the property. Mandatory employee contributions to a state disability fund and employee contributions to a state unemployment fund were also included. Federal taxes were not deductible.

Taxes paid on business property were deducted separately on the schedules for business, rent, royalty, and farm income and are excluded from the "taxes paid" statistics in this report.

### **Total Income**

(line 22, Form 1040)

Total income was the sum of the individual income items (lines 7 through 21) before adjustments.

### **Total Income Tax**

(line 56 + any Form 4970 tax on line 62 - line 65a, limited to zero, on Form 1040)

Total income tax was the sum of income tax after credits (including the subtraction of the earned income credit). For 2004, total income tax included the tax from Form 4970 (\$499 thousand). It did not include any of the other taxes that made up total tax liability. Total income tax was the basis for classifying returns as taxable or nontaxable.

### **Total Itemized Deductions $\Delta$**

(included in line 39, Form 1040)

Itemized deductions from adjusted gross income could be claimed for medical and dental expenses, certain taxes paid, interest paid, charitable contributions, casualty and theft losses, and miscellaneous deductions. Itemized deductions were claimed only if they exceeded

the total standard deduction, with three exceptions. First, if a taxpayer was married and filing separately, and his or her spouse itemized deductions, the spouse was required to itemize as well. Second, taxpayers in several states were required to itemize deductions on their Federal tax returns if they wished to itemize on their State returns. Third, if a taxpayer benefited for alternative minimum tax purposes, they might itemize even though the standard deduction was larger. The total amount of itemized deductions was tabulated only from returns showing positive adjusted gross income.

If a taxpayer had AGI in excess of \$142,700 (\$71,350 if married filing separately), his or her itemized deductions may have been limited. The limitation did not apply to the deductions for medical and dental expenses, investment interest expenses, casualty or theft losses, and gambling losses. To arrive at allowable itemized deductions, total itemized deductions were reduced by the smaller of: a) 3 percent of the amount of AGI in excess of \$142,700 (\$71,350) or b) 80 percent of the non-exempt deductions. Therefore, total itemized deductions is the sum of the separate deductions cited above, less the itemized deduction limitation.

### **Total Miscellaneous Deductions**

See "Miscellaneous Itemized Deductions."

### **Total Rent and Royalty Income or Loss** (line 26 plus lines 39 and 40, Schedule E)

This income concept consisted of all rent and royalty income and loss that was used in computing adjusted gross income, including farm rental income and suspended rental loss carry-over from prior years. It excluded the portion of rental losses that was not deductible in computing adjusted gross income due to the passive loss rules. Income or loss from real estate mortgage investment conduits were also included in this concept.

### **Total Statutory Adjustments**

(line 35, Form 1040)

Total statutory adjustments was the sum of the individual adjustments to income (lines 23-35) (Note: foreign housing, Archer MSA, and other adjustments were reported on line 35).

### **Total Tax Credits**

(lines 55, 65a, Form 1040)

For this report, total tax credits consists of the following:

- (1) foreign tax credit;
- (2) child care credit;
- (3) credit for the elderly and disabled;
- (4) education credits;
- (5) retirement savings contributions credit;
- (6) child tax credit;
- (7) adoption credit;
- (8) mortgage interest credit;
- (9) District of Columbia first time homebuyers credit;
- (10) general business credit;
- (11) minimum tax credit;
- (12) qualified electric vehicle credit;
- (13) empowerment zone and renewal community employment credit;
- (14) New York liberty zone credit;
- (15) nonconventional source fuel credit and;
- (16) other tax credits;
- (17) earned income credit (EIC) used to offset income tax before credits

These amounts were deducted from income tax before credits to arrive at income tax after credits. For the statistics, the portion of the EIC that did not result in a negative amount is tabulated as "earned income credit used to offset income tax before credits." Any remaining EIC amount could be refunded or applied to other taxes, and is classified separately as "earned income credit refundable portion," or "earned income credit used to offset other taxes." All other credits were limited to the amount needed to offset income tax before credits and were not refundable (except the child tax credit – see "Child Tax Credit") or used to offset any other taxes.

**Total Tax Liability**

(line 62 modified by the earned income credit and additional child tax credit, Form 1040)

Total tax liability was the sum of income tax after credits, self-employment tax, social security and Medicare tax on tips, tax from recapturing prior-year investment credits, low income housing credit, qualified electric vehicle credit, or Indian employment credit, tax from recapture of federal mortgage subsidy, taxes from qualified plans (including individual retirement accounts) and other tax favored accounts, Section 72 penalty taxes, household employment taxes, tax on golden parachute payments and Form 4970 tax. These taxes were then reduced by the earned income credit used to offset all other taxes (defined under "Earned Income Credit" and "Additional Child Tax Credit"), limited to zero. For the statistics, unlike the Form 1040, total tax liability does not include any advance earned income credit payments.

**Total Tax Payments**

See "Tax Payments."

**Total Taxable IRA Distributions**

See "Taxable IRA Distributions."

**Total Unlimited Miscellaneous Deductions**

(line 27, Schedule A)

See "Miscellaneous Itemized Deductions."

**Tuition and Fees Deduction  $\Delta$** 

(line 27, Form 1040)

A taxpayer was able to deduct up to \$4,000 of the qualified tuition and fees paid for themselves, a spouse, or dependents if the taxpayer's modified AGI was under \$65,000 (\$130,000 if married filing jointly). New for 2004, a taxpayer was able to deduct up to \$2,000 if their AGI was higher than the limit but not more than \$80,000 (\$160,000 if married filing jointly). This deduction could not be taken if the person could be claimed as a dependent on

another taxpayer's return or if they claimed the education credit for the same student.

**Type of Tax Computation**

(line 43, Form 1040)

Tabulations in Table 3.1 include three methods of computing the tax on income subject to tax. These methods were:

- (1) regular tax, as computed from the tax tables or tax rate schedules accompanying the Forms 1040, 1040A, or 1040EZ. Schedule J, *Income Averaging for Farmers and Fishermen*, returns are included with regular tax. (See also "Regular Tax Computation");
- (2) Form 8615, used to compute the tax on investment income of children under 14; and
- (3) Schedule D, Form 1040, used to compute the tax on long-term capital gains (in excess of short-term capital losses.) These include returns with capital gain distributions reported on Form 1040 or qualified dividends, also. This tax could be at various rates, 5, 8, 10, 15, 20, 25, or 28 percent.

**Unemployment Compensation**

(line 19, Form 1040)

All unemployment compensation received was taxable. It did not include any supplemental unemployment benefits received from a company-financed supplemental unemployment benefit fund, which were included in salaries and wages.

**Unreimbursed Employee Business Expenses**

(line 20, Schedule A)

This item, added together with most other miscellaneous itemized deductions, was subject to a floor of 2 percent of AGI. Unreimbursed employee business expenses included travel, transportation, meal, and entertainment costs incurred while based at or away from home in the performance of job duties. In most cases, fifty percent of meal and entertainment expenses were deductible, and were calculated on Form



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2106, *Employee Business Expenses*. Many other expenses such as union dues, safety equipment, uniforms, protective clothing, and physical examinations were also deductible. Travel expenses away from home, which were paid or incurred, were not deductible if the period of temporary employment was more than one year. The amounts reported in the statistics were prior to the 2 percent floor. (See also "Limited Miscellaneous Itemized Deductions.")



# Section 5

# 2004 Forms

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1040 U.S. Individual Income Tax Return 2004

Department of the Treasury Internal Revenue Service

Label section with fields for name, address, and spouse's SSN.

Important! You must enter your SSN on this return.

Filing Status section with options for Single, Married, etc.

Exemptions section with fields for dependent information.

Income section with fields for wages, dividends, and other income.

Adjusted Gross Income section with fields for deductions.

Taxable Income section with fields for tax rates.

Tax section with fields for tax liability and credits.

Refund section with fields for refundable credits.

Other Taxes section with fields for additional taxes.

Payments section with fields for tax payments.

Refund section with fields for refundable amounts.

Amount You Owe section with fields for tax due.

Third Party Designee section with fields for designee information.

Sign Here section with fields for signatures.

Paid Preparer's Use Only section with fields for preparer information.

Tax and Credits

37 Amount from line 36 (required gross income)

38a Check if you were born before January 2, 1940

38b Limited deductions from Schedule A

39 Standard Deduction

40 Taxable income

41 Taxable income after adjustments

42 Taxable income after credits

43 Alternative minimum tax

44 Foreign tax credit

45 Credit for child and dependent care expenses

46 Credit for the elderly or the disabled

47 Education credits

48 Rollover savings contributions credit

49 Child tax credit

50 Adoption credit

51 Credits from Form 8859

52 Other credits

53 Aid lines 46 through 54

54 Self-employment tax

55 Additional tax on IRAs

56 Advance earned income credit

57 Household employment tax

58 Add lines 56 through 61

59 Federal income tax withheld

60 2004 estimated tax payments

61 Nonrefundable combat pay election

62 Excess social security and tax

63 Additional child tax credit

64 Amount paid with request for extension

65 Add lines 63, 64, 65, and 66

66 If line 70 is more than line 62

67 Amount of line 71 you want refunded

68 Amount of line 71 you want applied to your 2005 estimated tax

69 Estimated tax penalty

70 Do you want to allow another person to discuss this return

71 Under penalty of perjury, I declare that I have examined this return

72 Joint return?

73 Preparer's signature

74 Preparer's use only

Income

7 Wages, salaries, tips, etc.

8a Taxable interest

8b Tax-exempt interest

9a Ordinary dividends

9b Qualified dividends

10 Taxable refunds, credits, or offsets of state and local income taxes

11 Alimony received

12 Business income or (loss)

13 Capital gain or (loss)

14 Other gains or (losses)

15a IRA distributions

15b Pensions and annuities

16 Rental real estate (opinions, partnerships, S corporations, trusts, etc.)

17 Farm income or (loss)

18 Unemployment compensation

19 Social security benefits

20 Other income

21 Add the amounts in the right column for lines 7 through 21

22 Educator expenses

23 Certain business expenses of reservists, performing artists, and fee-based government officers

24 IRA deduction

25 Student loan interest deduction

26 Tuition and fees deduction

27 Health savings account deduction

28 Moving expenses

29 One-half of self-employment tax

30 Self-employed health insurance deduction

31 Self-employed SEP, SIMPLE, and qualified plans

32 Penalty on early withdrawal of savings

33 Alimony paid

34 Add lines 23 through 34

35 Subtract line 35 from line 22

36 Total number of exemptions claimed

Other Taxes

57 Self-employment tax

58 Additional tax on IRAs

59 Advance earned income credit

60 Household employment tax

61 Add lines 56 through 61

62 Federal income tax withheld

63 2004 estimated tax payments

64 Nonrefundable combat pay election

65 Excess social security and tax

66 Additional child tax credit

67 Amount paid with request for extension

68 Add lines 63, 64, 65, and 66

69 If line 70 is more than line 62

70 Amount of line 71 you want refunded

71 Amount of line 71 you want applied to your 2005 estimated tax

72 Estimated tax penalty

73 Do you want to allow another person to discuss this return

74 Under penalty of perjury, I declare that I have examined this return

75 Joint return?

76 Preparer's signature

77 Preparer's use only

Adjusted Gross Income

21 Add the amounts in the right column for lines 7 through 21

22 Educator expenses

23 Certain business expenses of reservists, performing artists, and fee-based government officers

24 IRA deduction

25 Student loan interest deduction

26 Tuition and fees deduction

27 Health savings account deduction

28 Moving expenses

29 One-half of self-employment tax

30 Self-employed health insurance deduction

31 Self-employed SEP, SIMPLE, and qualified plans

32 Penalty on early withdrawal of savings

33 Alimony paid

34 Add lines 23 through 34

35 Subtract line 35 from line 22

36 Total number of exemptions claimed

Designee

70 Do you want to allow another person to discuss this return with the IRS

71 Under penalty of perjury, I declare that I have examined this return

72 Joint return?

73 Preparer's signature

74 Preparer's use only

Sign Here

73 Preparer's signature

74 Preparer's use only

Paid Preparer's Use Only

74 Preparer's use only

75 Joint return?

76 Preparer's signature

77 Preparer's use only

Form 1040 (2004)

Form 1040 (2004)

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Form 1040 (2004)

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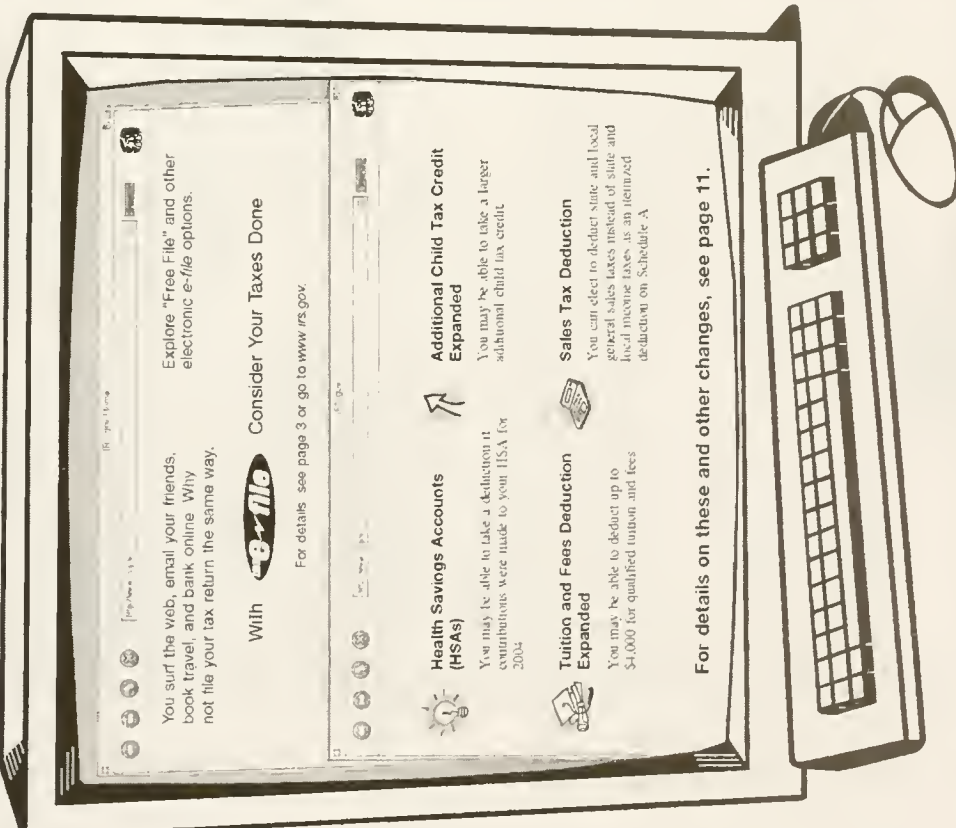
Note: This booklet does not contain any tax forms.



# 20041040

## Instructions

Including Instructions for Schedules A, B, C, D, E, F, J, and SE



Cat No 11025E

### A Message From the Commissioner

Dear Taxpayer,

As our nation moves forward in this still young century, the Internal Revenue Service will focus on three areas of tax administration.

- Improving taxpayer service;
- Enhancing enforcement of the tax law; and
- Modernizing the IRS through its people, processes, and technology.

Our working equation at the IRS is simple: service plus enforcement equals compliance. Not service or enforcement, but service and enforcement. We must do both in a balanced and consistent manner, with full respect for, and attention to, taxpayer rights.

By service, we mean helping people understand their federal tax obligations and facilitating their participation in the tax system. Enforcing the law is equally essential to our system of individual self-assessment. Americans need to be confident that when they pay their taxes, their neighbors and competitors are doing the same.

As you prepare your taxes, I encourage you to file electronically. Last year, more than 61 million Americans did. And we expect even more to file electronically this year. E-file benefits both the taxpayer and the government. E-file promotes greater reliability and faster processing. If you're getting a refund, you'll get it sooner.

To learn more, go online. Check out [www.irs.gov](http://www.irs.gov) and click on "1040 Central" for the tax forms, information, and updates you need. For example, you can find out whether you are eligible for the earned income credit. Also, like more than 23 million people last year, you can check the status of your refund online. Just click on "Where's My Refund?"

I hope this tax booklet is useful to you. For further information, you may contact us at [www.irs.gov](http://www.irs.gov) or call our toll-free numbers 1-800-829-1040 for individuals and 1-800-829-4933 for businesses.

Sincerely,

Mark W. Everson

### The IRS Mission

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



Tax Return Page Reference

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

Form 1040-ET (10-10-04) page 2

**Tax and Credits**

37 Amount from line 36 (adjusted gross income)  Blind  Total bases  38a  
 38e Check  You were born before January 2, 1940.  Blind  Total bases  38a  
 Spouse has been before January 2, 1940.  Blind  Total bases  38a  
 Spouse has been before January 2, 1940.  Blind  Total bases  38a

**Standard Deduction**

39  If your spouse or partner is a partner with you as a dual resident alien, check  (A) if it applies here  38b  
 If your spouse or partner is a partner with you as a dual resident alien, check  (A) if it applies here  38b

40 Itemized deductions from Schedule A or your standard deduction (use left margin)

41 If line 37 is \$107,025 or less, multiply \$3,100 by the total number of employees claimed on Form 941. If line 37 is over \$107,025, see the worksheet on page 33.

42 Taxable income Subtract line 41 from line 40. If line 41 is more than line 40, enter -0-

43 Tax see page 37. Check  7a  7b  7c  7d  7e  7f  7g  7h  7i  7j  7k  7l  7m  7n  7o  7p  7q  7r  7s  7t  7u  7v  7w  7x  7y  7z  Form 4872

44 Alternative minimum tax (see page 35). Attach Form 6251

45 Add lines 43 and 44

46 Foreign tax credit. Attach Form 1119, if required

47 Credit for child and dependent care expenses. Attach Form 2441

48 Credit for the elderly or the disabled. Attach Schedule R

49 Education credits. Attach Form 8863

50 Retirement savings contributions credit. Attach Form 8880

51 Child tax credit (see page 37)

52 Adoption credit. Attach Form 8839

53 Credits from a Form 5398 b Form 8859

54 Other credits. Check applicable box(es): a  Form 3900 b  Form 8877 c  Specify

55 Add lines 46 through 54. These are your total credits

56 Subtract line 55 from line 45. If line 55 is more than line 45, enter -0-

57 Self-employment tax. Attach Schedule SE

58 Social Security and Medicare tax on tip earnings reported to employer. Attach Form 4137

59 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329, if required

60 Advance earned income credit payments from Form(s) W-2

61 Household employment taxes. Attach Schedule H

62 Add lines 56 through 61. This is your total tax

**Payments**

63 Federal income tax withheld from Forms W-2 and 1099

64 2004 estimated tax payments and amount paid from 2003 return

65a Earned income credit (EIC)  NEW  43

65b Nonrefundable earned income credit (NREIT)  44

66 Nonrefundable earned income credit (NREIT)  44

67 Additional child tax credit. Attach Form 8812

68 Amount paid with required tax extension to file (see page 54)

69 Other payment from a Form 2439 b Form 2439 c Form 8847

70 Add lines 63, 64, 65a, and 66 through 69. These are your total payments

71 If line 70 is more than line 62, subtract line 62 from line 70. This is the amount you overpaid

72a Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72b Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72c Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72d Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72e Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72f Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72g Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72h Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72i Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72j Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72k Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72l Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72m Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72n Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72o Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72p Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72q Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72r Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72s Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72t Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72u Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72v Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72w Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h  72i  72j  72k  72l  72m  72n  72o  72p  72q  72r  72s  72t  72u  72v  72w  72x  72y  72z  Form 7909

72x Amount of line 71 you want refunded to you  54  55  56  57  58  59  60  61  62  63  64  65  66  67  68  69  70  71  72a  72b  72c  72d  72e  72f  72g  72h

# Quick and Easy Access to Tax Help and Forms

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



### Internet

You can access the IRS website 24 hours a day, 7 days a week, at [www.irs.gov](http://www.irs.gov)



### Phone

You can order forms and publications, and receive automated information by phone

**Forms and publications.** Call 1-800-TAX-FORM (1-800-829-5676) during the hours shown on page 10 to order current year forms, instructions, and publications, and prior year forms and instructions. You should receive your order within 10 days.

**TeleTax topics.** Call 1-800-829-4477 24 hours a day, 7 days a week, to listen to prerecorded messages covering about 150 tax topics. See pages 8 and 9 for a list of file topics.

**Refund information.** You can check the status of your 2004 refund 24 hours a day, 7 days a week. See page 8 for details.



### CD-ROM

Order Pub. 1706, Federal Tax Products on CD-ROM, and get

- Current year forms, instructions, and publications.
  - Prior year forms, instructions, and publications.
  - Frequently requested tax forms that can be filled in electronically, printed out for submission, and saved for re-entering.
  - The Internal Revenue Bulletin.
- Buy the CD-ROM on the Internet at [www.irs.gov/orders](http://www.irs.gov/orders), from the National Technical Information Service (NTIS) for \$22 (no handling fee) or call 1-877-CD-ORDS (1-877-233-6762) toll free to buy the CD-ROM for \$22 (plus a \$5 handling fee).

Other ways to get help. See page 8 for information



### Fax

You can get over 10% of the most requested forms and instructions 24 hours a day, 7 days a week, by fax. Just call 703-368-8604 from the telephone connected to the fax machine. When you call, you will hear instructions on how to use the service.

- Research your tax questions online.
- Search publications online by topic or keyword.
- Figure your withholding allowances using our W-4 calculator, and
- Sign up to receive local and national tax news by email.



### Mail

You can order forms, instructions, and publications by completing the order blank on page 73. You should receive your order within 10 days after we receive your request.



### Walk-in

You can pick up some of the most requested forms, instructions, and publications at many IRS offices, copy centers, and libraries. Some government offices, credit unions, and office supply stores have a collection of reproducible tax forms available to photocopy or print from a CD-ROM.

You can check on the status of your 2004 refund if it has been at least 6 weeks from the date you filed your return (3 weeks if filed electronically). But if you filed Form 7879 with your return, allow 13 weeks (11 weeks if you filed electronically).

## Refund Information

Be sure to have a copy of your 2004 tax return available because you will need to know the filing status and the exact whole-dollar amount of your refund. Then, do one of the following:

- Go to [www.irs.gov](http://www.irs.gov) and check on What's My Refund.
- Call 1-800-829-4477 24 hours a day, 7 days a week, for automated refund information.

• Call 1-800-829-1954 during the hours less asked to do so.

**TIP** Returns are sent out weekly on Fridays. If you check the status of your refund and are not given the date it will be issued, please wait until the next week before checking back.

Do not send in a copy of your return unless asked to do so.

To get a refund, you generally must file your return within 3 years from the date the return was due (including extensions).

## What Is TeleTax?

### Recorded Tax Information

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

### Topics by Internet

TeleTax topics are also available through the IRS website at [www.irs.gov](http://www.irs.gov)

### TeleTax Topics

All topics are available in Spanish.

Topic No.	Subject
101	IRS services - volunteer tax assistance, toll-free telephone, walk-in assistance, and outreach programs
102	Tax assistance for individuals with disabilities and the hearing impaired
103	Form 1041 and federal taxes for small businesses/self-employed
104	taxpayer Advocate program - Help for problem situations
105	Public libraries - Tax information and reproducible tax forms
151	IRS Procedures
152	Your appeal rights
153	Refund - How long they should take
154	What to do if you haven't filed your tax return
155	2004 Form W-2 and Form 1099-R - What to do if not received
301	Forms and publications - How to order

Topic No.	Subject	How to
156	Copy of your tax return	How to file
157	For rate of address	How to notify IRS
158	Ensuring proper credit of payments	How to file
159	Prior years' forms W-2	How to get a copy of
<b>Collection</b>		
201	The collection process	
202	What to do if you can't pay your tax	
203	Failure to pay, child support and federal, state and local income tax obligations	
204	Offers in compromise	
205	Investment spouse relief and separation of liability and equitable relief	
<b>Alternative Filing Methods</b>		
251	Electronic signatures	
252	Electronic filing	
253	Substitute tax forms	
254	How to choose a paid tax preparer	
255	Tablet	
256	Filing business returns electronically	
<b>General Information</b>		
301	When, where, and how to file	
302	Highlights of tax changes	
303	Checklist of routine errors when preparing your return	
304	Penalties for late filing	
305	Revolving	
306	Estimated tax	
307	Backup withholding	
308	Unfiled returns	
309	Roth IRA contributions	
310	Goverdell education savings accounts	
311	Power of attorney information	
312	Discipline arbitrations	
313	Qualified tuition programs (QTIPs)	
<b>Filing Requirements, Filing Status, and Exemptions</b>		
351	Who must file	
352	Which form	1040A or 1040EZ
353	What is your filing status	
354	Dependents	
355	Married tax	
356	Dependents	
357	Law information for parents of kidnapped children	
<b>Types of Income</b>		
401	Wages and salaries	





# Before You Fill In Form 1040



For details on these and other changes for 2004 and 2005, see Pub. 555.

## What's New for 2004

Health savings account (HSA) deduction. You may be able to take a deduction if contributions (other than employer contributions) were made to your HSA for 2004. See Form 8880 for details.  
Tuition and fees deduction expanded. You may be able to deduct up to \$4,000 if your adjusted gross income (AGI) is not more than \$65,000 (\$35,000 if married, filing jointly), or deduct up to \$2,000 if your AGI is higher than that limit but not more than \$80,000 (\$60,000 if married, filing jointly). See the instructions for line 27 on page 20.

Sales tax deduction. You can elect to deduct state and local general sales taxes instead of state and local income taxes as an itemized deduction on Schedule A. Generally, you can use either your actual expenses or the Optional State Sales Tax Tables to figure your state and local general sales tax deduction. See the instructions for Schedule A for details.  
Income averaging for farmers and fishermen. Fishermen can elect to use income averaging on Schedule 1 to reduce their tax. Also, the benefit of income averaging is extended to farmers and fishermen who own the alternative minimum tax. See the instructions for Schedule 1 for details.

Unlawful discrimination claims. You may be able to take a deduction on line 35 for attorney fees and court costs paid after October 22, 2004, for actions verified or decided after that date involving a claim of unlawful discrimination, a claim against the United States Government, or a claim made under section 1862(b)(3)(A) of the Social Security Act, but only up to the amount included in gross income in 2004 from such claim. See Pub. 525 for details.

Tax Computation Worksheet. If your taxable income is \$100,000 or more, you will now use the Tax Computation Worksheet instead of the Tax Rate Schedules to figure your tax. The Tax Rate Schedules are still shown on page 26 so you can see the tax rate that applies to all levels of taxable income, but they should not be used to figure your tax.  
IRA deduction allowed to more people covered by retirement plans. You may be able to take an IRA deduction if you were covered by a retirement plan and your modified AGI is less than \$55,000 (\$75,000 if married, filing jointly) or qualifying widow(er). See the instructions for line 25 that begin on page 26.  
Certain business expenses of reservists, performing artists, and fee-basis government officials. These expenses are now reported on line 24. See the instructions for line 24 on page 26.  
Earned income credit (EIC). You may be able to take the EIC if:  
• A child lives with you and you earned less than \$14,580 (\$55,458 if married, filing jointly), or  
• A child did not live with you and you earned less than \$11,490 (\$12,490 if married, filing jointly).

If you were a member of the U.S. Armed Forces who served in a combat zone, you may be able to include your non-taxable combat pay in earned income when figuring the EIC.  
See the instructions for lines 65a and 65b that begin on page 41.  
Additional child tax credit expanded. The credit limit based on earned income is increased to 15% of your earned income that exceeds \$10,750. If you were a member of the U.S. Armed Forces who served in a combat zone, your non-taxable combat pay counts as earned income when figuring this credit limit. See Form 8812 for details.

Standard mileage rates. The 2004 rate for business use of your vehicle is 37 cents a mile. The 2004 rate for use of your vehicle to get medical care or to move is 14 cents a mile.  
Qualified tuition program (QTP). You may be able to exclude from income distributions from a private QTP if the distributions are not more than your qualified higher education expenses. See Pub. 970.  
Effective salary deferrals. The maximum amount you can defer under all plans is generally limited to \$14,000 (\$17,000 for 15-year rule). The catch-up contribution limit is increased to \$4,900 (\$2,000 for SIMPLE), plans.

See How To Avoid Common Mistakes on page 57.

If you were serving in, or in support of, the U.S. Armed Forces in a designated combat zone, a qualified hazardous duty area, or contingency operation (for example, you were in the Afghanistan, Bosnia, Kosovo, or Persian Gulf area), see Pub. 3.

Your qualified higher education expenses. See Pub. 970.  
Retiree salary deferrals. The maximum amount you can defer under all plans is generally limited to \$14,000 (\$17,000 for 15-year rule). The catch-up contribution limit is increased to \$4,900 (\$2,000 for SIMPLE), plans. See the instructions for line 7 on page 19.

Excess tax on inherited stock compensation from an expatriated corporation. You may owe a 15% excess tax on the value of nonstatutory stock options and certain other stock-based compensation held by you or a member of your family from an expatriated corporation or its expanded affiliated group in which you were an officer, director, or more-than-10% owner. See the instructions for line 62 on page 40.

Mailing your return. You may be mailing your return to a different address this year because the IRS has changed the filing location for several areas. If you received an envelope with your tax package, please use that envelope with your tax package. Please use the back cover.  
What's New for 2005. IRA deduction expanded. You and your spouse if filing jointly may be able to deduct up to \$4,000 (\$5,000 if age 50 or older at the end of 2005). If you were covered by a retirement plan, you may be able to take an IRA deduction if your 2005 modified AGI is less than \$60,000 (\$80,000 if married, filing jointly) or qualifying widow(er).  
FIC phaseout amount increased for joint filers. The maximum amount of earned income that your filers can have and still take the EIC will be \$2,000 more than that for other filers.  
Effective salary deferrals. The maximum amount you can defer under all plans is generally limited to \$14,000 (\$17,000 for 15-year rule). The catch-up contribution limit is increased to \$4,900 (\$2,000 for SIMPLE), plans.

# Filing Requirements

## Do You Have To File?

Use Chart A, B, or C to see if you must file a return. U.S. citizens who lived in or had income from a U.S. possession should use Pub. 570. Residents of Puerto Rico can use the table on page 90 (see page 8) to see if they must file.



Even if you do not otherwise have to file a return, you may want to file one to get a refund of any federal income tax withheld. You should also file if you are eligible for the earned income credit, the additional child tax credit, or the health coverage tax credit.



Have you filed IRS Form 1040-EZ? If so, the latest way to get your refund and if it's free if you are eligible for the refund. Visit www.irs.gov for details.

Exception for children under age 14. If you are planning to file a tax return for your child who was under age 14 at the end of 2004 and certain other conditions apply, you can elect to include your child's income on your return. But you must use Form 8814 to do so. If you do this election, your child does not have to file a return. For details, see Table Tax topic 553 (see page 8) or see Form 8814.

A child born on January 1, 1991, is considered to be age 14 at the end of 2004. Do not use Form 8814 for such a child.

These rules apply to all U.S. citizens, regardless of where they live, and resident aliens



An automatic 4-month extension to file does not extend the time to pay your tax. See Form 4869.

If you are a U.S. citizen or resident, you may qualify for an automatic extension of time to file without filing Form 4869 or filing for an extension by phone. You qualify on the due date of your return, you meet one of the following conditions:

- You live outside the United States and Puerto Rico and your main place of business or post office is outside the United States and Puerto Rico
- You are in military or naval service on duty outside the United States and Puerto Rico

This extension gives you an extra 2 months to file and pay the tax, but interest will be charged from the original due date of the return on any unpaid tax. You must attach a statement to your return showing that you meet the requirements.

## Where Do You File?

See the back cover of this booklet for filing instructions and addresses. For details on using a private delivery service to mail your return or payment, see page 12.

Nonresident aliens and dual-status aliens. These rules also apply to nonresident aliens and dual-status aliens who were married to a U.S. citizen or resident at the end of 2004 and who are: (1) treated to be taxed, as residents, under the "Married filing jointly" rule; or (2) dual-status aliens. They may have to file Form 1041-NR-EZ. Specific rules apply to determine if you are a resident or nonresident alien. See Pub. 519 for details, including the rules for students and scholars who are aliens.

## When Should You File?

Not later than April 15, 2005. If you file after this date, you may have to pay interest and penalties. See page 50.

## What If You Cannot File on Time?

You can get an automatic 4-month extension if, no later than April 15, 2005, you either file Form 4869 or call the IRS. For details on filing by phone, see Form 4869.

IF your filing status is . . .	AND at the end of 2004 you were . . .	THEN file a return if your gross income** was at least . . .
Single	under 65	\$7,500
	65 or older	7,500 + \$1
Married filing jointly***	under 65 (both spouses)	\$15,200
	65 or older (one spouse)	15,800
	65 or older (both spouses)	17,800
Married filing separately (see page 17)	any age	\$7,500
Head of household (see page 17)	under 65	\$9,250
	65 or older	11,250
Qualifying widow(er) with dependent child (see page 17)	under 65	\$12,800
	65 or older	13,800

\* If you were born on January 1, 1940, you are considered to be age 65 at the end of 2004.  
\*\* Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States (even if you may exclude part or all of it). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 2004.  
\*\*\* If you did not live with your spouse at the end of 2004 (or on the date your spouse died) and your gross income was at least \$3,000, you must file a return regardless of your age.

**Chart B—For Children and Other Dependents** (See the instructions for line 6c on page 18 to find out if someone can claim you as a dependent.)

If your parent or someone else can claim you as a dependent, use this chart to see if you must file a return. If you don't, you may still be eligible to use free online commercial tax preparation software to file your federal income tax return. You may also be eligible to use free online commercial tax preparation software to file your federal income tax return. Your [www.irs.gov/efile](http://www.irs.gov/efile) for details.

If your federal income tax withholding is shown on these forms, include the tax withheld on Schedule A, line 5. If you receive your federal income tax and any state or local income tax withholding is shown on these forms, include the tax withheld on Schedule A, line 5. If you do not receive any federal, state, and local general sales taxes, enter 0.

**Single dependents.** Were you either age 65 or older or blind?  
 **No.** You must file a return if any of the following apply:  
 • Your unearned income was over \$3,800.  
 • Your earned income was over \$4,850.  
 • Your gross income was at least \$4,850 and more than the larger of:  
   • \$883, or  
   • Your earned income plus up to \$4,850 plus \$250.  
 **Yes.** You must file a return if any of the following apply:  
 • Your unearned income was over \$3,800.  
 • Your earned income was over \$4,850 plus \$250.  
 • Your gross income was at least \$4,850 and more than the larger of:  
   • \$883, or  
   • Your earned income plus up to \$4,850 plus \$250.  
**Plus:** This amount:  
   • \$389, or  
   • Your earned income plus up to \$4,850 plus \$250.

**Married dependents.** Were you either age 65 or older or blind?  
 **No.** You must file a return if any of the following apply:  
 • Your unearned income was over \$3,800.  
 • Your earned income was over \$4,850.  
 • Your gross income was at least \$5,000 and your spouse files a separate return and itemizes deductions.  
 • Your gross income was over \$4,850 and more than the larger of:  
   • \$883, or  
   • Your earned income plus up to \$4,850 plus \$250.  
 **Yes.** You must file a return if any of the following apply:  
 • Your unearned income was over \$3,800.  
 • Your earned income was over \$4,850 plus \$250.  
 • Your gross income was at least \$5,000 and your spouse files a separate return and itemizes deductions.  
 • Your gross income was over \$4,850 and more than the larger of:  
   • \$883, or  
   • Your earned income plus up to \$4,850 plus \$250.  
**Plus:** This amount:  
   • \$389, or  
   • Your earned income plus up to \$4,850 plus \$250.

**Chart C—Other Situations When You Must File**

- You must file a return if any of the four conditions below apply for 2004:
- You are any special status such as:  
 • Social security and Medicare tax on the 990 did not apply to your employer.  
 • Unemployed social security and Medicare tax on the 990 did not apply to your employer.  
 • Alternative minimum tax.  
 • Recapture taxes. See the instructions for line 43, 46, 48, 53, and line 62 on page 43, or  
 • Additional tax on a qualified plan, including an individual retirement arrangement (IRA), or other tax-favored account. But if you are filing a return only because you owe that tax, you can file Form 9329 by itself.
  - You received any advance refund to care credit (EIC) payments from your employer. Tax payments are shown in Form W-2, box 9.
  - You had net earnings from self-employment of at least \$400.
  - You had wages of \$20.25 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.

**Where To Report Certain Items From 2004 Forms W-2, 1098, and 1099**

IRS e-file takes the guesswork out of preparing your return. You may also be eligible to use free online commercial tax preparation software to file your federal income tax return. Your [www.irs.gov/efile](http://www.irs.gov/efile) for details.

If any federal income tax withholding is shown on these forms, include the tax withheld on Form 1040, line 63. If you receive your federal income tax and any state or local income tax withholding is shown on these forms, include the tax withheld on Schedule A, line 5. If you do not receive any federal, state, and local general sales taxes, enter 0.

Form	Item and Box in Which It Should Appear	Where To Report if Filing Form 1040
W-2	Wages, tips, after compensation; box 1 All-scaled tips; box 8 Advance EIC payment; box 9 Dependent care benefits; box 10 Adoption benefits; box 12, code T Employer contributions to an Archer MSA; box 12, code R Employer contributions to a health savings account; box 12, code W	Form 1040, line 7 See Tip on page 19 Form 1040, line 6 Form 2441, line 12 Form 8839, line 27 Form 8833, line 3 Form 8889, line 9
W-2c	Combining winnings; box 1	Form 1040, line 21, Schedule C or E, if professional gambler
1098	Mortgage interest; box 1 Interest on investment interest; box 3	Schedule A, line 13
1098-E	Student loan interest; box 1	Form 1040, line 21, but first see the instructions on Form 1040-Schedule A, line 21
1099-T	Qualified tuition and related expenses; box 1	See the instructions for Form 1040, line 27, on page 29
1099-A	Acquisition or abandonment of second property; box 1	See the instructions for Form 1040, line 27, on page 29
1099-B	Stocks, bonds, etc.; box 2 Bartering; box 3 Aggregate profit or loss; box 11	See the instructions on Form 1099-B Form 990, line 1
1099-C	Canceled debt; box 2	Form 1040, line 21, but first see the instructions on Form 1040-Schedule A, line 21
1099-DIV	Total ordinary dividends; box 1a Qualified dividends; box 1b Total capital gain distributions; box 2a Unrecaptured section 1250 gain; box 2b Section 1202 gain; box 2c Dividends, 20% year; box 2d Nonqualified dividends (dividend tax); box 3 Investment expenses; box 5 Foreign tax paid; box 6	Form 1040, line 9a See the instructions for Form 1040, line 9a, on page 29 Form 1040, line 13, or, if required, Schedule D, line 15 See the instructions for Schedule D, line 15, that begin on page 17 See <i>Acquisition or Abandonment of Second Property</i> (Q16) Stock in the instructions for Schedule A, on page 34 See the instructions for Schedule A, line 9a, on page 13 Schedule A, line 22 Form 1040, line 21, but first see the instructions for Form 1040-Schedule A, line 8 Form 1040, line 19, but if you report any unreported compensation in 2004, see the instructions for line 19 on page 29 See the instructions for Form 1040, line 10, that begin on page 29 Form 1040, line 21 See the instructions for Schedule A, line 21
1099-G	Unemployment compensation; box 1 State or local income tax refunds, credits, or offsets; box 2 Taxable grants; box 6 Agriculture payments; box 7	Form 1040, line 19, but if you report any unreported compensation in 2004, see the instructions for line 19 on page 29 See the instructions for Form 1040, line 10, that begin on page 29 Form 1040, line 21 See the instructions for Schedule A, line 21
1099-H	HCT advance payments; box 1	Form 9885, lines 1 and 6

If the item relates to an activity for which you are required to file Schedule C, E, F, or I or Form 990, report the entire amount, including all state and local taxes, on that schedule or form first.

Form 1040-1, June 1

# Line Instructions for Form 1040

**Line** IRS e-file takes the guesswork out of preparing your return. You may also be eligible to use free online commercial tax preparation software to file your federal income tax return. Visit [www.irs.gov/efile](http://www.irs.gov/efile) for details.

Form	Item and Box in Which It Should Appear	Where To Report if Filing Form 1040
1041-INT	Interest on the IRA (box 1), early withdrawal penalty (box 2), interest on U.S. savings bonds and Treasury securities (box 3), investment expenses (box 5), foreign tax paid (box 6)	See the instructions for Form 1040, line 8a, on page 19; Form 1040, line 33; See the instructions for Form 1040, line 8a, on page 19; Schedule A, line 22; Form 1040, line 47, or Schedule A, line 8
1041-T	Long-term care and health care benefits	See Pub. 912, and the instructions for Form 8853
1099-MISC	Rents (box 1), royalties (box 2), nonemployee compensation (box 3), other (boxes 4, 5, 6, 7, 8, 9, 10, 11, and 14)	See the instructions for Schedule E* Schedule E, line 4 (unless you are a partner, see Pub. 541) Form 1040, line 21* Schedule C, G, E, F, or F (if you were not self-employed, see the instructions for Form 1099-MISC) See the instructions for Form 1099-MISC
1099-OT	Original issue discount (box 1), early withdrawal penalty (box 2), original issue discount or Treasury education (box 6), investment expenses (box 7)	See the instructions for Form 1099-OT Form 1040, line 33 See the instructions for Form 1099-OT
1099-PAY	Patronage dividends and other distributions (box 1), dividends (boxes 2, 3, and 5), partner's W-2 adjustment (box 9)	Schedule A, line 22 Schedule C, G, E, F, or F (if Form 4853, but first see the instructions for Form 1099-PAY Form 4068, 8834, 8843, 8845, 8861, or 8884 Form 6-251, line 25
1099-Q	Qualified educational program payments	See the instructions for Form 1040, line 21, on page 22
1099-R	Distributions from IRAs**	See the instructions for Form 1040, lines 15a and 15b, on page 22 See the instructions for Form 1040, lines 15a and 15b, that begin on page 22
1099-S	Capital gain (box 3)	See the instructions for Form 1099-R
1099-VA	Gross proceeds from real estate transactions (box 2)	Form 4797, Form 6252, or Schedule D. But if the property is your home, see the instructions for Schedule D to find out if you must report the sale or exchange
1099-BA	Buyer's part of real estate tax (box 5)	See the instructions for Schedule A, box 6, on page A-1*
	Contributions from IRAs, savings accounts (box 1)	Form 8889, line 12a
	Distributions from IRAs***	Form 8853

\* If the state makes it a priority to report to this Schedule C, E, F, or F (if Form 4853, report the taxable or deductible amount attributable to the item on the Schedule D to find out if you must report the sale or exchange).

\*\* This includes distributions from Archer and Mega-IRA plans.

\*\*\* This includes distributions from Archer and Mega-IRA plans.

**Private Delivery Services**  
You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing" rule for tax returns and payments. These private delivery services include only the following:  
• DHL Express (DHL) DHL Same Day Service, DHL Next Day 10:30 am, DHL Next Day 12:00 pm, DHL Next Day 3:00 pm, and DHL 2nd Day Service  
• Federal Express (FedEx) FedEx Priority Overnight, FedEx Standard Overnight, and FedEx International First  
• United Parcel Service (UPS) UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air AM, UPS Worldwide Express Plus, and UPS Worldwide Express

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

**CAUTION**  
Private delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

## Presidential Election Campaign Fund

This fund helps pay for Presidential election campaigns. The fund reduces candidates' dependence on large contributions from individuals and groups and places candidates on an equal financial footing in the general election. If you want \$3 to go to this fund, check the "Yes" box. If you are filing a joint return, your spouse may also have \$3 go to the fund. If you check "Yes," your tax or refund will not change.

## Filing Status

Check only the filing status that applies to you. The ones that will usually give you the lowest tax are listed last.

- Married filing separately
- Single
- Head of household
- Married filing jointly or qualifying widow(er) with dependent child

**TIP** More than one filing status can apply to you. Choose the one that will give you the lowest tax.

## Line 1 Single

You can check the box on line 1 if any of the following was true on December 31, 2004:  
• You were never married.  
• You were legally separated, according to your state law, under a decree of divorce or separate maintenance.  
• You were widowed before January 1, 2004, and did not remarry in 2004. But if you have a dependent child, you may be able to use the qualifying widow(er) filing status. See the instructions for line 5 on page 17.

## Foreign Address

Enter the information to the following order: City, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

## Death of a Taxpayer

See page 58.

## Social Security Number (SSN)

An incorrect or missing SSN may increase your tax or reduce your refund. To apply for an SSN, fill in Form SS-5 and return it to the Social Security Administration (SSA). You can get Form SS-5 online at [www.socialsecurity.gov](http://www.socialsecurity.gov), from your local SSA office, or by calling the SSA at 1-800-772-1213. It usually takes about 2 weeks to get an SSN.

Check that your SSN on your Form W-2 and 1099 agrees with your social security card. If not, see page 58 for more details.

## IRS Individual Taxpayer Identification Numbers (ITINs) for Aliens

If you are a nonresident or resident alien who do not have an SSN and are not eligible to get an SSN, you must apply for an ITIN. For details on how to do so, see Form W-7 and its instructions. It usually takes about 4-6 weeks to get an ITIN.

If you already have an ITIN, enter it whenever your SSN is requested on your tax return.

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

## Nonresident Alien Spouse

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

## Name and Address

### Use the Peel-Off Label

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

### Address Change

If the address on your peel-off label is not your current address, cross out your old address and print your new address. If you plan to move after filing your return, use Form 8822 to notify the IRS of your new address.

### Name Change

If you changed your name because of marriage, divorce, etc., be sure to report the change to your local social security Administration office before filing your return. This will ensure that you receive your return and any refund. It also safeguards your future social security benefits. See page 58 for more details. If you received a peel-off label, cross out your former name and print your new name.

### What if You Do Not Have a Label?

Print or type the information in the spaces provided. If you are married filing a separate return, enter your husband's or wife's name on line 3 instead of below your name.

**TIP** If you filed a joint return for 2003 and you are filing a joint return for 2004 with the same spouse, be sure to enter your names and SSNs in the same order as on your 2003 return.

### P.O. Box

Enter your box number only if your post office does not deliver mail in your home.

Need more information or forms? See page 7.

Form 1040 - Lines 2 Through 5

for child for more than half of 2004 of half or less, see the Exception below.

Exemptions

You usually can deduct \$3,000 on line 41 for each exemption you can take.

Line 6b Spouse

Check the box on line 6b if either of the following apply.

- 1. Your filing status is married filing jointly.
2. You were married as of December 31, 2004. Your filing status as the dependent's social security card holder, at the time we process your return, we may disallow the exemption.
3. You are claiming a child who did not live with you under the rules explained in Pub. 501 for children of divorce or separated parents, attach Form 8332 or similar statement to your return.
4. You are claiming a child who did not live with you under the rules explained in Pub. 501 for children of divorce or separated parents, attach Form 8332 or similar statement to your return.
5. You are claiming a child who did not live with you under the rules explained in Pub. 501 for children of divorce or separated parents, attach Form 8332 or similar statement to your return.
6. You are claiming a child who did not live with you under the rules explained in Pub. 501 for children of divorce or separated parents, attach Form 8332 or similar statement to your return.

For more details about the tests, including any exceptions that apply, see Pub. 501.

Line 6c. Column (2)

You must enter each dependent's social security number (SSN). Be sure the name and SSN entered agree with the dependent's social security card. Otherwise, at the time we process your return, we may disallow the exemption.
1. If the dependent is a child who did not live with you under the rules explained in Pub. 501 for children of divorce or separated parents, call the Social Security Administration at 1-800-772-1213.

For details on how your dependent can get an SSN, see page 16. If your dependent will not have a number by April 15, 2005, see What If You Cannot File on Time? on page 12.

Line 6c Dependents

You can take an exemption for each of your dependents. The following is a brief description of the filing tests that must be met for a person to qualify as your dependent. If you have more than one dependent, attach a statement to your return with the required information.

Qualifying Widow(er) With Dependent Child

You can check the box on line 5 and use joint return tax rates for 2004 if all of the following apply.

- Your spouse died in 2003 or 2002 and you did not remarry in 2004.
• You have a child, adopted child, stepchild, or foster child whom you claim as a dependent.
• This child lived in your home for all of 2004.
• Temporary absences for special circumstances, such as for school, vacation, medical care, or military service, event as time lived in the home.

You could have filed a joint return with your spouse that year, but you did not actually do so.

If your spouse died in 2004, you cannot file as a qualifying widow(er) with dependent child. Instead, see the instructions for line 2 on this page.

Line 5

You must have lived apart from your spouse for the last 6 months of 2004. Temporary absences for special circumstances, such as for business, medical care, school, or military service, count as time lived in the home.

You file a separate return from your spouse. You paid over half the cost of keeping up your home for 2004.

Your home was the main home of your child, adopted child, stepchild, or foster child.

Need more information or forms? See page 7.

December 31, 2004, you were unmarried or legally separated (according to your state law) under a decree of divorce or separate maintenance and either 1 or 2 below apply to you.

You paid over half the cost of keeping up a home that was the main home for all of 2004 of your parent whom you can claim as a dependent. Your parent did not have to live with you in your home.

You paid over half the cost of keeping up a home in which you lived and in which one of the following also lived for more than half of the year (1/2 of or less, see the Exception on this page):

- a. Your unmarried, adopted child, grandchild, great-grandchild, etc., or stepchild. It does not matter what age the child was. This child does not have to be your dependent. If the child is not your dependent, enter the child's name in the space provided on line 4. If you do not enter the name, it will take us longer to process your return.
b. Your married child, adopted child, grandchild, great-grandchild, etc., or stepchild. This child must be your dependent. But if your married child's other parent claims him or her as a dependent under the rules for Children Who Did Not Live With You Due to Divorce or Separation on page 18, this child does not have to be your dependent. In this case, enter the child's name on line 4. If you do not enter the name, it will take us longer to process your return.

Your foster child, who must be your dependent.

Any other relative you can claim as a dependent. For the definition of a relative, see Pub. 501.

You cannot file as head of household if your child, parent, or relative described above is your dependent under the rules in Multiple Support Agreement in Pub. 501.

Married persons who live apart. Even if you were not divorced or legally separated in 2004, you may be able to file as head of household. You can check the box on line 4 if all of the following apply.

- You must have lived apart from your spouse for the last 6 months of 2004. Temporary absences for special circumstances, such as for business, medical care, school, or military service, count as time lived in the home.
• You file a separate return from your spouse.
• You paid over half the cost of keeping up your home for 2004.
• Your home was the main home of your child, adopted child, stepchild, or foster child.

Need more information or forms? See page 7.

Line 2 Married Filing Jointly

You can check the box on line 2 if any of the following apply.

- You were married, as of December 31, 2004, even if you did not live with your spouse at the end of 2004.
• Your spouse died in 2004 and you did not remarry in 2004.

You were married as of December 31, 2004, and your spouse died in 2005 before filing a 2004 return.

A husband and wife can file a joint return even if only one had income or if they did not live together all year. However, both persons must sign the return. If you file a joint return for 2004, you cannot, after the due date for filing that return, amend it to file as married filing separately.

Joint and several tax liabilities. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties on the return. This means that if one spouse does not pay the tax due, the other may have to. However, see Joint and Spouse Relief on page 57.

Nonresident aliens and dual-status aliens. You may be able to file a joint return. See Pub. 519 for details.

Line 3 Married Filing Separately

If you are married and file a separate return, you will usually pay more tax than if you use another filing status that you qualify for. Also, if you file a separate return, you cannot take the student loan interest deduction, the tuition and fees deduction, the education credits, or the earned income credit. You also cannot take the standard deduction if your spouse itemizes deductions.

Generally, you report only your own income, exemptions, deductions, and credits. Different rules apply to people in community property states. See page 19.

You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the last 6 months of 2004. See Married persons who live apart on this page.

Line 4 Head of Household

This filing status is for unmarried individuals who provide a home for certain other persons. (Some married persons who live apart may also qualify. See this page.) You can check the box on line 4 only if all of the following apply.

- You were married, as of December 31, 2004, even if you did not live with your spouse at the end of 2004.
• Your spouse died in 2004 and you did not remarry in 2004.

You were married as of December 31, 2004, and your spouse died in 2005 before filing a 2004 return.

A husband and wife can file a joint return even if only one had income or if they did not live together all year. However, both persons must sign the return. If you file a joint return for 2004, you cannot, after the due date for filing that return, amend it to file as married filing separately.

Joint and several tax liabilities. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties on the return. This means that if one spouse does not pay the tax due, the other may have to. However, see Joint and Spouse Relief on page 57.

Nonresident aliens and dual-status aliens. You may be able to file a joint return. See Pub. 519 for details.

Line 5

You can check the box on line 5 and use joint return tax rates for 2004 if all of the following apply.

- Your spouse died in 2003 or 2002 and you did not remarry in 2004.
• You have a child, adopted child, stepchild, or foster child whom you claim as a dependent.
• This child lived in your home for all of 2004.
• Temporary absences for special circumstances, such as for school, vacation, medical care, or military service, event as time lived in the home.

You could have filed a joint return with your spouse that year, but you did not actually do so.

If your spouse died in 2004, you cannot file as a qualifying widow(er) with dependent child. Instead, see the instructions for line 2 on this page.

Need more information or forms? See page 7.

authorized placement agency whom you cared for as you would your own child, and

- 4. Is a U.S. citizen or resident alien.



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

An adopted child is always treated as your own child. An adopted child includes a child placed with you by an authorized placement agency for legal adoption even if the adoption is not final. An authorized placement agency includes any person or court authorized by state law to place children for legal adoption.

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

If you are claiming a child who did not live with you under the rules explained in Pub. 501 for children of divorce or separated parents, attach Form 8332 or similar statement to your return. But see the Exception below.

If you divorce, divorce or separation agreement went into effect after 10/81, you can attach certain pages from the decree or agreement instead of Form 8332. To be able to do this, the decree or agreement must state all three of the following:

- 1. You can claim the child as your dependent without regard to any condition (such as payment of support).
2. The other parent will not claim the child as a dependent.
3. The years for which the claim is retained.

Attach all of the following pages from the decree or agreement:

- Cover page (include the other parent's SSN on that page).
• The pages that include all of the information identified in 1) through 3) above.
• Signature page with the other parent's signature and date of agreement.

You must attach the required information even if you filed it with your return in an earlier year.



Exception. You do not have to attach Form 8332 or similar statement if your divorce, decree or written separation agreement went into effect before 10/85 and it states that you can claim the child as your dependent.

Other Dependent Children

Include the total number of children who did not live with you for reasons other than divorce or separation on the line labeled Dependents on 6c not entered above. Include dependent children who lived in Canada or Mexico during 2004.

Support test. You must have provided over half of the person's total support in 2004. But there are two exceptions to this test. One for children of divorced or separated parent and one for persons supported by two or more taxpayers.



For more details about the tests, including any exceptions that apply, see Pub. 501.

Line 6c. Column (2)

You must enter each dependent's social security number (SSN). Be sure the name and SSN entered agree with the dependent's social security card. Otherwise, at the time we process your return, we may disallow the exemption.
1. If the dependent is a child who did not live with you under the rules explained in Pub. 501 for children of divorce or separated parents, call the Social Security Administration at 1-800-772-1213.

For details on how your dependent can get an SSN, see page 16. If your dependent will not have a number by April 15, 2005, see What If You Cannot File on Time? on page 12.

Line 6c Dependents

You can take an exemption for each of your dependents. The following is a brief description of the filing tests that must be met for a person to qualify as your dependent. If you have more than one dependent, attach a statement to your return with the required information.

Qualifying Widow(er) With Dependent Child

You can check the box on line 5 and use joint return tax rates for 2004 if all of the following apply.

- Your spouse died in 2003 or 2002 and you did not remarry in 2004.
• You have a child, adopted child, stepchild, or foster child whom you claim as a dependent.
• This child lived in your home for all of 2004.
• Temporary absences for special circumstances, such as for school, vacation, medical care, or military service, event as time lived in the home.

You could have filed a joint return with your spouse that year, but you did not actually do so.

If your spouse died in 2004, you cannot file as a qualifying widow(er) with dependent child. Instead, see the instructions for line 2 on this page.

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Your home was the main home of your child, adopted child, stepchild, or foster child.

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If your spouse died in 2004, you cannot file as a qualifying widow(er) with dependent child. Instead, see the instructions for line 2 on this page.

Need more information or forms? See page 7.

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You file a separate return from your spouse. You paid over half the cost of keeping up your home for 2004.

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Your home was the main home of your child, adopted child, stepchild, or foster child.

Need more information or forms? See page 7.

Line 6c. Column (2)

You must enter each dependent's social security number (SSN). Be sure the name and SSN entered agree with the dependent's social security card. Otherwise, at the time we process your return, we may disallow the exemption.
1. If the dependent is a child who did not live with you under the rules explained in Pub.



Form 1040 Lines 14 Through 16b

Line 14 Other Gains or (Losses)

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

Lines 15a and 15b IRA Distributions

You should receive a Form 1099-R showing the amount of any distribution from your individual retirement arrangement (IRA). Unless otherwise noted in the 15a and 15b instructions, an IRA includes a traditional IRA, Roth IRA, simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA. Except as provided below, leave line 15a blank and enter the total distribution on line 15b.

- Exception 1. Enter the total distribution on line 15a if you rolled over part or all of the distribution from one:
- IRA to another IRA of the same type (for example, from one traditional IRA to another traditional IRA), or
- SEP or SIMPLE IRA to a traditional IRA.

Also, put "Rollover" next to line 15b if the total distribution was rolled over in a qualified rollover, enter -0- on line 15b. If the total distribution was not rolled over in a qualified rollover, enter the proper amount on line 15b. See Form 5496, which applies to the past year rolled over. Generally, a qualified rollover must be made within 60 days after the day you received the distribution. For more details on rollovers, see Pub. 590.

If you rolled over the distribution (a) in 2003, or (b) from an IRA into a qualified plan (other than an IRA), attach a statement explaining when you did so.

Exception 2. If any of the following apply, enter the total distribution on line 15a and see Form 8846 and its instructions to figure the amount to enter on line 15b:
1. You received a distribution from an IRA (other than a Roth IRA) and you made nondeductible contributions to any of your traditional or SEP IRAs for 2004 or an earlier year. If you made nondeductible contributions to these IRAs for 2004, also see Pub. 590.

2. You received a distribution from a Roth IRA. But if either (a) or (b) below applies, enter -0- on line 15b; you do not have to see Form 8846 or its instructions:
a. Distribution code T is shown in Form 1099-R, box 7, and you made a contribution (including a conversion) to a Roth IRA for 1998 or 1999.

Need more information or forms? See page 7.

Form 1040 Lines 10 Through 13

Line 12 Business Income or (Loss)

If both of the above apply, enter your total capital gain distributions from box 2a of Form(s) 1099-DIV on line 15 and check the box on that line. If you received capital gain distributions as a nominee (that is, they were paid to you but actually belong to someone else), report on line 13 only the amount that belongs to you. Attach a statement showing the full amount you received and the amount you received as a nominee. See the instructions for Forms 1099-DIV and 1096.

TIP If you do not have to file Schedule D, be sure you use the Qualified Dividends and Capital Gain Tax Worksheet on page 24 to figure your tax. Your tax may be less if you use this worksheet.

- None of the events (1996-DIV) or substitute statements have an amount in box 2b (unrecaptured section 1250 gain).

State and Local Income Tax Refund Worksheet—Line 10

- 1. Enter the income tax refund from Form(s) 1099-C (or similar statement). But do not enter more than the amount on your 2003 Schedule A (Form 1040), line 5.
2. Enter your total allowable itemized deductions from your 2003 Schedule A (Form 1040), line 28.

Note: If the filing status on your 2003 Form 1040 was married filing separately and your spouse itemized deductions on 2003, skip lines 3, 4, and 5, and enter the amount from line 2 on line 6.

- 3. Enter the amount shown below for the filing status claimed on your 2003 Form 1040:
- Single or married filing separately: \$4,750
- Married filing jointly or qualifying widow(er): \$9,500
- Head of household: \$7,000
4. Did you file in line 36a on your 2003 Form 1040?
- Yes, Enter -0-
- No, Enter -0-
5. Add lines 3 and 4.
6. Is the amount on line 5 less than the amount on line 2?
- Yes, Subtract line 5 from line 2.
- No, Enter 0.
7. Taxable part of your refund. Enter the smaller of line 1 or line 6 here and on Form 1040, line 10.

Need more information or forms? See page 7.

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on Form 1099-R. For details on military disability payments, see Pub. 525. If you received a Form RRB-1099-R, see Pub. 575 to find out how to report your benefits.

Partially Taxable Pensions and Annuities

Enter the total pension or annuity payments you received in 2004 on line 16a. If your Form 1099-R does not show the taxable amount, you must use the General Rule explained in Pub. 939 to figure the taxable part to enter on line 16b. But if your annuity starting date (defined below) was after July 1, 1986, see Simplified Method below to find out if you must use the method to figure the taxable part.

You can ask the IRS to figure the taxable part for you for a 5% fee. For details, see Pub. 939.

If your Form 1099-R shows a taxable amount, you may report that amount on line 16b. But you may be able to report a lower taxable amount by using the General Rule or the Simplified Method.

Annuity Starting Date

Your annuity starting date is the later of the first day of the first period for which you received a payment or the date the plan's obligations became fixed.

Simplified Method

You must use the Simplified Method if either of the following applies:

- 1. Your annuity starting date (defined above) was after July 1, 1986, and you used this method last year to figure the taxable part.
2. Your annuity starting date was after November 18, 1996, and both of the following apply:
a. The payments are from a qualified employee (including a former employee annuity), or a tax-qualified annuity.
b. On your annuity starting date, either you were under age 75 or the number of years you were under age 75 was less than 30. See Pub. 575 for the definition of guaranteed payments.

If you must use the Simplified Method, complete the worksheet on page 23 to figure the taxable part of your annuity. For details on the Simplified Method, see Pub. 575 or Pub. 721 (or U.S. Civil Service retirement benefits).



If you received U.S. Civil Service retirement benefits and you chose the alternative annuity option, see Pub. 721 to figure the taxable part of your annuity. Do not use the worksheet on page 23.

- 2. Distribution code Q is shown in Form 1099-R, box 7.
3. You converted part or all of a traditional SEP or SIMPLE IRA to a Roth IRA in 2004.

4. You had a 2003 or 2004 IRA contribution returned to you, with the related earnings or loss, any loss, by the due date (including extensions) of your tax return for that year.

5. You made excess contributions to your IRA for an earlier year and had them returned to you in 2004.

6. You recharacterized part or all of a contribution to a Roth IRA as a traditional IRA contribution, or vice versa.

Note: If you (or your spouse) if filing jointly) received more than one distribution, figure the taxable amount of each distribution, and enter the total of the taxable amounts on line 15b. Enter the total amount of those distributions on line 15a.



You may have to pay an additional tax if (a) you received an early distribution from your IRA and the total was not rolled over, or (b) you were born before July 1, 1933, and received less than the minimum required distribution from your traditional, SEP, and SIMPLE IRAs. See the instructions for line 59 on page 39 for details.

Lines 16a and 16b Pensions and Annuities

You should receive a Form 1099-R showing the amount of your pension and annuity payments. See pages 23 and 24 for details on rollovers and lump-sum distributions. Do not include the following payments on lines 16a and 16b: Instead, report them on line 7.

- Disability payments received before you reach the minimum retirement age set by your employer.
Corrective distributions of excess salary, deferrals or excess contributions to retirement plans.



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

Fully Taxable Pensions and Annuities

If your pension or annuity is fully taxable, enter it on line 16b; do not make an entry on line 16a. Your payments are fully taxable if (a) you did not contribute to the cost (see page 23) of your pension or annuity, or (b) you got your entire cost back tax free before 2004.

Fully taxable pensions and annuities also include military retirement pay shown

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Form 1040 Lines 23 Through 25

Adjusted Gross Income

Line 23 Educator Expenses

If you were an eligible educator in 2004, you can deduct up to \$500 of qualified expenses you paid in 2004. If you and your spouse are filing jointly, and both of you were eligible educators, the maximum deduction is \$500. However, neither spouse can deduct more than \$250 of his or her qualified expenses. An eligible educator is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in a school for at least 900 hours during a school year.

Qualified expenses include ordinary and necessary expenses paid in connection with books, supplies, equipment (including computer equipment, software, and services), and other materials used in the classroom. An ordinary expense is one that is common and accepted in your educational field. A necessary expense is one that is helpful and appropriate for your profession as an educator. An expense does not have to be required to be considered necessary.

Qualified expenses do not include expenses for:
- In-state schooling or in-state physical education.
- You must reduce your qualified expenses by the following amounts:
 - Excludable U.S. series EE and I savings bond interest from Form 8815.
 - Nontaxable qualified tuition program earnings.
 - Nontaxable earnings from Coverdell education savings accounts.
 - Any reimbursements you received for these expenses that were not reported to you in Form W-2, box 1.

For more details, see 163E Tax topic 458 (see page 8).

Line 24 Certain Business Expenses of Reservists, Performing Artists, and Fee-Basis Government Officials

Include the following deductions on line 24:
- If you made contributions to your IRA in 2004 that you deducted for 2003, do not include them in the worksheet.
- If you received a distribution from a nonqualified deferred compensation plan or an unqualified pension plan that is included in Form W-2, box 1, that includes a charitable distribution on line 8 of the worksheet. The distribution should be treated as a National Guard or reserve member's expense.

Need more information or forms? See page 7.

Social Security Benefits Worksheet - Lines 20a and 20b

Before you begin:

- Complete Form 1040, lines 21, 23 through 25, and 28 through 34b if they apply to you. Figure any write-in adjustments to be entered on the dotted line next to line 35 (see the instructions for line 35 on page 11).
If you are married, filing separately and you lived apart from your spouse for all of 2004, enter "D" to the right of the word "benefits" on line 20a.
Be sure you have read the Exception on page 24 to see if you can use this worksheet instead of a publication to find out if any of your benefits are taxable.

Worksheet with 18 numbered steps for calculating taxable social security benefits. Includes instructions for each step, such as 'Enter the total amount from line 5 of all your Forms SSA-1099 and Forms RRB-1099' and 'Enter the amount on line 6 less than the amount on line 5'.

If any of your benefits are taxable for 2004 and they include a lump-sum benefit payment that was for an earlier year, you may be able to reduce the taxable amount. See Pub 915 for details.

Need more information or forms? See page 7.

shown in Form W-2, box 11. If it is not, contact your employer for the amount of the distribution.
You must file a joint return to deduct contributions to your spouse's IRA. Enter the total IRA deduction for you and your spouse on line 25.

Do not include qualified rollover contributions in figuring your deduction. Instead, see the instructions for lines 15a and 15b on page 22.

Do not include trustee fees that were billed separately and paid by you for your traditional IRA. These fees can be deducted only as an itemized deduction on Schedule A.

If the total of your IRA deduction on line 25 plus any nondeductible contributions to your traditional IRAs shown on Form 8606 is less than your total traditional IRA contributions for 2004 (see Pub 590 for special rules).



By April 1 of the year after the year in which you turn age 70 1/2, you must start taking minimum required distributions from your traditional IRA. If you do not, you may have to pay a 50% additional tax on the amount that should have been distributed. For details, including the figure the minimum required distribution, see Pub 590.

Were You Covered by a Retirement Plan?

If you were covered by a retirement plan (qualified pension, profit-sharing (including 401(k)s, annuities, SEP, SIMPLE, etc.) at work, or through self-employment, your IRA deduction may be reduced or eliminated. But you can still make contributions to an IRA even if you cannot deduct them. In any case, the income earned on your IRA contributions is not taxed until it is paid to you.

The "Retirement plan" box in Form W-2, box 13, should be checked if you were covered by a plan at work even if you were not vested in the plan. You are also covered by a plan if you were self-employed and had a SEP, SIMPLE, or qualified retirement plan.

If you were covered by a retirement plan and you file Form 2555, 2555-T, or 8815 or you exclude employer-provided adoption benefits, see Pub. 590 to figure the amount, if any, of your IRA deduction.

Married persons filing separately. If you were not covered by a retirement plan but your spouse was, you are considered covered by a plan unless you lived apart from your spouse for all of 2004.

Line 25 IRA Deduction



If you made any nondeductible contributions to a traditional IRA, a Roth IRA, or 2004, you must report them on Form 8606.

If you made contributions to a traditional IRA for 2004, you may be able to take an IRA deduction, but you or your spouse if filing a joint return, must have had earned income to do so. For IRA purposes, earned income includes, among other things, separate maintenance payments reported on line 11. A statement should be sent to you by May 31, 2005, that shows all contributions to your traditional IRA for 2004.

Use the worksheet on page 27 to figure the amount, if any, of your IRA deduction. But read the following list before you fill in the worksheet:
- If you were age 70 1/2 or older at the end of 2004, you cannot deduct any contributions made to your traditional IRA for 2004 or treat them as nondeductible contributions.
- You cannot deduct contributions to a Roth IRA. But you may be able to take the retirement savings contributions credit. See the instructions for line 59 on page 36.

If you made contributions to both a traditional IRA and a Roth IRA for 2004, do not use the worksheet on pages 27 and 28 of your IRA deduction.



You cannot deduct elective deferrals to a 401(k) plan, section 457 plan, SIMPLE plan, or the Federal Thrift Savings Plan. These amounts are not included as income in Form W-2, box 1. But you may be able to deduct retirement savings contributions credits. See the instructions for line 29 on page 36.

If you made contributions to your IRA in 2004 that you deducted for 2003, do not include them in the worksheet.

If you received a distribution from a nonqualified deferred compensation plan or an unqualified pension plan that is included in Form W-2, box 1, that includes a charitable distribution on line 8 of the worksheet. The distribution should be treated as a National Guard or reserve member's expense.

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Form 1040 Lines 20a and 20b



Keep for Your Records

- Complete Form 1040, lines 21, 23 through 25, and 28 through 34b if they apply to you. Figure any write-in adjustments to be entered on the dotted line next to line 35 (see the instructions for line 35 on page 11).
If you are married, filing separately and you lived apart from your spouse for all of 2004, enter "D" to the right of the word "benefits" on line 20a.
Be sure you have read the Exception on page 24 to see if you can use this worksheet instead of a publication to find out if any of your benefits are taxable.

Worksheet with 18 numbered steps for calculating taxable social security benefits. Includes instructions for each step, such as 'Enter the total amount from line 5 of all your Forms SSA-1099 and Forms RRB-1099' and 'Enter the amount on line 6 less than the amount on line 5'.

If any of your benefits are taxable for 2004 and they include a lump-sum benefit payment that was for an earlier year, you may be able to reduce the taxable amount. See Pub 915 for details.

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Need more information or forms? See page 7.

**IRA Deduction Worksheet—Line 25**

**Before you begin:** Complete Form 1040, lines 28 through 34, if they apply to you. Figure any write-in adjustments to be entered on the dotted line next to line 35. See the instructions for line 35 on page 5.

Be sure you have read the list on page 26.

1a. Were you covered by a retirement plan (see 798, 201)?

14.  Yes  No

15.  Yes  No

16.  Yes  No

17.  Yes  No

18.  Yes  No

19.  Yes  No

20.  Yes  No

21.  Yes  No

22.  Yes  No

23.  Yes  No

24.  Yes  No

25.  Yes  No

26.  Yes  No

27.  Yes  No

28.  Yes  No

29.  Yes  No

30.  Yes  No

31.  Yes  No

32.  Yes  No

33.  Yes  No

34.  Yes  No

35.  Yes  No

36.  Yes  No

37.  Yes  No

38.  Yes  No

39.  Yes  No

40.  Yes  No

41.  Yes  No

42.  Yes  No

43.  Yes  No

44.  Yes  No

45.  Yes  No

46.  Yes  No

47.  Yes  No

48.  Yes  No

49.  Yes  No

50.  Yes  No

51.  Yes  No

52.  Yes  No

53.  Yes  No

54.  Yes  No

55.  Yes  No

56.  Yes  No

57.  Yes  No

58.  Yes  No

59.  Yes  No

60.  Yes  No

61.  Yes  No

62.  Yes  No

63.  Yes  No

64.  Yes  No

65.  Yes  No

66.  Yes  No

67.  Yes  No

68.  Yes  No

69.  Yes  No

70.  Yes  No

71.  Yes  No

72.  Yes  No

73.  Yes  No

**1a.** Enter the amount shown below that applies to you:  
 • Single head of household or married filing separately and you lived apart from your spouse for all of 2004, enter \$5,000.  
 • Qualifying widower, enter \$7,500.  
 • Married filing jointly, enter \$7,500 on both columns. But if you checked "No" on either line 1a or 1b, enter \$5,000 for the person who was not covered by a plan.  
 • Married filing separately and you lived with your spouse at any time in 2004, enter \$10,000.

**2.** Enter the amount from Form 1040, line 22.

**3.** Enter the total of the amounts from Form 1040, lines 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, plus any write-in adjustments you entered on the dotted line next to line 35.

**4.** Subtract line 4 from line 3. Enter the result in both columns.

**5.** The amount on line 5 is less than the amount on line 2?

**6.**  No. **STOP.** None of your IRA contributions are deductible. For details on nondeductible IRA contributions, see Form 8880.

**7.** Subtract line 5 from line 2. If the result is \$10,000 or more, enter \$5,000 (\$7,500 if age 50 or older at the end of 2004, on line 7a) for that column and go to line 8. Otherwise, go to line 7b.

**8.** Multiply lines 6a and 6b by 30% (35% if age 50 or older at the end of 2004) of a person who is age 50 or older at the end of 2004. If the result is not a multiple of \$100, increase it to the next multiple of \$100. For example, increase \$400 to \$500. If the result is \$250 or more, enter the result. If it is less than \$250, enter \$250.

**9.** Enter your wages and your spouse's if filing jointly, and other earned income from Form 1040, minus adjustments on Form 1040, lines 30 and 32. Do not reduce wages by any loss from self-employment.

**10.** If married filing jointly and line 5 is less than \$6,000 (\$5,500 if one spouse is age 50 or older at the end of 2004, \$7,000 if both spouses are age 50 or older at the end of 2004), stop here and see line 34b on page 6.

**11.** Enter traditional IRA contributions made or that will be made by Apr. 15, 2005, for 2004 to your IRA on line 7a and to your spouse's IRA on line 7b.

**12.** On line 10a, enter the smallest of line 7a, b, or 9a. On line 10b, enter the smallest of line 7b, 8, or 9b. This is the most you can deduct. Add the amounts on lines 10a and 10b and enter the total on Form 1040, line 25, or if you want, you can deduct a smaller amount and treat the rest as a nondeductible contribution (see Form 8606).

**13.** You may be able to take the retirement savings contribution credit. See the instructions for line 50 on page 70.

**Line 26**

**Student Loan Interest Deduction**

You can take this deduction only if all of the following apply:

- You paid interest in 2004 on a qualified student loan (see below).
- Your filing status is any status except married filing separately.
- Your modified adjusted gross income (MAGI) is less than: \$65,000 if single, head of household, or qualifying widow(er); \$109,000 if married filing jointly. Use lines 2 through 4 of the worksheet below to figure your modified AGI.
- You are not claimed as a dependent on someone's tax return (see Pub. 970).

Use the worksheet below to figure your student loan interest deduction.

**Exception.** Use Pub. 970 instead of the worksheet below to figure your student loan interest deduction if you file Form 2555, 2555-EE, or 4863, or you exclude income from sources within Puerto Rico.

A qualified student loan is any loan you took out to pay the qualified higher education expenses for yourself, your spouse, or anyone who was your dependent when the loan was taken out. The person for whom the expenses were paid must have been an eligible student (see this page). However, a loan is not a qualified student loan if (a) any of the proceeds were used for other purposes, or (b) the loan was from either a related person or a person who borrowed the proceeds under a qualified employer plan, or a contract purchased under such a plan, or a trust out of which a related person, see Pub. 970.

Qualified higher education expenses generally include tuition, fees, room and board, and related expenses such as books and supplies. The expenses must be for education in a degree, certificate, or similar program at an eligible educational institution. An eligible educational institution includes a college, university, or other institution, and certain vocational schools. You can deduct the expenses by the following benefits:

- Expenses provided educational assistance benefits that are not included in Form(s) W-2, box 1.
- Expenses provided educational assistance benefits that are not included in Form(s) W-2, box 1.

An eligible student is a person who:

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

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

Excludable U.S. savings bond interest is any bond interest from Form 8815.

Nontaxable qualified tuition program earnings.

Nontaxable earnings from Coverdell education savings accounts.

Any scholarship, educational assistance allowance, or other payment (but not gifts, inheritances, etc.) excluded from income.

**Line 26**

**Student Loan Interest Deduction Worksheet—Line 26**

**Before you begin:** Complete Form 1040, lines 28 through 34, if they apply to you. Figure any write-in adjustments to be entered on the dotted line next to line 35. See the instructions for line 35 on page 5.

Be sure you have read the Exception above to see if you can use this worksheet instead of Form 970 to figure your deduction.

**1.** Enter the total interest you paid in 2004 on qualified student loans (see above). Do not enter more than \$2,500.

**2.** Enter the amount from Form 1040, line 22.

**3.** Enter the total of the amounts from Form 1040, lines 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, plus any write-in adjustments you entered on the dotted line next to line 35.

**4.** Subtract line 4 from line 3.

**5.** Enter the amount shown below for your filing status.

• Single, head of household, or qualifying widow(er) — \$5,000

• Married filing jointly or surviving spouse — \$10,000

**6.** Married filing jointly — \$10,000

**7.** Divide line 6 by \$15,000. If the result is 1.000 or more, enter 1.000. If the result is at least three places, if the result is 1.000 or more, enter 1.000.

**8.** Multiply line 1 by line 7.

**9.** Student loan interest deduction. Subtract line 8 from line 1. Enter the result here and on Form 1040, line 26. Do not include this amount if you are filing as an individual on your return (such as on Schedule A, C, E, etc.).

**Form 1040-1 line 26**

**Keep for Your Records**

Complete Form 1040, lines 28 through 34, if they apply to you. Figure any write-in adjustments to be entered on the dotted line next to line 35. See the instructions for line 35 on page 5.

Be sure you have read the list on page 26.

1a.  Yes  No

14.  Yes  No

15.  Yes  No

16.  Yes  No

17.  Yes  No

18.  Yes  No

19.  Yes  No

20.  Yes  No

21.  Yes  No

22.  Yes  No

23.  Yes  No

24.  Yes  No

25.  Yes  No

26.  Yes  No

27.  Yes  No

28.  Yes  No

29.  Yes  No

30.  Yes  No

31.  Yes  No

32.  Yes  No

33.  Yes  No

34.  Yes  No

35.  Yes  No

36.  Yes  No

37.  Yes  No

38.  Yes  No

39.  Yes  No

40.  Yes  No

41.  Yes  No

42.  Yes  No

43.  Yes  No

44.  Yes  No

45.  Yes  No

46.  Yes  No

47.  Yes  No

48.  Yes  No

49.  Yes  No

50.  Yes  No

51.  Yes  No

52.  Yes  No

53.  Yes  No

54.  Yes  No

55.  Yes  No

56.  Yes  No

57.  Yes  No

58.  Yes  No

59.  Yes  No

60.  Yes  No

61.  Yes  No

62.  Yes  No

**1.** Enter the total interest you paid in 2004 on qualified student loans (see above). Do not enter more than \$2,500.

**2.** Enter the amount from Form 1040, line 22.

**3.** Enter the total of the amounts from Form 1040, lines 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, plus any write-in adjustments you entered on the dotted line next to line 35.

**4.** Subtract line 4 from line 3.

**5.** Enter the amount shown below for your filing status.

• Single, head of household, or qualifying widow(er) — \$5,000

• Married filing jointly or surviving spouse — \$10,000

**6.** Married filing jointly — \$10,000

**7.** Divide line 6 by \$15,000. If the result is 1.000 or more, enter 1.000. If the result is at least three places, if the result is 1.000 or more, enter 1.000.

**8.** Multiply line 1 by line 7.

**9.** Student loan interest deduction. Subtract line 8 from line 1. Enter the result here and on Form 1040, line 26. Do not include this amount if you are filing as an individual on your return (such as on Schedule A, C, E, etc.).

**Line 26**

**Student Loan Interest Deduction Worksheet—Line 26**

**Before you begin:** Complete Form 1040, lines 28 through 34, if they apply to you. Figure any write-in adjustments to be entered on the dotted line next to line 35. See the instructions for line 35 on page 5.

Be sure you have read the Exception above to see if you can use this worksheet instead of Form 970 to figure your deduction.

**1.** Enter the total interest you paid in 2004 on qualified student loans (see above). Do not enter more than \$2,500.

**2.** Enter the amount from Form 1040, line 22.

**3.** Enter the total of the amounts from Form 1040, lines 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, plus any write-in adjustments you entered on the dotted line next to line 35.

**4.** Subtract line 4 from line 3.

**5.** Enter the amount shown below for your filing status.

• Single, head of household, or qualifying widow(er) — \$5,000

• Married filing jointly or surviving spouse — \$10,000

**6.** Married filing jointly — \$10,000

**7.** Divide line 6 by \$15,000. If the result is 1.000 or more, enter 1.000. If the result is at least three places, if the result is 1.000 or more, enter 1.000.

**8.** Multiply line 1 by line 7.

**9.** Student loan interest deduction. Subtract line 8 from line 1. Enter the result here and on Form 1040, line 26. Do not include this amount if you are filing as an individual on your return (such as on Schedule A, C, E, etc.).

**Form 1040-1 line 26**

**Keep for Your Records**

Complete Form 1040, lines 28 through 34, if they apply to you. Figure any write-in adjustments to be entered on the dotted line next to line 35. See the instructions for line 35 on page 5.

Be sure you have read the list on page 26.

1a

Form 1040 - Lines 39 Through 44

For more details, use TeleTax topic 457 (see page 8) or see Pub 970

You may be able to take a credit for your educational expenses instead of a deduction. See the instructions for line 49 on page 36 for details.

Line 30 Self-Employment Tax

If you were self-employed and owe self-employment tax, fill in Schedule SE to figure the amount of your deduction.

Line 31 Self-Employed Health Insurance Deduction

If you were self-employed and had a net profit for the year...

Line 32 Self-Employed SEP, SIMPLE, and Qualified Plans

If you were self-employed or a partner, you may be able to take this deduction.

Line 33 Penalty on Early Withdrawal of Savings

The Form 1099-INT or Form 1099-OID you received will show the amount of any penalty you were charged.

Lines 34a and 34b Alimony Paid

If you made payments to or for your spouse or former spouse under a divorce or separation instrument, you may be able to take this deduction.

Keep for Your Records

Before you begin: Complete Form 1040, line 32, if it applies to you. If, during 2004, you were an eligible flexible adjustment assistance (FAA) recipient...

Tuition and Fees Deduction Worksheet - Line 27

Before you begin: Complete Form 1040, lines 28 through 34, if they apply to you. Figure any write-in adjustments to be entered on the dotted line next to line 35 (see the instructions for line 35 on page 31).

Line 27 Tuition and Fees Deduction

Enter the amount from Form 1040, line 22. Enter the total of the amounts from Form 1040, lines 23 through 26, 28 through 34a, plus any write-in adjustments you entered on the dotted line next to line 35.

Subtract line 2 from line 1. If the result is more than \$8,000 (\$16,000 if married jointly), you cannot take the deduction for tuition and fees.

Tuition and fees deduction is the amount on line 3 more than \$8,000 (\$16,000 if married jointly).

Enter the total qualified tuition and fees (defined above) you paid in 2004. Do not enter more than \$2,000. Also enter this amount on Form 1040, line 27.

Enter the total qualified tuition and fees (defined above) you paid in 2004. Do not enter more than \$4,000. Also enter this amount on Form 1040, line 27.

Note: Do not include the amount in figuring any other deduction on your return (such as on Schedule A, C, E, etc.).

Need more information or forms? See page 7.

for the student's enrollment or attendance at an eligible educational institution during 2004. Tuition and fees paid in 2004 for an academic period that begins in the first 3 months of 2005 can also be used in figuring your deduction. Amounts paid include those paid by credit card or with borrowed funds. An eligible educational institution includes most colleges, universities, and certain vocational schools.

Line 27 Tuition and Fees Deduction

Qualified tuition and fees do not include amounts paid for the following amounts:

- Room and board, insurance, medical expenses (including student health fees), transportation, or other similar personal living or family expenses.
- Course-related books, supplies, equipment, and nonacademic activities, except for fees required to be paid to the institution as a condition of enrollment or attendance.
- Any course involving sports, games, or hobbies, unless such course is part of the student's degree program.

Qualified tuition and fees must be reduced by the following benefits:

- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Nonexcludable qualified tuition program earnings.
- Nonexcludable earnings from Coverdell education savings accounts.
- Any scholarship, educational assistance allowance, or other payment (but not gifts, inheritances, etc.) excluded from income.

Use the worksheet below to figure your tuition and fees deduction.

Exception. Use Pub 970 instead of the worksheet below to figure your tuition and fees deduction if you file Form 2555, 2555-EZ, or 4563, or you exclude income from sources within Puerto Rico.

Qualified tuition and fees are amounts paid in 2004 for tuition and fees required

Line 27 Tuition and Fees Deduction

Before you begin: Complete Form 1040, lines 28 through 34, if they apply to you. Figure any write-in adjustments to be entered on the dotted line next to line 35 (see the instructions for line 35 on page 31).

See the instructions for line 27 above. Be sure you have read the Exception above to see if you can use this worksheet instead of Pub 970 to figure your deduction.

1. Enter the amount from Form 1040, line 22.

2. Enter the total of the amounts from Form 1040, lines 23 through 26, 28 through 34a, plus any write-in adjustments you entered on the dotted line next to line 35.

3. Subtract line 2 from line 1. If the result is more than \$8,000 (\$16,000 if married jointly), you cannot take the deduction for tuition and fees.

Tuition and fees deduction is the amount on line 3 more than \$8,000 (\$16,000 if married jointly).

Enter the total qualified tuition and fees (defined above) you paid in 2004. Do not enter more than \$2,000. Also enter this amount on Form 1040, line 27.

Enter the total qualified tuition and fees (defined above) you paid in 2004. Do not enter more than \$4,000. Also enter this amount on Form 1040, line 27.

Note: Do not include the amount in figuring any other deduction on your return (such as on Schedule A, C, E, etc.).

Need more information or forms? See page 7.

be used to figure the deduction. For example, if you were eligible to participate in a subsidized health plan maintained by your spouse's employer from September 30 through December 31, you cannot use amounts paid for health insurance coverage for September through December to figure your deduction.

For more details, see Pub 535.

Line 30 Self-Employed SEP, SIMPLE, and Qualified Plans

Note: If, during 2004, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Revision Benefit Company Corporation pension recipient, you must complete Form 8885 when figuring the amount to enter on line 1.

When figuring the amount to enter on line 1, health coverage tax credit advance payments shown on Form 8885 and Form 8885-1, reduced by any advance payments shown on line 6 of that form from the total insurance premiums you paid.

If you qualify to take the deduction, use the worksheet below to figure the amount you can deduct.

Exception. Use Pub 535 instead of the worksheet below to find out how to figure your deduction if any of the following apply:

- You had more than one source of income subject to self-employment tax.
- You file Form 2555 or 2555-EZ.

Lines 34a and 34b Alimony Paid

If you made payments to or for your spouse or former spouse under a divorce or separation instrument, you may be able to take this deduction. Use TeleTax topic 457 (see page 8) or see Pub 504.

Keep for Your Records

Before you begin: Complete Form 1040, line 32, if it applies to you. If, during 2004, you were an eligible flexible adjustment assistance (FAA) recipient, alternative TAA recipient, or Revision Benefit Company Corporation pension recipient, see the Note above.

Be sure you have read the Exception above to see if you can use this worksheet instead of Pub 535 to figure your deduction.

1. Enter the total amount paid in 2004 for health insurance coverage established under your business, for 2004 for you, your spouse, and your dependents. Do not include amounts for any month you were eligible to participate in an employer-sponsored health plan.

2. Enter your net profit and any other earned income\*\* from the business under which the insurance plan is established, minus any deductions on Form 1040, lines 30 and 32.

3. Self-employed health insurance deduction. Enter the smaller of line 1 or line 2 here and on Form 1040, line 32. Do not include this amount in figuring any medical expense deduction on Schedule A.

\* If you used either optional method to figure your net earnings in an self-employment, do not enter what net profit. Instead, enter the amount from Schedule SE, line 4b.

\*\* Earned income includes net earnings and gains from the sale, transfer, or licensing of property you created. It does not include capital gain income. If you were a more-than-1% shareholder in the S corporation under which the insurance plan is established, earned income is your wages from that corporation.

Need more information or forms? See page 7.

Form 1040 Lines 35 Through 39

3. Is designed to be propelled by a clean-burning fuel, such as natural gas, liquefied natural gas, liquid petroleum gas, hydrogen, or electricity.

A qualified clean-fuel vehicle includes certain gasoline-electric hybrid vehicles such as the Honda Insight, Honda Civic Hybrid, and Toyota Prius. It does not include electric vehicles.



You may be able to take a credit if you placed a new electric vehicle in service in 2004. See Form 8834 for details.

You may also be able to take this deduction for certain new property installed on a motor vehicle to enable it to be propelled by a clean-burning fuel.

For more details, see Pub 535.

**Line 36**

If line 36 is less than zero, you may have a net operating loss that you can carry to another tax year. See the instructions for Form 1045 for details.

**Tax and Credits**

**Line 38a**

If you were born before January 2, 1940, or were blind at the end of 2004, check the appropriate boxes on line 38a. If you were married and checked the box on Form 1040, line 6b, and your spouse was born before January 2, 1940, or was blind at the end of 2004, also check the appropriate boxes for your spouse. Be sure to enter the total number of boxes checked.

**Blindness**

If you were partially blind as of December 31, 2004, you must get a statement certified by your eye doctor or registered optometrist that:

- You cannot see better than 20/200 in your better eye with glasses or contact lenses, or
- Your field of vision is 20 degrees or less.

If your eye condition is not likely to improve beyond the conditions listed

**Line 35**

Include in the total on line 35 any of the following write-in adjustments. To find out if you can take the deduction, see the form or publication indicated. On the dotted line next to line 35, enter the amount of your deduction and identify it as indicated.

- Archer MSA deduction (see Form 8853; identify as "MSA")
- Jury duty pay if you gave the pay to your employer because your employer paid your salary while you served on the jury (identify as "Jury Pay")
- Deductible expenses related to income reported on line 21 from the rental of personal property engaged in for profit (identify as "PPR")
- Retrospective amortization and expenses (see Pub 535) (identify as "RFSI")
- Payment of supplemental unemployment benefits under the Trade Act of 1974 (see Pub 525) (identify as "Sub-134 LRA")
- Contributions to section 501(c)(18)(D) pension plans (see Pub 525) (identify as "501(c)(18)(D)")
- Contributions by certain chaplains to section 507(b) plans (see Pub 517) (identify as "403(b)")
- Attorney fees and court costs paid after October 22, 2004, for actions settled or decided after that date involving certain unlawful discrimination claims, but only to the extent they are income from such actions (see Pub 525) (identify as "ADC")

Deduction for clean-fuel vehicles. If you placed a qualified clean-fuel vehicle in service in 2004, you can deduct \$2,000 on your line 35 if you did not use the vehicle in your business (other than as an employee). Identify this deduction on line 35 as "Clean-Fuel."

If you used a qualified clean-fuel vehicle or other clean-fuel vehicle property in your business (other than as an employee), claim the business portion of the deduction on the applicable line of Schedule C, E, or F.



There are higher deduction amounts for heavy trucks, vans, and buses.

- 1 Must be acquired new and for your own use.
- 2 Must satisfy any federal and state emissions standards.

above, you can get a statement certified by your eye doctor or registered optometrist to this effect instead.

You must keep the statement for your records.

**Line 38b**

If your spouse itemizes deductions on a separate return or if you were a dual-status alien, check the box on line 38b. But if you and your spouse were a dual-status alien and you file a joint return with your spouse who was a U.S. citizen or resident at the end of 2004 and you and your spouse agree to be taxed on your combined worldwide income, do not check the box.

**Line 39**

**Itemized Deductions or Standard Deduction**

In most cases, your federal income tax will be less if you take the larger of your itemized deductions or standard deduction.



If you checked the box on line 38b, your standard deduction is zero.

**Itemized Deductions**

To figure your itemized deductions, fill in Schedule A.

**Standard Deduction**

Most people can find their standard deduction by looking at the amounts listed under "All others" to the left of Form 1040, line 39. But if you, or your spouse if filing jointly, can be claimed as a dependent on someone's 2004 return or you checked any box on line 38a, use the worksheet on the chart on page 32, whichever applies, to figure your standard deduction. Also, if you checked the box on line 38b, your standard deduction is zero, even if you were born before January 2, 1940, or were blind.

**Electing To Itemize for State Tax or Other Purposes**

If you itemize even though your itemized deductions are less than your standard deduction, enter "I" on the dotted line next to line 39.

Form 1040 Line 39

**Standard Deduction Worksheet for Dependents—Line 39**

Use this worksheet only if someone can claim you, or your spouse if filing jointly, as a dependent.

1. Add \$250 to your earned income\*. Enter the total.
2. Minimum standard deduction.
3. Enter the larger of line 1 or line 2.
4. Enter the amount shown below for your filing status:
  - Single or married filing separately: \$4,850
  - Married filing jointly or qualified widow(er): \$7,750
  - Head of household: \$7,150
5. Standard deduction.
  - a. Enter the smaller of line 3 or line 4 if born after January 1, 1943, and not blind. Stop here and enter this amount on Form 1040, line 39. Otherwise, go to line 5f.
  - b. If born before January 2, 1940, or blind, multiply the number on Form 1040, line 39a, by \$250 (\$1,250 if single or head of household).
  - c. Add lines 5a and 5b. Enter the total here and on Form 1040, line 39.

\* Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Generally, your earned income is the total of the amounts you reported on Form 1040, lines 7, 12, and 13, minus the amount, if any, on line 40.

**Standard Deduction Chart for People Who Were Born Before January 2, 1940, or Were Blind—Line 39**

Do not use this chart if someone can claim you, or your spouse if filing jointly, as a dependent. Instead, use the worksheet above. Enter the number from the box on Form 1040, line 38a.



IF your filing status is	AND the number in the box above is	Then your standard deduction is
Single	1	\$4,050
	2	7,250
Married filing jointly	1	\$11,650
	2	14,850
Qualifying widow(er)	1	13,800
	2	17,000
Married filing separately	1	\$4,850
	2	8,050
Head of household	1	\$6,150
	2	9,350

**Tax Table or Tax Computation Worksheet.** If your taxable income is less than \$100,000, you must use the Tax Table that begins on page 60 to figure your tax. Be sure you use the correct column. If your taxable income is \$100,000 or more, use the Tax Computation Worksheet on page 72.

However, do not use the Tax Table or Tax Computation Worksheet to figure your tax if any of the following apply:

- You reported qualified dividends on Form 1040, line 9b.
  - You do not have to file Schedule D and you reported capital gain distributions on Form 1040, line 13.
  - You are filing Schedule D and Schedule J, lines 15 and 16, are both more than zero.
- Schedule J.** If you had income from farming or fishing, your tax may be less if you choose to figure it using income averaging on Schedule J.

**Line 43**

**Tax**

Do you want the IRS to figure your tax for you?

Yes. See Pub. 907 for details, including who is eligible and what to do if you get refund too much, we will send you a refund. If you did not pay enough, we will send you a bill.

- No. Use one of the following methods to figure your tax. Also include in the total on line 43 any of the following taxes:
  1. Tax from Forms 8814 and 4372. Be sure to check the appropriate boxes.
  - Tax from recapture of an education credit. You may owe this tax if (a) you claimed an education credit in an earlier year, and (b) you, your spouse if filing jointly, or your dependent received in 2004 either tax-free educational assistance or a refund of qualified expenses. See Form 8863 for more details. If you owe this tax, enter the amount and "EQR" on the dotted line next to line 43.

**Deduction for Exemptions Worksheet—Line 41**

- In the amount on Form 1040, line 37, more than the amount shown on line 4 below for your filing status?
  - No. **Step 1** Multiply \$3,100 by the total number of exemptions claimed on Form 1040, line 6d, and enter the result on line 41.
  - Yes. **Continue.**
- Multiply \$3,100 by the total number of exemptions claimed on Form 1040, line 6d.
- Enter the amount from Form 1040, line 37.
- Enter the amount shown below for your filing status.
  - Single—\$12,275.00
  - Married filing jointly or qualifying widow(er)—\$21,475.00
  - Married filing separately—\$10,737.50
  - Head of household—\$17,150.00
- Subtract line 4 from line 3. If the result is more than \$122,500, \$61,250 if married filing separately, **Step 2** You cannot take a deduction for exemptions. Divide line 5 by \$2,500 or \$1,250 if married filing separately. If the result is not a whole number, increase it to the next higher whole number. For example, increase 0.0004 to 1.
- Multiply line 6 by 2% (.02), and enter the result as a decimal.
- Multiply line 2 by line 7.
- Deduction for exemptions. Subtract line 8 from line 2. Enter the result here and on Form 1040, line 41.

Keep for Your Records

**Qualified Dividends and Capital Gain Tax Worksheet—Line 43**

**Before you begin:** See the instructions for line 43 on page 15 to see if you can use this worksheet to figure your tax. If you do not have to file Schedule D and you received capital gain distributions, be sure you checked the box on line 13 of Form 1040.

- Enter the amount from Form 1040, line 42.
- Enter the amount from Form 1040, line 9b.
- Are you filing Schedule D?
  - Yes. Enter the smaller of line 15 or 16 of Schedule D, but do not enter less than 0.
  - No. Enter the amount from Form 1040, line 13.
- Add lines 2 and 3.
- If you are claiming investment interest expense on Form 4952, enter the amount from line 4e of that form (otherwise, enter -).
- Subtract line 5 from line 4. If zero or less, enter -0-
- Enter the smaller of
  - The amount on line 1, or
  - \$20,500 if single or married filing separately
  - \$29,100 if married filing jointly or qualifying widow(er)
  - \$38,900 if head of household.
- Is the amount on line 7 equal to or more than the amount on line 6?
  - Yes. Skip lines 9 through 11, go to line 12, and check the "No" box.
  - No. Enter the amount from line 7.
- Subtract line 9 from line 8.
- Multiply line 10 by 5% (.05).
- Are the amounts on lines 6 and 7 the same?
  - Yes. Skip lines 12 through 15, go to line 16.
  - No. Enter the smaller of line 7 or line 6.
- Enter the amount from line 11, or if line 10 is blank, enter -0-
- Subtract line 13 from line 12.
- Multiply line 14 by 15% (.15).
- Figure the tax on the amount on line 7. Use the Tax Table or Tax Computation Worksheet, whichever applies.
- Add lines 11, 14, and 16.
- Figure the tax on the amount on line 1. Use the Tax Table or Tax Computation Worksheet, whichever applies.
- Tax on all taxable income. Enter the smaller of line 17 or line 18. Also include this amount on Form 1040, line 43.

Keep for Your Records

- Tax-exempt interest from private activity bonds.
- Intangible drilling, circulation, research, experimental, or mining costs.
- Amortization of pollution-control facilities or depletion.
- Net operating loss deduction.
- Alternative minimum tax adjustments from an estate, trust, electing large partnership, or cooperative.
- Section 1202 exclusion.
- A general business credit.

Line 44

Alternative Minimum Tax

Use the worksheet below to see if you should fill in Form 6251.

- Stock by exercising an incentive stock option and you did not dispose of the stock in the same year.



(Continued on page 36)

Worksheet To See if You Should Fill in Form 6251—Line 44

Before you begin: Be sure you have read the Exception above to see if you must fill in Form 6251 instead of using this worksheet.

If you are claiming the foreign tax credit (see the instructions for Form 1040), line 46, on page 36, enter that credit on line 45.

- Are you filing Schedule A?
  - No. Skip lines 1 through 3; enter the amount from Form 1040, line 57, on line 4, and go to line 5.
  - Yes. Enter the amount from Form 1040, line 4.
- Enter the smaller of the amount on Schedule A, line 4, or 2.5% (.025) of the amount on Form 1040, line 37.
- Enter the total of the amounts from Schedule A, lines 9 and 26.
- Add lines 1 through 3 above.
- Enter the amount shown below for your filing status.
  - Single or head of household—\$41,250
  - Married filing jointly or qualified widow or widower—\$58,000
  - Married filing separately—\$29,500
- Is the amount on line 4 more than the amount on line 5?
  - No. Stop. You do not need to fill in Form 6251.
  - Yes. Subtract line 5 from line 4.
- Enter the amount shown below for your filing status.
  - Single or head of household—\$112,500
  - Married filing jointly or qualifying widow/widower—\$150,000
  - Married filing separately—\$75,000
- Is the amount on line 4 more than the amount on line 7?
  - No. Skip lines 8 and 9; enter the amount from line 6 on line 10, and go to line 11.
  - Yes. Subtract line 7 from line 4.
- Multiply line 5 by 25% (.25) and enter the result but do not enter more than line 5, above.
- Add lines 6 and 9.
- Is the amount on line 10 more than \$175,000 (\$87,500 if married filing separately)?
  - Yes. Stop. Fill in Form 6251. See if you owe the alternative minimum tax.
  - No. Multiply line 10 by 20% (.20).
- Enter the amount from Form 1040, line 43, minus the total of any tax from Forms 4972 and any amount on Form 1040, line 45. If you used schedule J to figure your tax, the amounts for lines 43 and 45 of Form 1040 must be figured without using Schedule J.

Next: Is the amount on line 11 more than the amount on line 12?
 Yes. Fill in Form 6251. See if you owe the alternative minimum tax.
 No. You do not need to fill in Form 6251.



Form 6251 should be filed in the year that you are claiming the credit for a child who was under age 14 at the end of 2004 if the child's adjusted gross income from Form 1040, line 37, exceeds the child's earned income by more than \$5,750.

Line 46

Foreign Tax Credit

If you paid income tax to a foreign country, you may be able to take this credit. Enter the amount on Form 1040, line 1116 to do so.

Exception: You do not have to complete Form 1116 to take this credit if all five of the following apply:

- All of your gross foreign source income was from interest and dividends and all of that income and the foreign tax paid on it were reported to you on Form 1099-INT, Form 1099-DIV, or Schedule K-1 (or substitute statement).
- If you had dividend income from shares of stock, you held those shares for at least 16 days.
- You are not filing Form 4563 or excluding income from sources within Puerto Rico.
- The total of your foreign taxes was not more than \$300 (not more than \$600 if married filing jointly).
- All of your foreign taxes were:
  - a. Legally owed and not eligible for a refund; and
  - b. Paid to countries that are recognized by the United States, and do not support terrorism.

Do you meet all five requirements above?

- Yes. Enter on line 46 the smaller of (a) your total foreign taxes or (b) the amount on Form 1040, line 43.
- No. See Form 1116 to find out if you can take the credit and, if you can, if you have to file Form 1116.

For more details on these requirements, see the instructions for Form 1116.

Do you meet all five requirements above?

- Yes. Enter on line 46 the smaller of (a) your total foreign taxes or (b) the amount on Form 1040, line 43.
- No. See Form 1116 to find out if you can take the credit and, if you can, if you have to file Form 1116.

Line 47

Credit for Child and Dependent Care Expenses

You may be able to take this credit if you paid someone to care for your child under age 13 or your dependent child under age 17. You can claim the credit for up to \$3,000 for yourself or yourself and your spouse. See Form 2441 for details. Use TeleTax topic 602 (see page 8) or see Form 2441.

Line 48

Credit for the Elderly or the Disabled

You may be able to take this credit if by the end of 2004 (a) you were age 65 or older, or (b) you retired on permanent and total disability and you had taxable disability income. But you usually cannot take the credit if the amount on Form 1040, line 37, is \$17,500 or more (\$20,000 or more if married filing jointly and only one spouse is eligible for the credit) or more if you are filing a joint return or more if separately. See Schedule R and its instructions for details.

Credit figured by the IRS: If you can take this credit and you want us to figure it for you, see the instructions for Schedule R.

Line 49

Education Credits

If you (or your dependent) paid qualified expenses in 2004 for yourself, your spouse, or your dependent to enroll in or attend an eligible educational institution, you may be able to take an education credit. See Form 8863 for details. However, you cannot take an education credit if any of the following apply:

- You are claimed as a dependent on someone's (such as your parent's) 2004 tax return.
- Your filing status is married filing separately.

- The amount on Form 1040, line 37, is \$5,000 or more (\$10,000 or more if married filing jointly).
- You are taking a deduction for tuition and fees on Form 1040, line 27, for the same student.
- You (or your spouse) were a nonresident alien for any part of 2004 unless your filing status is married filing jointly.

Line 50

Retirement Savings Contributions Credit

You may be able to take this credit if you, or your spouse, if filing jointly, made (a) contributions to a traditional or Roth IRA (b) elective deferrals to a 401(k), 403(b), governmental 457, SEP, or SIMPLE plan; (c) voluntary employee contributions to a qualified retirement plan (including the federal Thrift Savings Plan); or (d) contributions to a 501(c)(18)(D) plan.

However, you cannot take the credit if either of the following applies:

- The amount on Form 1040, line 37, is more than \$5,000 (\$7,500 if head of household; \$50,000 if married filing jointly).
- The person(s) who made the qualified contribution or elective deferral (a) was born after January 1, 1987; (b) is claimed as a dependent on someone else's 2004 tax return; or (c) was a student (defined below).

You were a student if during any 5 months of 2004 you:

- Were enrolled as a full-time student at a school; or
- Took a full-time, on-farm training course given by a school or a state, county, or local government agency.

A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or night school.

For more details, see TeleTax topic 610 (see page 8) or see Form 8880.

Form 1040 - Line 51

### Child Tax Credit Worksheet—Line 51

Keep for Your Records.

- To be a qualifying child for the child tax credit, the child must be under age 17 at the end of 2004 and meet the other requirements listed on page 37.
- Do not use this worksheet if you answered "Yes" to question 1, 2, or 3 on page 37. Instead, use Pub. 972.



1. Number of qualifying children: Enter the result: **\$1,000**

2. Enter the amount from Form 1040, line 45: **2**

3. Add the amounts from Form 1040:  
 Line 46: \_\_\_\_\_  
 Line 47: + \_\_\_\_\_  
 Line 48: + \_\_\_\_\_  
 Line 49: + \_\_\_\_\_  
 Line 50: + \_\_\_\_\_ Enter the total: **3**

4. Are the amounts on lines 2 and 3 the same?  
 Yes. **STOP** You cannot take this credit because there is no tax to reduce. However, you may be able to take the additional child tax credit. See the TIP below.  
 No. Subtract line 3 from line 2: \_\_\_\_\_

5. Is the amount on line 1 more than the amount on line 47?  
 Yes. Enter the amount from line 4. Also, you may be able to take the additional child tax credit. See the TIP below.  
 No. Enter the amount from line 1.

Enter this amount on Form 1040, line 51



**TIP** You may be able to take the additional child tax credit on Form 1040, line 67, if you answered "Yes" on line 4 or line 5 above.

- First, complete your Form 1040 through line 66.
- Then, use Form 8812 to figure any additional child tax credit.

Need more information or forms? See page 7. - 38 -

Form 1040 - Line 51



### Who Must Use Pub. 972

Are you excluding income from Puerto Rico or are you filing any of the following forms?

- Form 2555 or 2555-EZ (relating to foreign earned income)
- Form 4563 (exclusion of income for residents of American Samoa)

No. Continue  Yes. **STOP** You must use Pub. 972 to figure your credit.

Is the amount on Form 1040, line 37, more than the amount shown below for your filing status?

- Married filing jointly: \$110,000
- Single, head of household, or qualifying widower: \$75,000
- Married filing separately: \$55,000

No. Continue  Yes. **STOP** You must use Pub. 972 to figure your credit.

Are you claiming any of the following credits?

- Adoption credit, Form 8839 (see the instructions for Form 1040, line 52, on page 39).
- Mortgage interest credit, Form 8306 (see the instructions for Form 1040, line 53, on page 39).
- Distort of Columbia fast-track homebuyer credit, Form 8859.

No. Use the worksheet on page 38 to figure your child tax credit. You will also need the forms listed above for any credits you are claiming.

Yes. You must use Pub. 972 to figure your child tax credit. You will also need the forms listed above for any credits you are claiming.

Need more information or forms? See page 7.

## Line 51—Child Tax Credit

### What Is the Child Tax Credit?

This credit is for people who have a qualifying child (defined below). In addition to the credit for child and dependent care expenses on Form 1040, line 47, and the earned income credit on Form 1040, line 65:

### Three Steps To Take the Child Tax Credit!

- Make sure you have a qualifying child for the child tax credit (defined below).
- Make sure you checked the box on Form 1040, line 6c, column (4), for each qualifying child.
- Answer the questions on this page to see if you may use the worksheet on page 38 to figure your credit or if you must use Pub. 972, Child Tax Credit. If you need Pub. 972, see page 7.

### Qualifying Child for Child Tax Credit

A qualifying child for purposes of the child tax credit is a child who:

- Is claimed as your dependent on line 6c,
- Was under age 17 at the end of 2004,
- Is your (a) son, daughter, adopted child, stepchild, or a descendant of any of them (for example, your niece or nephew), whom you cared for as you would your own child, or (b) foster child (any child placed with you by an authorized placement agency whom you cared for as you would your own child), and
- Is a U.S. citizen or resident alien.



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

An adopted child is always treated as your own child. An adopted child includes a child placed with you by an authorized placement agency for legal adoption, even if the adoption is not final. An authorized placement agency includes any person or court authorized by state law to place children for legal adoption.

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Form 1040 Lines 62 Through 64

Exception. If only item 1 applies to you in Form 1099-R, box 7, you do not have to file Form 5329. Instead, multiply the taxable amount of the distribution by 10% (10) and enter the result on line 59. The taxable amount of the distribution is the part of the distribution you reported on Form 1040, line 15b, or line 16b, or on Form 4877. Also, put "N/A" under the heading "Other Taxes" to the left of line 59 to indicate that you do not have to file Form 5329. But if distribution code 1 is incorrectly shown in Form 1099-R, box 7, or you qualify for an exception for qualified medical expenses, qualified higher education expenses, or qualified first-time homebuyer distributions, you must file Form 5329.

used the credit. Check box c, and enter "FNS" on the line to the right of box c.
• Qualified zone academy bond credit. This credit applies only to S corporation shareholders. See Form 8880.

Other Taxes

Line 58

Social Security and Medicare 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 and Medicare or railroad retirement (RRTA) tax on the unreported tips. You must also pay this tax if your Form(s) W-2 shows allocated tips that you are including in your income on Form 1040, line 7.

To figure the social security and Medicare tax, see Form 4137. If you owe RRTA tax, contact your employer. Your employer will figure and collect the RRTA tax.

You may be charged a penalty equal to 40% of the social security and Medicare tax due on tips you received but did not report to your employer.

Line 59

Additional Tax on IRAs, Other Qualified Retirement Plans, etc.

If any of the following apply, see Form 5329 and its instructions to find out if you owe this tax and if you must file Form 5329.

- 1. You received an early distribution from (a) an IRA or other qualified retirement plan, (b) an annuity, or (c) a modified endowment contract entered into after June 30, 1988, and the total distribution was not rolled over in a qualified rollover contribution.
2. Excess contributions were made to your IRAs, Coverdell education savings accounts (ESAs), Archer MSAs, or health savings accounts.
3. You received taxable distributions from Coverdell ESAs or qualified tuition programs.
4. You were born before July 1, 1933 and did not take the minimum required distribution from your IRA or other qualified retirement plan.

Line 53

Adoption Credit

You may be able to take this credit if either of the following applies:
• You paid expenses to adopt a child.
• You adopted a child with special needs, and the adoption became final in 2003.
See the instructions for Form 8839 for details.

Line 54

Include the following credits on line 54 and check the appropriate boxes. If box c is checked, also enter the form number, if applicable. To find out if you can take the credit, see the form or publication indicated.
• Credit for prior year minimum tax. If you paid alternative minimum tax in a prior year, see Form 8801.
• Qualified electric vehicle credit. If you placed a new electric vehicle in service in 2004, see Form 8834.
• General business credit. This credit consists of a number of credits that usually apply only to individuals who are partners, shareholders in an S corporation, self-employed, or who have rental property. See Form 3800 or Pub 334.
• Employment zone and renewal community employment credit. See Form 8844.
• New York Liberty Zone business-employee credit. See Form 8884.
• Nonconventional source fuel credit. If you sold fuel produced from a nonconventional source, or you were an owner of royalty interests and you received income from the sale of fuel produced from a nonconventional source, you may be able to take this credit. See Internal Revenue Code section 29, and if an owner of royalty interests, Rev. Proc. 2004-27, 2004-17 IRB 831. You can find Rev. Proc. 2004-27 on page 831 of Internal Revenue Bulletin 2004-17 at www.irs.gov/pub/irs-bul04-17.pdf. Attach a schedule showing how you figured the credit. See Form 8884.

Line 55

Include the following credits on line 55 and check the appropriate boxes. If box c is checked, also enter the form number, if applicable. To find out if you can take the credit, see the form or publication indicated.
• Credit for prior year minimum tax. If you paid alternative minimum tax in a prior year, see Form 8801.
• Qualified electric vehicle credit. If you placed a new electric vehicle in service in 2004, see Form 8834.
• General business credit. This credit consists of a number of credits that usually apply only to individuals who are partners, shareholders in an S corporation, self-employed, or who have rental property. See Form 3800 or Pub 334.
• Employment zone and renewal community employment credit. See Form 8844.
• New York Liberty Zone business-employee credit. See Form 8884.
• Nonconventional source fuel credit. If you sold fuel produced from a nonconventional source, or you were an owner of royalty interests and you received income from the sale of fuel produced from a nonconventional source, you may be able to take this credit. See Internal Revenue Code section 29, and if an owner of royalty interests, Rev. Proc. 2004-27, 2004-17 IRB 831. You can find Rev. Proc. 2004-27 on page 831 of Internal Revenue Bulletin 2004-17 at www.irs.gov/pub/irs-bul04-17.pdf. Attach a schedule showing how you figured the credit. See Form 8884.

Line 56

Additional Tax on IRAs, Other Qualified Retirement Plans, etc.

If any of the following apply, see Form 5329 and its instructions to find out if you owe this tax and if you must file Form 5329.

- 1. You received an early distribution from (a) an IRA or other qualified retirement plan, (b) an annuity, or (c) a modified endowment contract entered into after June 30, 1988, and the total distribution was not rolled over in a qualified rollover contribution.
2. Excess contributions were made to your IRAs, Coverdell education savings accounts (ESAs), Archer MSAs, or health savings accounts.
3. You received taxable distributions from Coverdell ESAs or qualified tuition programs.
4. You were born before July 1, 1933 and did not take the minimum required distribution from your IRA or other qualified retirement plan.

Line 62

Total Tax

Include in the total on line 62 any of the following taxes. To find out if you owe the tax, see the form or publication indicated. On the divided line next to line 62, enter the amount of the tax and identify it as indicated.

- 1. Additional tax on health savings account distributions (see Form 8889). Identify as "HSA."
2. Additional tax on Archer MSA distributions (see Form 8855). Identify as "MSA."
3. Additional tax on Medicare Advantage MSA distributions (see Form 8853). Identify as "Med MSA."
4. Recapture of the following credits:
a. Investment credit (see Form 4285). Identify as "ICR."
b. Low-income housing credit (see Form 8611). Identify as "LHCR."
c. Qualified electric vehicle credit (see Pub 535). Identify as "QEVCR."
d. Indian employment credit (see Form 8845). Identify as "IECR."
e. New markets credit (see Form 8874). Identify as "NMCR."
5. Credit for employer-provided child care facilities (see Form 8822). Identify as "CCFR."
6. Recapture of federal mortgage subsidy. If you sold your home in 2004, and if you claimed a mortgage interest credit on the proceeds of one tax-qualified mortgage bond or you claimed the mortgage interest credit, see Form 8828. Identify as "FMISR."
7. Section 72(m)(5) excess benefits tax (see Pub 560). Identify as "S." See Form 5329.

Line 63

Estimated Tax Payments

Enter any estimated federal income tax payments, including any overpayment from 2003, that you applied to your 2004 estimated tax.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, you can divide the amount paid in any way you choose as long as you both agree. If you cannot agree, you must divide the payments in proportion to each spouse's individual tax as shown on your separate returns for 2004. For an example of how to do this, see Pub 505. Be sure to show both social security numbers (SSNs) in the space provided on the separate estimated tax, but you are now filing a joint return, and the amounts you each paid. Follow the instructions on Form 1040 for 2004 or in 2005 before filing a 2004 return.

Payments

Line 63

Federal Income Tax Withheld

Add the amounts shown as federal income tax withheld on your Forms W-2, W-2G, and 1099-R. Enter the total on line 63. The amount withheld should be shown in Form W-2 or W-2G, box 2, and in Form 1099-R, box 4. Attach Forms W-2G and 1099-R to the front of your return if federal income tax was withheld.

If you received a 2004 Form 1099 showing federal income tax withheld on dividends, interest income, unemployment compensation, social security benefits, or other income you received, include the amount withheld in the total on line 63. This should be shown in Form 1099, box 4, or Form SS-8 (1099) box 6.

Line 64

2004 Estimated Tax Payments

Enter any estimated federal income tax payments, including any overpayment from 2003, that you applied to your 2004 estimated tax.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, you can divide the amount paid in any way you choose as long as you both agree. If you cannot agree, you must divide the payments in proportion to each spouse's individual tax as shown on your separate returns for 2004. For an example of how to do this, see Pub 505. Be sure to show both social security numbers (SSNs) in the space provided on the separate estimated tax, but you are now filing a joint return, and the amounts you each paid. Follow the instructions on Form 1040 for 2004 or in 2005 before filing a 2004 return.

Divorced Taxpayers

If you got divorced in 2004, and you made joint estimated tax payments with your former spouse, put your former spouse's SSN in the space provided on Form 1040. If you were divorced and remarried in 2004, put your present spouse's SSN in the space provided on the front of Form 1040. Also, under the heading "Payments" to the left of line 64, put your former spouse's SSN, followed by "DIV."

Name Change

If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name, attach a statement to the front of Form 1040. On the statement, explain all the payments you and your spouse made in 2004 and the names and SSNs under which you made them.

Need more information or forms? See page 7.

Form 1040 Lines 52 Through 61

Exception. If only item 1 applies to you in Form 1099-R, box 7, you do not have to file Form 5329. Instead, multiply the taxable amount of the distribution by 10% (10) and enter the result on line 59. The taxable amount of the distribution is the part of the distribution you reported on Form 1040, line 15b, or line 16b, or on Form 4877. Also, put "N/A" under the heading "Other Taxes" to the left of line 59 to indicate that you do not have to file Form 5329. But if distribution code 1 is incorrectly shown in Form 1099-R, box 7, or you qualify for an exception for qualified medical expenses, qualified higher education expenses, or qualified first-time homebuyer distributions, you must file Form 5329.

used the credit. Check box c, and enter "FNS" on the line to the right of box c.
• Qualified zone academy bond credit. This credit applies only to S corporation shareholders. See Form 8880.

Other Taxes

Line 58

Social Security and Medicare 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 and Medicare or railroad retirement (RRTA) tax on the unreported tips. You must also pay this tax if your Form(s) W-2 shows allocated tips that you are including in your income on Form 1040, line 7.

To figure the social security and Medicare tax, see Form 4137. If you owe RRTA tax, contact your employer. Your employer will figure and collect the RRTA tax.

You may be charged a penalty equal to 40% of the social security and Medicare tax due on tips you received but did not report to your employer.

Line 59

Additional Tax on IRAs, Other Qualified Retirement Plans, etc.

If any of the following apply, see Form 5329 and its instructions to find out if you owe this tax and if you must file Form 5329.

- 1. You received an early distribution from (a) an IRA or other qualified retirement plan, (b) an annuity, or (c) a modified endowment contract entered into after June 30, 1988, and the total distribution was not rolled over in a qualified rollover contribution.
2. Excess contributions were made to your IRAs, Coverdell education savings accounts (ESAs), Archer MSAs, or health savings accounts.
3. You received taxable distributions from Coverdell ESAs or qualified tuition programs.
4. You were born before July 1, 1933 and did not take the minimum required distribution from your IRA or other qualified retirement plan.

Line 53

Adoption Credit

You may be able to take this credit if either of the following applies:
• You paid expenses to adopt a child.
• You adopted a child with special needs, and the adoption became final in 2003.
See the instructions for Form 8839 for details.

Line 54

Include the following credits on line 54 and check the appropriate boxes. If box c is checked, also enter the form number, if applicable. To find out if you can take the credit, see the form or publication indicated.
• Credit for prior year minimum tax. If you paid alternative minimum tax in a prior year, see Form 8801.
• Qualified electric vehicle credit. If you placed a new electric vehicle in service in 2004, see Form 8834.
• General business credit. This credit consists of a number of credits that usually apply only to individuals who are partners, shareholders in an S corporation, self-employed, or who have rental property. See Form 3800 or Pub 334.
• Employment zone and renewal community employment credit. See Form 8844.
• New York Liberty Zone business-employee credit. See Form 8884.
• Nonconventional source fuel credit. If you sold fuel produced from a nonconventional source, or you were an owner of royalty interests and you received income from the sale of fuel produced from a nonconventional source, you may be able to take this credit. See Internal Revenue Code section 29, and if an owner of royalty interests, Rev. Proc. 2004-27, 2004-17 IRB 831. You can find Rev. Proc. 2004-27 on page 831 of Internal Revenue Bulletin 2004-17 at www.irs.gov/pub/irs-bul04-17.pdf. Attach a schedule showing how you figured the credit. See Form 8884.

Line 55

Include the following credits on line 55 and check the appropriate boxes. If box c is checked, also enter the form number, if applicable. To find out if you can take the credit, see the form or publication indicated.
• Credit for prior year minimum tax. If you paid alternative minimum tax in a prior year, see Form 8801.
• Qualified electric vehicle credit. If you placed a new electric vehicle in service in 2004, see Form 8834.
• General business credit. This credit consists of a number of credits that usually apply only to individuals who are partners, shareholders in an S corporation, self-employed, or who have rental property. See Form 3800 or Pub 334.
• Employment zone and renewal community employment credit. See Form 8844.
• New York Liberty Zone business-employee credit. See Form 8884.
• Nonconventional source fuel credit. If you sold fuel produced from a nonconventional source, or you were an owner of royalty interests and you received income from the sale of fuel produced from a nonconventional source, you may be able to take this credit. See Internal Revenue Code section 29, and if an owner of royalty interests, Rev. Proc. 2004-27, 2004-17 IRB 831. You can find Rev. Proc. 2004-27 on page 831 of Internal Revenue Bulletin 2004-17 at www.irs.gov/pub/irs-bul04-17.pdf. Attach a schedule showing how you figured the credit. See Form 8884.

Line 62

Total Tax

Include in the total on line 62 any of the following taxes. To find out if you owe the tax, see the form or publication indicated. On the divided line next to line 62, enter the amount of the tax and identify it as indicated.

- 1. Additional tax on health savings account distributions (see Form 8889). Identify as "HSA."
2. Additional tax on Archer MSA distributions (see Form 8855). Identify as "MSA."
3. Additional tax on Medicare Advantage MSA distributions (see Form 8853). Identify as "Med MSA."
4. Recapture of the following credits:
a. Investment credit (see Form 4285). Identify as "ICR."
b. Low-income housing credit (see Form 8611). Identify as "LHCR."
c. Qualified electric vehicle credit (see Pub 535). Identify as "QEVCR."
d. Indian employment credit (see Form 8845). Identify as "IECR."
e. New markets credit (see Form 8874). Identify as "NMCR."
5. Credit for employer-provided child care facilities (see Form 8822). Identify as "CCFR."
6. Recapture of federal mortgage subsidy. If you sold your home in 2004, and if you claimed a mortgage interest credit on the proceeds of one tax-qualified mortgage bond or you claimed the mortgage interest credit, see Form 8828. Identify as "FMISR."
7. Section 72(m)(5) excess benefits tax (see Pub 560). Identify as "S." See Form 5329.

Line 63

Estimated Tax Payments

Enter any estimated federal income tax payments, including any overpayment from 2003, that you applied to your 2004 estimated tax.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, you can divide the amount paid in any way you choose as long as you both agree. If you cannot agree, you must divide the payments in proportion to each spouse's individual tax as shown on your separate returns for 2004. For an example of how to do this, see Pub 505. Be sure to show both social security numbers (SSNs) in the space provided on the separate estimated tax, but you are now filing a joint return, and the amounts you each paid. Follow the instructions on Form 1040 for 2004 or in 2005 before filing a 2004 return.

Divorced Taxpayers

If you got divorced in 2004, and you made joint estimated tax payments with your former spouse, put your former spouse's SSN in the space provided on Form 1040. If you were divorced and remarried in 2004, put your present spouse's SSN in the space provided on the front of Form 1040. Also, under the heading "Payments" to the left of line 64, put your former spouse's SSN, followed by "DIV."

Name Change

If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name, attach a statement to the front of Form 1040. On the statement, explain all the payments you and your spouse made in 2004 and the names and SSNs under which you made them.

Need more information or forms? See page 7.





Continued from page 42

Step 5 Earned income

1 Are you filing Schedule SE because you were a member of the clergy or you had church employee income of \$108.28 or more?

Yes. See Clergy or Church employees, whichever applies, on this page. No. Continue

2 Figure earned income Form 1040, line 7

- Subtract, if included on line 7, any: Taxable scholarship or fellowship grant not reported on a Form W-2. Amount paid to an inmate in a penal institution for work (put "PR") and the amount subtracted on the dotted line next to Form 1040, line 7. Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (put "DF") and the amount subtracted on the dotted line next to Form 1040, line 7. This amount may be shown in Form W-2, box 11. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity.

Add all of your nontaxable combat pay if you elect to include it in earned income. Also enter this amount on Form 1040, line 65b. See Combat pay, Nontaxable on this page.



Warning: Electing to include nontaxable combat pay may increase or decrease your EIC. Figure the credit with and without your nontaxable combat pay before making the election.

Earned Income =

The election cannot be made on the return of a taxpayer whose tax year ended before October 5, 2004, due to his or her death.

Form 1040 Lines 65a and 65b

3 Were you self-employed, or see you filing Schedule SE because you were a member of the clergy, or you had church employee income, or are you filing Schedule C, or C-EZ, as a statutory employee?

Yes. Skip question 4. No. Continue. Step 6, go to Worksheet B on page 46.

4 If you have:

- 2 or more qualifying children, is your earned income less than \$34,458 (\$35,458 if married filing jointly)? 1 qualifying child, is your earned income less than \$30,338 (\$31,338 if married filing jointly)? No qualifying children, is your earned income less than \$11,400 (\$12,400 if married filing jointly)?

Yes. Go to Step 6. No. Form 1040. You cannot take the credit.

Step 6 How To Figure the Credit

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

Yes. See Credit figure used by the IRS on page 44. No. Go to Worksheet A on page 45.

Definitions and Special Rules

Adopted child. An adopted child is always treated as your own child. An adopted child includes a child placed with you by an authorized placement agency for legal adoption, even if the adoption is not final. An authorized placement agency includes any person or court authorized by state law to place children for legal adoption.

Church employees. Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, line 5a. Subtract that amount from the amount on Form 1040, line 7, and enter the result in the first space of Step 5, line 2. Be sure to answer "Yes" to question 3 in Step 5.

Clergy. The following instructions apply to ministers, members of religious orders who have not taken a vow of poverty, and Christian Science practitioners. If you are filing Schedule SE, and the amount on line 2 of that schedule includes an amount that was also reported on Form 1040, line 7:

- 1 Put "Clergy" on the dotted line next to Form 1040, line 65a.
2. Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, line 2.
3. Subtract that amount from the amount on Form 1040, line 7. Enter the result in the first space of Step 5, line 2.
4. Be sure to answer "Yes" to question 3 in Step 5.

Combat pay, Nontaxable. If you were a member of the U.S. Armed Forces who served in a combat zone, certain pay is excluded from your income. See Combat Zone Exclusion in Pub. 3. You can elect to include this pay in your earned income when figuring the EIC. The amount of your nontaxable combat pay should be shown in Form(s) W-2, box 14, with code Q.

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

- 1 Put "EIC" on the dotted line next to Form 1040, line 65a.
2. Be sure you enter the nontaxable combat pay you elect to include in earned income on Form 1040, line 65b. See Combat pay, Nontaxable on page 43.
3. If you have a qualifying child, complete and attach Schedule EIC. If your EIC for a year after 1996 was reduced or disallowed, see Form 8862, Who must file below.

Exception to "time lived with you" condition. A child is considered to have lived with you for all of 2004 if the child was born or died in 2004 and your home was this child's home for the entire time he or she was alive in 2004. Temporary absences for special circumstances, such as for school, vacations, medical care, military service, or detention in a juvenile facility, count as time lived at home. If your child is presumed to have been kidnapped by someone who is not a family member, see Pub. 596 to find out if that child is a qualifying child for the EIC. To get Pub. 596, see page 7. If you were in the military stationed outside the United States, see Members of the military below.

Form 4797 filers. If the amount on Form 1040, line 13, includes an amount from Form 4797, you must use Worksheet A on page 506 to see if you can take the EIC. To get Pub. 596, see page 7. Otherwise, stop; you cannot take the EIC.

Form 8862, Who must file. You must file Form 8862 if your EIC for a year after 1996 was reduced or disallowed for any reason other than a math or clerical error. You do not file Form 8862 if either of the following applies:

- 1. After your EIC was reduced or disallowed in an earlier year (at you filed Form 8862 for other documents), and your EIC was then allowed, and (b) your EIC has not been reduced or disallowed again for any reason other than a math or clerical error.
2. You are taking the EIC without a qualifying child and the only reason your EIC was reduced or disallowed in the earlier year was because it was determined that a child listed on Schedule EIC was not your qualifying child.
Also, do not file Form 8862 or take the credit for the:
• 2 years after the most recent tax year for which there was a final determination that your EIC was reduced or disallowed due to reckless or intentional disregard of the EIC rules, or
• 10 years after the most recent tax year for which there was a final determination that your EIC was reduced or disallowed due to fraud.

Married child. A child who was married at the end of 2004 is a qualifying child only if (a) you can claim him or her as your dependent on Form 1040, line 6c, or (b) this child's other parent claims him or her as a dependent under the rules for children of divorced or separated parents in Pub. 501.

Members of the military. If you were on extended active duty outside the United States, your home is considered to be in the United States during that duty period. Extended active duty is military duty ordered for an indefinite period or for a period of more than 90 days. Once you begin serving extended active duty, you are considered to be on extended active duty even if you serve fewer than 90 days.

Nonresident aliens. If your filing status is married filing jointly, go to Step 2 on page 1. Otherwise, stop; you cannot take the EIC.

Permanently and totally disabled child. A child who cannot engage in any substantial gainful activity because of a physical or

mental condition and a doctor has determined that this condition (a) has lasted or is expected to last continuously for at least a year, or (b) can lead to death.

Qualifying child of more than one person. If the child meets the conditions to be a qualifying child of more than one person, only one person can take the EIC based on that child. The other person(s) cannot take the EIC for people without a qualifying child, but may be able to take the EIC based on a different qualifying child. If you and the other person(s) cannot agree who will take the EIC based on the same child, the IRS will apply the following rules:

- If only one of the persons is the child's parent, the child will be treated as the qualifying child of the parent.
• If both persons are the child's parents, the child will be treated as the qualifying child of the parent with whom the child lived for the longer period of time during 2004. If the child lived with each parent for the same amount of time, the child will be treated as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2004.
• If none of the persons is the child's parent, the child will be treated as the qualifying child of the person who had the highest AGI for 2004.

The child must have a valid social security number as defined below unless the child was born and died in 2004. If you do not have a qualifying child, stop; you cannot take the EIC. Put "No" on the dotted line next to line 65a. If you have a qualifying child, skip Step 4, go to Step 5 on page 43.

Example. You and your 5-year-old daughter moved in with your mother in April 2004. You are not a qualifying child of your mother. Your daughter meets the conditions to be a qualifying child for both you and your mother. If you and your mother cannot agree on who will treat your daughter as a qualifying child, the rules above apply. Under these rules, you are entitled to treat your daughter as a qualifying child because you are the child's parent. Your mother would not be entitled to take the EIC unless she has a different qualifying child.

Social security number (SSN). For purposes of taking the EIC, a valid SSN is a number issued by the Social Security Administration unless "Not Valid for Employment" is printed on the social security card, and the number was issued solely to apply for or receive a federally funded benefit.

To find out how to get an SSN, see page 16. If you will not have an SSN by April 15, 2005, see What If You Cannot File on Time, on page 12.

Student. A child who, during any 5 months of 2004:

- Was enrolled as a full-time student at a school, or
• Took a full-time, on-campus training course given by a school or a state, county, or local government agency.
A school includes a technical, trade, or vocational school. It does not include an on-the-job training course, correspondence school, or night school.

Welfare benefits. Effect of credit on. Any refund you receive as a result of taking the EIC will not be used to determine if you are eligible for the following programs or how much you can receive from them. But if the refund you receive because of the EIC is not spent within a certain period of time, it may count as an asset (or resource) and affect your eligibility.

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

Worksheet A—Earned Income Credit (EIC)—Lines 65a and 65b

Before you begin: Be sure you are using the correct worksheet. Do not use this worksheet if you were self-employed, or you are filing Schedule SE because you were a member of the clergy or you had church employee income, or you are filing Schedule C or C-EZ as a statutory employee. Instead, use Worksheet B that begins on page 46.

Part 1 All Filers Using Worksheet A. 1. Enter your earned income from Step 5 on page 43. 2. Look up the amount on line 1 above in the EIC Table on pages 48-53 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.

Part 2 Filers Who Answered "No" on Line 4. 5. If you have: No qualifying children, is the amount on line 3 less than \$6,400 (\$7,400 if married filing jointly)? 1 or more qualifying children, is the amount on line 3 less than \$14,050 (\$15,050 if married filing jointly)?

Part 3 Your Earned Income Credit. 6. This is your earned income credit. Reminder: If you have a qualifying child, complete and attach Schedule EIC.

If your EIC for a year after 1996 was reduced or disallowed, see page 44 to find out if you must file Form 8862 to take the credit for 2004.

Worksheet B—Earned Income Credit (EIC)—Lines 65a and 65b

Use this worksheet if you were self-employed, or you are filing Schedule SE because you were a member of the clergy or you had church employee income, or you are filing Schedule C or C-EZ as a statutory employee. Complete the parts below (Parts 1 through 5) that apply to you. Then, continue to Part 4. If you are married filing a joint return, include your spouse's amounts, if any, with yours to figure the amounts to enter in Parts 1 through 5.

Part 1 Self-Employed, Members of the Clergy, and People With Church Employee Income Filing Schedule SE. 1a. Enter the amount from Schedule SE, Section A, line 5, or Section B, line 3, whichever applies. 1b. Enter any amount from Schedule SE, Section B, line 4b, and line 5a. 1c. Combine lines 1a and 1b. 1d. Enter the amount from Schedule SE, Section A, line 6, or Section B, line 13, whichever applies. 1e. Subtract line 1d from 1c.

Part 2 Self-Employed NOT Required To File Schedule SE. 2. Do not include on these lines any statutory employee income or any amount exempt from self-employment tax as the result of the filing and approval of Form 4029 or Form 4-61. 3a. Enter any net farm profit or loss from Schedule F, line 36, and from farm partnerships, Schedule K-1 (Form 1065), box 14, code "A". 3b. Enter any net profit or loss from Schedule C, line 31, Schedule C-EZ, line 1, Schedule K-1 (Form 1065), box 14, code "A" (other than farming), and Schedule K-1 (Form 1065-B), box 9. 3c. Combine lines 2a and 2b. 3d. Reduce any Schedule K-1 amounts by any partnership section 179 expense deduction claimed, unamortized partnership expenses claimed, and depletion claimed on oil and gas properties. If you have any Schedule K-1 amounts, complete the appropriate lines of Schedule SE, Section A. Put your name and social security number on Schedule SE and attach it to your return.

Part 3 Statutory Employees Filing Schedule C or C-EZ. 3. Enter the amount from Schedule C, line 1, or Schedule C-EZ, line 1, that you are filing as a statutory employee. 4a. Enter your earned income from Step 5 on page 43. 4b. Combine lines 1e, 2c, 3, and 4a. This is your total earned income. If line 4b is zero or less, stop. You cannot take the credit. Put "N" on the dotted line next to line 65a. 5. If you have: 2 or more qualifying children, is line 4b less than \$34,458 (\$35,458 if married filing jointly)? 1 qualifying child, is line 4b less than \$30,338 (\$31,338 if married filing jointly)? No qualifying children, is line 4b less than \$11,400 (\$12,400 if married filing jointly)? Yes. If you want the IRS to figure your credit, see page 44. If you want to figure the credit yourself, enter the amount from line 4b on line 6 (page 47). No. You cannot take the credit. Put "N" on the dotted line next to line 65a.

Part 4 All Filers Using Worksheet B. Note: If line 4b makes you ineligible for the credit, stop. If you have a qualifying child, complete and attach Schedule EIC. 6. This is your earned income credit. Reminder: If you have a qualifying child, complete and attach Schedule EIC.

Worksheet B—Continued from page 46

Part 5  
All Filers Using Worksheet B

6. Enter your total earned income from Part 4, line 4b, on page 46. 6

7. Look up the amount on line 6 above in the EIC Table on pages 48-53 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here. 7

If line 7 is zero, **STOP**. You cannot take the credit. Put "No" on the dotted line next to line 65a.

8. Enter the amount from Form 1040, line 37. 8

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

Part 6  
Filers Who Answered "No" on Line 9

If you have:  
 • No qualifying children, is the amount on line 8 less than \$6,400 (\$7,400 if married filing jointly)?  
 • One more qualifying child(ren), is the amount on line 8 less than \$14,050 (\$15,080 if married filing jointly)?  
 **Yes.** Leave line 10 blank; enter the amount from line 7 on line 11.  
 **No.** Look up the amount on line 8 in the EIC Table on pages 48-53 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.  
 Look at the amounts on lines 10 and 7. Then, enter the smaller amount on line 11.

Part 7  
Your Earned Income Credit

11. This is your earned income credit. 11

Reminder—  
 If you have a qualifying child, complete and attach Schedule EIC Form 1040 line 6a. 1040 EIC 1040

**CAUTION**  
 If your EIC for a year after 1995 was reduced or disallowed, see page 44 to find out if you must file Form 8862 to take the credit for 2004.

- 47 - Need more information or forms? See page 7.

2004 Earned Income Credit (EIC) Table

1. To find your credit, read down the "At least—But less than" column and find the line that includes the amount you are looking up from your EIC Worksheet. Enter the amount from that column on your EIC Worksheet.

2. Then, go to the column that includes your filing status in single. You have one qualifying child, and the amount you are looking up from your EIC Worksheet is \$2,455; you would enter 342.

At least—But less than	Add your filing status in—		Add your filing status in—		Add your filing status in—	
	Single	Head of household	Single	Head of household	Single	Head of household
\$1	\$0	\$0	\$0	\$0	\$0	\$0
50	100	100	100	100	100	100
100	150	150	150	150	150	150
150	200	200	200	200	200	200
200	250	250	250	250	250	250
250	300	300	300	300	300	300
300	350	350	350	350	350	350
350	400	400	400	400	400	400
400	450	450	450	450	450	450
450	500	500	500	500	500	500
500	550	550	550	550	550	550
550	600	600	600	600	600	600
600	650	650	650	650	650	650
650	700	700	700	700	700	700
700	750	750	750	750	750	750
750	800	800	800	800	800	800
800	850	850	850	850	850	850
850	900	900	900	900	900	900
900	950	950	950	950	950	950
950	1,000	1,000	1,000	1,000	1,000	1,000
1,000	1,050	1,050	1,050	1,050	1,050	1,050
1,050	1,100	1,100	1,100	1,100	1,100	1,100
1,100	1,150	1,150	1,150	1,150	1,150	1,150
1,150	1,200	1,200	1,200	1,200	1,200	1,200
1,200	1,250	1,250	1,250	1,250	1,250	1,250
1,250	1,300	1,300	1,300	1,300	1,300	1,300
1,300	1,350	1,350	1,350	1,350	1,350	1,350
1,350	1,400	1,400	1,400	1,400	1,400	1,400
1,400	1,450	1,450	1,450	1,450	1,450	1,450
1,450	1,500	1,500	1,500	1,500	1,500	1,500
1,500	1,550	1,550	1,550	1,550	1,550	1,550
1,550	1,600	1,600	1,600	1,600	1,600	1,600
1,600	1,650	1,650	1,650	1,650	1,650	1,650
1,650	1,700	1,700	1,700	1,700	1,700	1,700
1,700	1,750	1,750	1,750	1,750	1,750	1,750
1,750	1,800	1,800	1,800	1,800	1,800	1,800
1,800	1,850	1,850	1,850	1,850	1,850	1,850
1,850	1,900	1,900	1,900	1,900	1,900	1,900
1,900	1,950	1,950	1,950	1,950	1,950	1,950
1,950	2,000	2,000	2,000	2,000	2,000	2,000
2,000	2,050	2,050	2,050	2,050	2,050	2,050
2,050	2,100	2,100	2,100	2,100	2,100	2,100
2,100	2,150	2,150	2,150	2,150	2,150	2,150
2,150	2,200	2,200	2,200	2,200	2,200	2,200
2,200	2,250	2,250	2,250	2,250	2,250	2,250
2,250	2,300	2,300	2,300	2,300	2,300	2,300
2,300	2,350	2,350	2,350	2,350	2,350	2,350
2,350	2,400	2,400	2,400	2,400	2,400	2,400
2,400	2,450	2,450	2,450	2,450	2,450	2,450
2,450	2,500	2,500	2,500	2,500	2,500	2,500
2,500	2,550	2,550	2,550	2,550	2,550	2,550
2,550	2,600	2,600	2,600	2,600	2,600	2,600
2,600	2,650	2,650	2,650	2,650	2,650	2,650
2,650	2,700	2,700	2,700	2,700	2,700	2,700

- 48 - Need more information or forms? See page 7.

2004 Earned Income Credit (EIC) Table—Continued

Table with columns for 'If the amount you are looking up from the worksheet is...' and 'And your filing status is...'. Rows range from \$5,500 to \$11,500. Includes a note: 'If the amount you are looking up from the worksheet is at least \$11,450 (\$12,450 if married filing jointly) but less than \$11,400 (\$12,400 if married filing jointly), your credit is 0. Otherwise, you cannot take the credit.'

(Continued from page 174)

Need more information or forms? See page 7.

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2004 Earned Income Credit (EIC) Table—Continued

Table with columns for 'If the amount you are looking up from the worksheet is...' and 'And your filing status is...'. Rows range from \$11,500 to \$19,000. Includes a note: 'If the amount you are looking up from the worksheet is at least \$11,450 (\$12,450 if married filing jointly) but less than \$11,400 (\$12,400 if married filing jointly), your credit is 0. Otherwise, you cannot take the credit.'

(Continued from page 174)

Need more information or forms? See page 7.

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2004 Eamed Income Credit (EIC) Table—Continued

Table with columns for 'If the amount you are looking up from the worksheet is...' and 'And your filing status is...'. Rows range from 19,000 to 22,000. Columns include 'At least', 'But less than', and 'Your credit is...'.

2004 Eamed Income Credit (EIC) Table—Continued

Table with columns for 'If the amount you are looking up from the worksheet is...' and 'And your filing status is...'. Rows range from 20,000 to 22,000. Columns include 'At least', 'But less than', and 'Your credit is...'.

\*If the amount you are looking up from the worksheet is at least \$30,000 (\$31,000 if married filing jointly) but less than \$30,336 (\$31,338 if married filing jointly), your credit is \$3. Otherwise, you cannot take the credit.

From 1149 Lines 66 Through 72d

**Line 66**

**Excess Social Security and Tier 1 RRTA Tax Withheld**

If you, or your spouse if filing a joint return, had more than one employer for 2004 and total wages from one employer for 2004 were more than \$7,000, you may be eligible for a refund of the amount withheld in excess of \$5,449.80. But if any one employer withheld more than \$5,449.80, you must ask that employer to refund the excess to you. You cannot claim it on your return. Figure this amount separately for you and your spouse.

You cannot claim a refund for excess tier 2 RRTA tax on Form 1049. Instead, see Form 833.

For more details, see Pub. 505.

**Line 67**

**Additional Child Tax Credit**

This credit is for certain people who leave at least one qualifying child as defined in the instructions, for line 51 on page 37. The additional child tax credit may give you a refund even if you do not owe any tax.

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

- Step 1. Be sure you figured the amount, if any, of your child tax credit. See the instructions for line 51 that begin on page 37.
- Step 2. Read the TIP at the end of your Child Tax Credit Worksheet. Use Form 8812 to see if you can take the additional child tax credit, but only if you meet the condition given in that TIP.

**Line 68**

**Amount Paid With Request for Extension To File**

If you filed Form 4868 to get an automatic extension of time to file Form 1040, enter any amount you paid with that form or by any other means. Your credit card do not include on line 68. The convenience fee you were charged. Also, include any amounts paid with Form 2688S or 2350.

**2004 Earned Income Credit (EIC) Table—Continued**

(Caution: This is not a tax table.)

If the amount you are looking up from the worksheet is—	Aid your filing status in—			If the amount you are looking up from the worksheet is—			Aid your filing status in—			If the amount you are looking up from the worksheet is—			
	Single filer	Head of household	Married filing jointly	Single filer	Head of household	Married filing jointly	Single filer	Head of household	Married filing jointly	Single filer	Head of household	Married filing jointly	
At least:	But less than:	At least:	But less than:	At least:	But less than:	At least:	But less than:	At least:	But less than:	At least:	But less than:	At least:	But less than:
31,000	31,050	0	0	31,000	31,050	0	0	31,000	31,050	0	0	31,000	31,050
31,050	31,100	0	0	31,050	31,100	0	0	31,050	31,100	0	0	31,050	31,100
31,100	31,150	0	0	31,100	31,150	0	0	31,100	31,150	0	0	31,100	31,150
31,150	31,200	0	0	31,150	31,200	0	0	31,150	31,200	0	0	31,150	31,200
31,200	31,250	0	0	31,200	31,250	0	0	31,200	31,250	0	0	31,200	31,250
31,250	31,300	0	0	31,250	31,300	0	0	31,250	31,300	0	0	31,250	31,300
31,300	31,350	0	0	31,300	31,350	0	0	31,300	31,350	0	0	31,300	31,350
31,350	31,400	0	0	31,350	31,400	0	0	31,350	31,400	0	0	31,350	31,400
31,400	31,450	0	0	31,400	31,450	0	0	31,400	31,450	0	0	31,400	31,450
31,450	31,500	0	0	31,450	31,500	0	0	31,450	31,500	0	0	31,450	31,500
31,500	31,550	0	0	31,500	31,550	0	0	31,500	31,550	0	0	31,500	31,550
31,550	31,600	0	0	31,550	31,600	0	0	31,550	31,600	0	0	31,550	31,600
31,600	31,650	0	0	31,600	31,650	0	0	31,600	31,650	0	0	31,600	31,650
31,650	31,700	0	0	31,650	31,700	0	0	31,650	31,700	0	0	31,650	31,700
31,700	31,750	0	0	31,700	31,750	0	0	31,700	31,750	0	0	31,700	31,750
31,750	31,800	0	0	31,750	31,800	0	0	31,750	31,800	0	0	31,750	31,800
31,800	31,850	0	0	31,800	31,850	0	0	31,800	31,850	0	0	31,800	31,850
31,850	31,900	0	0	31,850	31,900	0	0	31,850	31,900	0	0	31,850	31,900
31,900	31,950	0	0	31,900	31,950	0	0	31,900	31,950	0	0	31,900	31,950
31,950	32,000	0	0	31,950	32,000	0	0	31,950	32,000	0	0	31,950	32,000
32,000	32,050	0	0	32,000	32,050	0	0	32,000	32,050	0	0	32,000	32,050
32,050	32,100	0	0	32,050	32,100	0	0	32,050	32,100	0	0	32,050	32,100
32,100	32,150	0	0	32,100	32,150	0	0	32,100	32,150	0	0	32,100	32,150
32,150	32,200	0	0	32,150	32,200	0	0	32,150	32,200	0	0	32,150	32,200
32,200	32,250	0	0	32,200	32,250	0	0	32,200	32,250	0	0	32,200	32,250
32,250	32,300	0	0	32,250	32,300	0	0	32,250	32,300	0	0	32,250	32,300
32,300	32,350	0	0	32,300	32,350	0	0	32,300	32,350	0	0	32,300	32,350
32,350	32,400	0	0	32,350	32,400	0	0	32,350	32,400	0	0	32,350	32,400
32,400	32,450	0	0	32,400	32,450	0	0	32,400	32,450	0	0	32,400	32,450
32,450	32,500	0	0	32,450	32,500	0	0	32,450	32,500	0	0	32,450	32,500
32,500	32,550	0	0	32,500	32,550	0	0	32,500	32,550	0	0	32,500	32,550
32,550	32,600	0	0	32,550	32,600	0	0	32,550	32,600	0	0	32,550	32,600
32,600	32,650	0	0	32,600	32,650	0	0	32,600	32,650	0	0	32,600	32,650
32,650	32,700	0	0	32,650	32,700	0	0	32,650	32,700	0	0	32,650	32,700
32,700	32,750	0	0	32,700	32,750	0	0	32,700	32,750	0	0	32,700	32,750
32,750	32,800	0	0	32,750	32,800	0	0	32,750	32,800	0	0	32,750	32,800
32,800	32,850	0	0	32,800	32,850	0	0	32,800	32,850	0	0	32,800	32,850
32,850	32,900	0	0	32,850	32,900	0	0	32,850	32,900	0	0	32,850	32,900
32,900	32,950	0	0	32,900	32,950	0	0	32,900	32,950	0	0	32,900	32,950
32,950	33,000	0	0	32,950	33,000	0	0	32,950	33,000	0	0	32,950	33,000
33,000	33,050	0	0	33,000	33,050	0	0	33,000	33,050	0	0	33,000	33,050
33,050	33,100	0	0	33,050	33,100	0	0	33,050	33,100	0	0	33,050	33,100
33,100	33,150	0	0	33,100	33,150	0	0	33,100	33,150	0	0	33,100	33,150
33,150	33,200	0	0	33,150	33,200	0	0	33,150	33,200	0	0	33,150	33,200
33,200	33,250	0	0	33,200	33,250	0	0	33,200	33,250	0	0	33,200	33,250
33,250	33,300	0	0	33,250	33,300	0	0	33,250	33,300	0	0	33,250	33,300
33,300	33,350	0	0	33,300	33,350	0	0	33,300	33,350	0	0	33,300	33,350
33,350	33,400	0	0	33,350	33,400	0	0	33,350	33,400	0	0	33,350	33,400
33,400	33,450	0	0	33,400	33,450	0	0	33,400	33,450	0	0	33,400	33,450
33,450	33,500	0	0	33,450	33,500	0	0	33,450	33,500	0	0	33,450	33,500

\*If the amount you are looking up from the worksheet is at least \$30,300 (or \$31,300 if married filing jointly), your credit is \$1. Otherwise, you cannot take the credit.

\*\*If the amount you are looking up from the worksheet is at least \$31,450 but less than \$34,450, your credit is \$1. Otherwise, you cannot take the credit.

**Line 69**

**Other Payments**

Check the boxes on line 69 to report any credit from Form 2439, 4136, or 8885.

**Refund**

**Line 71**

**Amount Overpaid**

If you want to check the status of your refund, please use the IRS's online refund status tool. You can check the status of your refund by filing your return up to 90 days after you filed your return. If you filed Form 8379 with your return, allow 14 weeks (11 weeks if you filed electronically). See page 8 for details.

**TIP** If the amount you overpaid is large, you may want to decrease the amount of income tax withholding from your pay. Withholding and Estimated Tax Payments for 2005 on page 47.

**Refund Offset**

If you owe past-due federal, state, or local tax, child support, spousal support, or certain federal non-tax debts, such as student loans, all or part of the overpayment on line 71 may be used (offset) to pay the past-due amount. Offsets for federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). For federal student support debts, you will receive a notice from FMS. To find out if you may have an offset or if you have any questions about it, contact the agency to which you owe the debt.

**Injured Spouse Claim**

If you file a joint return and your spouse has not paid past-due federal tax, state income tax, child support, spousal support, or a federal non-tax debt, such as a student loan, part or all of the overpayment on line 71 may be used (offset) to pay the past-due amount. But your part of the overpayment may be refunded to you if certain conditions are met. For details, see Topic 218 (page 8) or see Form 8379.

**Lines 72b Through 72d**

**DIRECT DEPOSIT**  
Straight Into Your Account

**Fast Refund!** (Those direct deposit accounts that you set up to receive your refund deposited automatically into your checking or savings account.)

Complete lines 72b through 72d if you want us to directly deposit the amount shown on line 72a into your checking or savings account. You must provide a routing and account number, such as a mutual fund, brokerage firm, or credit union in the United States instead of sending you a check.

**Note:** If you do not want your refund directly deposited into your account, draw a check and mail it through the boxes on lines 72b and 72c.

**Why Use Direct Deposit?**

- You get your refund fast in half the time as paper checks if you e-file.
- Payment is more secure. There is no check to get lost.
- More convenient. No trip to the bank to deposit your check.
- Saves tax dollars. A refund by direct deposit costs less than a check.

**TIP** You can check with your financial institution to see if your account will be credited and to get the correct routing and account numbers. The IRS is not responsible for a fast refund if you enter the wrong account information.

If you file a joint return and bill in lines 72b through 72d, you are appointing your spouse as an agent to receive the refund. This appointment cannot be changed later.

**Line 72b**

The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead. On the sample check on page 55, the routing number is 252050225.

Your check may state that it is payable through a financial institution. Different from the one at which you have your checking account. If so, do not use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter on line 72b.

**Line 72d**

The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. On the sample check on page 55, the account

number is 20202086. Do not include the check number.



Some financial institutions will not allow a joint return to be deposited into an individual's account. If the direct deposit is requested, a check will be sent instead. The IRS is not responsible if a financial institution rejects a direct deposit.

Line 73 Applied to Your 2005 Estimated Tax

Enter on line 73 the amount, if any, of overpayment on line 71 you want applied to your 2005 estimated tax. We will apply this amount to your account unless you attach a statement requesting us to apply it to your spouse's account. Include your spouse's social security number in the attached statement!



This election to apply part or all of the amount overpaid to your 2005 estimated tax cannot be changed later.

Amount You Owe



IRS e-file others an additional payment option. Electronic funds withdrawal allows you to file your return early and schedule your payment for withdrawal from your checking or savings account on a future date up to and including April 15. 2005. IRS e-file also provides proof of receipt of your return and payment by email or through your software package. Visit www.irs.gov/e-file for details.

Line 74 Amount You Owe

Pay your taxes in full by April 15, 2005 to save interest and penalties. You do not have to pay if line 74 is under \$1.



Include any estimated tax penalty from line 75 on the amount you enter on line 74.

You can pay by check, money order or credit card. Do not include any estimated tax payment for 2005 on your check, money order, or amount you charge. Instead, make the estimated tax payment separately.

Pay by check or money order. Make your check or money order payable to the United States Treasury for the full amount due. Do not send cash. Do not attach the payment to your return. Write 2004 from 1040 on your check. Include daytime phone number and social security number. SSN on your payment. When filing a joint return, enter the SSN shown first on your tax return.

To help process your payment, enter the amount on the right side of the check like this: \$ XXX.XX. Do not use dashes or lines. For example, do not enter "\$ XXXX " or "\$ XXXX.00".

Then, please complete Form 1040-V following the instructions on that form and enclose it in the envelope with your tax return and payment. Although you do not have to use Form 1040-V, doing so allows us to process your payment more accurately and efficiently.

To pay by credit card. You may use your American Express Card, Discover Card, MasterCard, or Visa Card. To pay by credit card, call toll free or visit the website of either service provider listed on this page and follow the instructions. A convenience fee will be charged by the

Form 1040 Lines 72b Through 75

service provider based on the amount you are paying. Fees may vary between the providers. You will be told what the fee is during the transaction and you will have the option to either continue or cancel the transaction. You can also find out what the fee will be by calling the provider's toll-free automated customer service number or visiting the provider's website shown below. If you pay by credit card before filing your return, please enter on page 1 of Form 1040 in the upper left corner the confirmation number you were given at the end of the transaction and the amount plus the amount not including the convenience fee.

Official Payments Corporation 1-800-2PAY (TAX) or 1-800-272-0829 1-877-844-4413 (Customer Service) www.officialpayments.com

1-800-2PAY (TAX) or 1-800-272-0829 1-877-844-4413 (Customer Service) www.officialpayments.com



You may need to (a) increase the amount of income tax withheld from your pay by filing a new Form W-4, or (b) make estimated tax payments for 2005. See Income Tax Withholding and Estimated Tax Payments for 2005 on page 57.

What If You Cannot Pay?

If you cannot pay the full amount shown on line 74 when you file, you can ask to make monthly installment payments for the full or a partial amount. You may have up to 60 months to pay. However, you will be charged interest and may be charged a late payment penalty on the tax not paid by April 15, 2005, even if your request to pay in installments is granted. You must also pay a fee. To limit the interest and possibly charges, pay as much of the tax as possible when you file. But before requesting an installment agreement, you should consider other less costly alternatives such as a bank loan or credit card payment.

To ask for an installment agreement, use Form 9465. You should receive a response to your request for installments within 30 days. But if you file your return after March 31, it may take us longer to reply.

Line 75

Estimated Tax Penalty

You may owe this penalty if:
• Line 74 is at least \$1,000 and it is more than 10% of the tax shown on your return, or
• You did not pay enough estimated tax by any of the due dates. This is true even if

which you may be allowed to lower your penalty by filing Form 2210.

Third Party Designee

If you want to allow a friend, family member, or any other person you choose to discuss your 2004 tax return with the IRS, check the "Yes" box in the "Third Party Designee" area of your return. Also, enter the designee's name, phone number, and any five digits the designee chooses as his or her personal identification number (PIN). But if you want to allow the paid preparer who signed your return to discuss your return, just enter preparer in the "Name" field for the designee. You do not have to provide the other information requested.

If you check the "Yes" box, you, and your spouse if filing a joint return, are authorizing the IRS to call the designee to answer any questions that may arise during the processing of your return. You are also authorizing the designee to:

- Give the IRS any information that is missing from your return.
• Call the IRS for information about the processing of your return or the status of your return (or payments).
• Receive copies of notices or transcripts related to your return, upon request, and
• Respond to certain IRS notices about small errors, omissions, and return preparation.

You are not authorizing the designee to receive any refund check, had you to anything (including any additional tax liability), or otherwise represent you before the IRS. If you want to expand the designee's authorization, see Pub 947.

The authorization will automatically end no later than the date the tax return is filed on April 17, 2006, for most people. If you wish to revoke the authorization before it ends, see Pub 947.

Sign Your Return

Form 1040 is not considered a valid return unless you sign it. If you are filing a joint return, your spouse must also sign. If you are a nonresident alien, you will sign for the return. If you are a resident alien, you will sign for the return. If you are a partner in a partnership, you must have a power of attorney attached that specifically authorizes the representative to sign your return. To do this, you can use Form 2848. If you are filing a joint

return as a surviving spouse, see Death of a Taxpayer on page 58.

Child's Return

If your child cannot sign the return, either parent can sign the child's name in the space provided. Then, add the child's age and date of birth on line 6b.

Daytime Phone Number

Providing your daytime phone number may help speed the processing of your return. We will call you if we have questions about your return, such as the correct income tax credits, credit for child and dependent care expenses, etc. By answering our questions over the phone, we may be able to continue processing your return without mailing you a letter. If you are filing a joint return, you may enter either your or your spouse's daytime phone number.

Paid Preparer Must Sign Your Return

Generally, anyone you pay to prepare your return must sign it in the space provided. The preparer must give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return.



Electronic Return Signatures!

Create your own personal identification number (PIN) and file a paperless return electronically, or use a tax professional. If you are married filing jointly, you and your spouse will each need to create a PIN and enter these PINs as your electronic signatures.

A PIN is any combination of five digits you choose except five zeros. If you use a PIN, there is nothing you can do to prevent us from even your Form W-2.

To verify your identity, you will be prompted to enter your adjusted gross income (AGI) from your originally filed 2003 federal income tax return, if applicable. Do not use your AGI from an amended return (it varies 1040X), a math error notice, or an IRS examination report (AGI is the amount shown on your 2003 Form 1040), line 35, Form 1040-A, line 22, Form 1040EZ, line 4, or on the telephone tax transcript, line 1. If you do not have your AGI, you can use the AGI from a previous year's tax return. If you are a partner in a partnership, you must have a power of attorney attached that specifically authorizes the representative to sign your return. To do this, you can use Form 2848. If you are filing a joint

Form 1040 Line 75

Are you due a refund?

For many people, the tax laws on your return are the amount on line 62 minus the amount on line 63. If you have a refund, it will be on line 67 and Form 5010-1040, line 67. When figuring the amount on line 62, include the amount on line 61 only if line 63 is more than zero, or you would owe the penalty even if you did not include those taxes. But if you entered an amount on Schedule H, line 7, exclude the total of that amount plus the amount on Form 1040, line 61.

Exception. You will not owe the penalty if you were a U.S. citizen or resident for all of 2003, or

- 1. You had no tax liability for 2003, and you were a U.S. citizen or resident for all of 2003, or
2. The total of lines 63, 64, and 66 on your 2003 return is at least as much as the tax liability shown on your 2003 return. Your estimated tax payments for 2004 must have been made on time and for the required amount.



If your 2003 adjusted gross income was over \$150,000 (over \$75,000 if over 2004 filing status returns being separately), lines 63 and 64 will be a total of \$1,000. If you have a refund, it will be on line 67 and Form 5010-1040, line 67. This rule does not apply to farmers and fishermen.

Figuring the Penalty

If the Exception above does not apply and you choose to figure the penalty yourself, see Form 2210 for 2004 for farmers, and Form 2210 for 2003 for others. This rule does not apply to farmers and fishermen.

Enter the penalty on line 75. Add the penalty to any tax due and enter the total on line 74. If you are due a refund, subtract the penalty from the overpayment you show on line 71. Do not file Form 2210 with your return unless Form 2210 indicates that you must do so. Instead, keep it for your records.



Because Form 2210 is complicated, if you want to, you can leave line 75 blank, and the IRS will figure the penalty and send you a bill. We will not charge you interest on the penalty if you pay by the date specified on the bill. Your tax liability will be determined by the IRS. The amount of your penalty. But you must file Form 2210 because the IRS cannot figure your penalty under this method. See the Instructions for Form 2210 for other situations in

number is 20202086. Do not include the check number.



Some financial institutions will not allow a joint return to be deposited into an individual's account. If the direct deposit is requested, a check will be sent instead. The IRS is not responsible if a financial institution rejects a direct deposit.

Line 73 Applied to Your 2005 Estimated Tax

Enter on line 73 the amount, if any, of overpayment on line 71 you want applied to your 2005 estimated tax. We will apply this amount to your account unless you attach a statement requesting us to apply it to your spouse's account. Include your spouse's social security number in the attached statement!



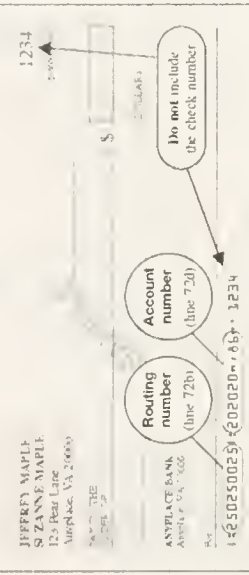
This election to apply part or all of the amount overpaid to your 2005 estimated tax cannot be changed later.

Amount You Owe



IRS e-file others an additional payment option. Electronic funds withdrawal allows you to file your return early and schedule your payment for withdrawal from your checking or savings account on a future date up to and including April 15, 2005. IRS e-file also provides proof of receipt of your return and payment by email or through your software package. Visit www.irs.gov/e-file for details.

Sample Check—Lines 72b Through 72d



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

Need more information or forms? See page 7.





1-800-820-4059. Brochure materials are available at [www.irs.gov](http://www.irs.gov) for people with disabilities.

Interest and Penalties

You do not have to figure the amount of any interest or penalties you may owe because figuring these amounts can be complicated, we will do it for you if you want. We will send you a bill for any amount due (other than the estimated tax penalty) with your payment, identify and enter the amount in the bottom margin of Form 1040, page 2. Do not include interest or penalties (other than the estimated tax penalty) in the amount you owe on line 74.

Interest

We will charge you interest on taxes not paid by their due date, even if an extension of time to file is granted. We will also charge you interest on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements, and substantial understatement of tax (interest is charged on the penalty from the due date of the return (including extensions)).

Penalties

Late filing. If you do not file your return by the due date (including extensions), the penalty is usually 5% of the amount due for

each month or part of a month your return is late, unless you have a reasonable explanation. If you do attach it to your return, the penalty can be as much as 25% more in some cases) of the tax due. If your return is more than 60 days late, the minimum penalty will be \$100 or the amount of any tax you owe, whichever is smaller.

Everyday Tax Solutions

You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local taxpayer Assistance Center for an appointment. To find the number, go to [www.irs.gov/locations](http://www.irs.gov/locations) or look in the phone book under "United States Government, Internal Revenue Service."

Online Services

If you subscribe to an online service, ask about online filing or tax information.

Large-Print Forms and Instructions

Pub. 1614 has large-print copies of Form 1040, Schedules A, B, D, E, and R, and Forms 1040-V, and their instructions. You can use the large-print forms and schedules as worksheets to figure your tax, but you cannot file them. You can get Pub. 1614 by phone or mail. See pages 7 and 75.

Help for People With Disabilities

Telephone help is available using TTY/TDD equipment by calling

2004 Tax Table



See the instructions for line 42 that begin on page 32 to see if you must use the Tax Table below to figure your tax.

Example. Mr. and Mrs. Brown are filing a joint return. Their taxable income on Form 1040, line 42, is \$75,000. First, they determine the amount for married filing jointly and read down the column for that filing status until they reach the amount that is closest to their taxable income. This is the tax amount they should enter on Form 1040, line 42.

Table with columns for 'If line 42 (taxable income) is-' and 'And you are-'. Rows represent income brackets and filing statuses (Single, Married, Head of household, etc.).

Sample Table: A smaller version of the tax table for a specific example, showing income brackets and corresponding tax amounts.

The column must also be used by a qualifying widower.

(Continued on page 61)

2004 Tax Table—Continued

Table with columns for taxable income (5,000 to 15,000), marital status (Single, Married, etc.), and tax amounts. Includes a note: 'This column must also be used by a qualifying widow(er)'.

2004 Tax Table—Continued

Table with columns for taxable income (14,000 to 22,000), marital status (Single, Married, etc.), and tax amounts. Includes a note: 'This column must also be used by a qualifying widow(er)'.

(Continued on page 62)

(Continued on page 63)

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

2004 Tax Table—Continued

If line 42 (taxable income) is—		And you are—		If line 42 (taxable income) is—		And you are—		If line 42 (taxable income) is—		And you are—	
At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly
23,000	23,050	3,095	3,239	26,000	26,050	3,546	3,689	29,000	29,050	3,995	4,138
23,050	23,100	3,104	3,248	26,050	26,100	3,554	3,697	29,050	29,100	4,003	4,146
23,100	23,150	3,111	3,254	26,100	26,150	3,561	3,704	29,100	29,150	4,019	4,162
23,150	23,200	3,119	3,261	26,150	26,200	3,569	3,711	29,150	29,200	4,035	4,178
23,200	23,250	3,126	3,268	26,200	26,250	3,576	3,719	29,200	29,250	4,051	4,184
23,250	23,300	3,134	3,276	26,250	26,300	3,583	3,726	29,250	29,300	4,067	4,190
23,300	23,350	3,141	3,283	26,300	26,350	3,590	3,734	29,300	29,350	4,083	4,196
23,350	23,400	3,149	3,291	26,350	26,400	3,598	3,741	29,350	29,400	4,099	4,202
23,400	23,450	3,156	3,298	26,400	26,450	3,605	3,749	29,400	29,450	4,115	4,208
23,450	23,500	3,164	3,306	26,450	26,500	3,613	3,756	29,450	29,500	4,131	4,214
23,500	23,550	3,171	3,313	26,500	26,550	3,620	3,764	29,500	29,550	4,147	4,220
23,550	23,600	3,179	3,321	26,550	26,600	3,628	3,771	29,550	29,600	4,163	4,226
23,600	23,650	3,186	3,328	26,600	26,650	3,635	3,779	29,600	29,650	4,179	4,232
23,650	23,700	3,194	3,336	26,650	26,700	3,643	3,786	29,650	29,700	4,195	4,238
23,700	23,750	3,201	3,343	26,700	26,750	3,650	3,794	29,700	29,750	4,211	4,244
23,750	23,800	3,209	3,351	26,750	26,800	3,658	3,801	29,750	29,800	4,227	4,250
23,800	23,850	3,216	3,358	26,800	26,850	3,665	3,809	29,800	29,850	4,243	4,256
23,850	23,900	3,224	3,366	26,850	26,900	3,673	3,816	29,850	29,900	4,259	4,262
23,900	24,000	3,231	3,374	26,900	26,950	3,681	3,824	29,900	29,950	4,275	4,268
23,950	24,000	3,239	3,381	26,950	27,000	3,689	3,831	29,950	30,000	4,291	4,274
24,000	24,050	3,246	3,389	27,000	27,050	3,696	3,839	30,000	30,050	4,307	4,280
24,050	24,100	3,254	3,397	27,050	27,100	3,704	3,847	30,050	30,100	4,323	4,286
24,100	24,150	3,261	3,404	27,100	27,150	3,711	3,855	30,100	30,150	4,339	4,292
24,150	24,200	3,269	3,411	27,150	27,200	3,719	3,863	30,150	30,200	4,355	4,298
24,200	24,250	3,276	3,419	27,200	27,250	3,728	3,871	30,200	30,250	4,371	4,304
24,250	24,300	3,284	3,426	27,250	27,300	3,736	3,879	30,250	30,300	4,387	4,310
24,300	24,350	3,291	3,434	27,300	27,350	3,744	3,887	30,300	30,350	4,403	4,316
24,350	24,400	3,299	3,441	27,350	27,400	3,752	3,895	30,350	30,400	4,419	4,322
24,400	24,450	3,306	3,449	27,400	27,450	3,760	3,903	30,400	30,450	4,435	4,328
24,450	24,500	3,314	3,456	27,450	27,500	3,768	3,911	30,450	30,500	4,451	4,334
24,500	24,550	3,321	3,464	27,500	27,550	3,776	3,919	30,500	30,550	4,467	4,340
24,550	24,600	3,329	3,471	27,550	27,600	3,784	3,927	30,550	30,600	4,483	4,346
24,600	24,650	3,336	3,479	27,600	27,650	3,792	3,935	30,600	30,650	4,499	4,352
24,650	24,700	3,344	3,486	27,650	27,700	3,800	3,943	30,650	30,700	4,515	4,358
24,700	24,750	3,351	3,494	27,700	27,750	3,808	3,951	30,700	30,750	4,531	4,364
24,750	24,800	3,359	3,501	27,750	27,800	3,816	3,959	30,750	30,800	4,547	4,370
24,800	24,850	3,366	3,509	27,800	27,850	3,824	3,967	30,800	30,850	4,563	4,376
24,850	24,900	3,374	3,516	27,850	27,900	3,832	3,975	30,850	30,900	4,579	4,382
24,900	24,950	3,381	3,524	27,900	27,950	3,840	3,983	30,900	30,950	4,595	4,388
24,950	25,000	3,389	3,531	27,950	28,000	3,848	3,991	30,950	31,000	4,611	4,394
25,000	25,050	3,396	3,539	28,000	28,050	3,856	3,999	31,000	31,050	4,627	4,400
25,050	25,100	3,404	3,546	28,050	28,100	3,864	4,007	31,050	31,100	4,643	4,406
25,100	25,150	3,411	3,554	28,100	28,150	3,872	4,015	31,100	31,150	4,659	4,412
25,150	25,200	3,419	3,561	28,150	28,200	3,880	4,023	31,150	31,200	4,675	4,418
25,200	25,250	3,426	3,569	28,200	28,250	3,888	4,031	31,200	31,250	4,691	4,424
25,250	25,300	3,434	3,576	28,250	28,300	3,896	4,039	31,250	31,300	4,707	4,430
25,300	25,350	3,441	3,584	28,300	28,350	3,904	4,047	31,300	31,350	4,723	4,436
25,350	25,400	3,449	3,591	28,350	28,400	3,912	4,055	31,350	31,400	4,739	4,442
25,400	25,450	3,456	3,599	28,400	28,450	3,920	4,063	31,400	31,450	4,755	4,448
25,450	25,500	3,464	3,606	28,450	28,500	3,928	4,071	31,450	31,500	4,771	4,454
25,500	25,550	3,471	3,614	28,500	28,550	3,936	4,079	31,500	31,550	4,787	4,460
25,550	25,600	3,479	3,621	28,550	28,600	3,944	4,087	31,550	31,600	4,803	4,466
25,600	25,650	3,486	3,629	28,600	28,650	3,952	4,095	31,600	31,650	4,819	4,472
25,650	25,700	3,494	3,636	28,650	28,700	3,960	4,103	31,650	31,700	4,835	4,478
25,700	25,750	3,501	3,644	28,700	28,750	3,968	4,111	31,700	31,750	4,851	4,484
25,750	25,800	3,509	3,651	28,750	28,800	3,976	4,119	31,750	31,800	4,867	4,490
25,800	25,850	3,516	3,659	28,800	28,850	3,984	4,127	31,800	31,850	4,883	4,496
25,850	25,900	3,524	3,666	28,850	28,900	3,992	4,135	31,850	31,900	4,899	4,502
25,900	25,950	3,531	3,674	28,900	28,950	3,999	4,143	31,900	31,950	4,915	4,508
25,950	26,000	3,539	3,681	28,950	29,000	4,007	4,151	31,950	32,000	4,931	4,514

\* The column must also be used by a qualifying widow(er).

(Continued on page 64)

2004 Tax Table—Continued

If line 42 (taxable income) is—		And you are—		If line 42 (taxable income) is—		And you are—		If line 42 (taxable income) is—		And you are—	
At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly
32,000	32,050	4,744	4,888	35,000	35,050	5,494	5,638	38,000	38,050	6,244	6,388
32,050	32,100	4,752	4,896	35,050	35,100	5,502	5,646	38,050	38,100	6,300	6,444
32,100	32,150	4,760	4,904	35,100	35,150	5,510	5,654	38,100	38,150	6,356	6,500
32,150	32,200	4,768	4,911	35,150	35,200	5,518	5,662	38,150	38,200	6,412	6,556
32,200	32,250	4,776	4,919	35,200	35,250	5,526	5,670	38,200	38,250	6,468	6,612
32,250	32,300	4,784	4,926	35,250	35,300	5,534	5,678	38,250	38,300	6,524	6,668
32,300	32,350	4,792	4,934	35,300	35,350	5,542	5,686	38,300	38,350	6,580	6,724
32,350	32,400	4,800	4,941	35,350	35,400	5,550	5,694	38,350	38,400	6,636	6,780
32,400	32,450	4,808	4,949	35,400	35,450	5,558	5,702	38,400	38,450	6,692	6,836
32,450	32,500	4,816	4,956	35,450	35,500	5,566	5,710	38,450	38,500	6,748	6,892
32,500	32,550	4,824	4,964	35,500	35,550	5,574	5,718	38,500	38,550	6,804	6,948
32,550	32,600	4,832	4,971	35,550	35,600	5,582	5,726	38,550	38,600	6,860	7,004
32,600	32,650	4,840	4,979	35,600	35,650	5,590	5,734	38,600	38,650	6,916	7,060
32,650	32,700	4,848	4,986	35,650	35,700	5,598	5,742	38,650	38,700	6,972	7,116
32,700	32,750	4,856	4,994	35,700	35,750	5,606	5,750	38,700	38,750	7,028	7,172
32,750	32,800	4,864	5,001	35,750	35,800	5,614	5,758	38,750	38,800	7,084	7,228
32,800	32,850	4,872	5,009	35,800	35,850	5,622	5,766	38,800	38,850	7,140	7,284
32,850	32,900	4,880	5,016	35,850	35,900	5,630	5,774	38,850	38,900	7,196	7,340
32,900	32,950	4,888	5,024	35,900	35,950	5,638	5,782	38,900	38,950	7,252	7,396
32,950	33,000	4,896	5,031	35,950	36,000	5,646	5,790	38,95			

2004 Tax Table—Continued

Table with columns for taxable income (41,000 to 52,000), marital status (Single, Married, Head of household), and tax amounts. Includes a note: 'This column must also be used by a qualifying widow(er)'

2004 Tax Table—Continued

Table with columns for taxable income (41,000 to 52,000), marital status (Single, Married, Head of household), and tax amounts. Includes a note: 'This column must also be used by a qualifying widow(er)'

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

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

2004 Tax Table—Continued

Table with columns for taxable income (59,000-61,000), marital status, and tax amounts. Includes a note: 'This column must also be used by a qualifying widow(er)'.

2004 Tax Table—Continued

Table with columns for taxable income (62,000-64,000), marital status, and tax amounts. Includes a note: 'This column must also be used by a qualifying widow(er)'.

2004 Tax Table—Continued

Table with columns for taxable income (65,000-67,000), marital status, and tax amounts. Includes a note: 'This column must also be used by a qualifying widow(er)'.

2004 Tax Table—Continued

Table with columns for taxable income (68,000-70,000), marital status, and tax amounts. Includes a note: 'This column must also be used by a qualifying widow(er)'.

2004 Tax Table—Continued

Table with columns for taxable income (71,000-73,000), marital status, and tax amounts. Includes a note: 'This column must also be used by a qualifying widow(er)'.

2004 Tax Table—Continued

Table with columns for taxable income (74,000-76,000), marital status, and tax amounts. Includes a note: 'This column must also be used by a qualifying widow(er)'.

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

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

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

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

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

(Continued on page 68)

(Continued on page 68)

(Continued on page 68)

(Continued on page 68)

(Continued on page 68)

2004 Tax Table—Continued

Table with columns for taxable income (77,000 to 85,000), marital status (Single, Married, etc.), and tax amounts. Includes a note: 'The column must also be used by a qualifying widow(er)'.

(Continued on page 70)

2004 Tax Table—Continued

Table with columns for taxable income (86,000 to 94,000), marital status (Single, Married, etc.), and tax amounts. Includes a note: 'The column must also be used by a qualifying widow(er)'.

(Continued on page 71)

2004 Tax Computation Worksheet—Line 43



See the instructions for line 43 that begin on page 33 to see if you must use the worksheet below to figure your tax.

Section A—Use if your filing status is **Single**. Complete the row below that applies to you.

At least \$100,000 but not over \$146,300	Over \$146,300 but not over \$319,100	Over \$319,100
(a) Enter the amount from line 42: \$ _____ (b) Multiplication amount: 2% + 2% = 2% (c) Multiply (a) by (b): \$ _____ (d) Subtract (c) from (a): \$ _____ (e) Subtract (d) from (a) to get the result: \$ _____	(a) Enter the amount from line 42: \$ _____ (b) Multiplication amount: 2% + 3% + 1% = 6% (c) Multiply (a) by (b): \$ _____ (d) Subtract (c) from (a): \$ _____ (e) Subtract (d) from (a) to get the result: \$ _____	(a) Enter the amount from line 42: \$ _____ (b) Multiplication amount: 3% + 5% + 3% = 11% (c) Multiply (a) by (b): \$ _____ (d) Subtract (c) from (a): \$ _____ (e) Subtract (d) from (a) to get the result: \$ _____

Section B—Use if your filing status is **Married filing jointly or qualifying widow(er)**. Complete the row below that applies to you.

At least \$100,000 but not over \$177,500	Over \$177,500 but not over \$78,650	Over \$78,650 but not over \$119,100	Over \$119,100
(a) Enter the amount from line 42: \$ _____ (b) Multiplication amount: 2% + 2% = 2% (c) Multiply (a) by (b): \$ _____ (d) Subtract (c) from (a): \$ _____ (e) Subtract (d) from (a) to get the result: \$ _____	(a) Enter the amount from line 42: \$ _____ (b) Multiplication amount: 2% + 3% = 5% (c) Multiply (a) by (b): \$ _____ (d) Subtract (c) from (a): \$ _____ (e) Subtract (d) from (a) to get the result: \$ _____	(a) Enter the amount from line 42: \$ _____ (b) Multiplication amount: 3% + 4% + 1% = 8% (c) Multiply (a) by (b): \$ _____ (d) Subtract (c) from (a): \$ _____ (e) Subtract (d) from (a) to get the result: \$ _____	(a) Enter the amount from line 42: \$ _____ (b) Multiplication amount: 3% + 5% + 3% = 11% (c) Multiply (a) by (b): \$ _____ (d) Subtract (c) from (a): \$ _____ (e) Subtract (d) from (a) to get the result: \$ _____

Section C—Use if your filing status is **Married filing separately**. Complete the row below that applies to you.

At least \$100,000 but not over \$150,450	Over \$150,450
(a) Enter the amount from line 42: \$ _____ (b) Multiplication amount: 3% + 3% = 6% (c) Multiply (a) by (b): \$ _____ (d) Subtract (c) from (a): \$ _____ (e) Subtract (d) from (a) to get the result: \$ _____	(a) Enter the amount from line 42: \$ _____ (b) Multiplication amount: 3% + 5% = 8% (c) Multiply (a) by (b): \$ _____ (d) Subtract (c) from (a): \$ _____ (e) Subtract (d) from (a) to get the result: \$ _____

Section D—Use if your filing status is **Head of household**. Complete the row below that applies to you.

At least \$100,000 but not over \$100,500	Over \$100,500 but not over \$162,700	Over \$162,700 but not over \$319,100	Over \$319,100
(a) Enter the amount from line 42: \$ _____ (b) Multiplication amount: 2% + 2% = 2% (c) Multiply (a) by (b): \$ _____ (d) Subtract (c) from (a): \$ _____ (e) Subtract (d) from (a) to get the result: \$ _____	(a) Enter the amount from line 42: \$ _____ (b) Multiplication amount: 2% + 3% = 5% (c) Multiply (a) by (b): \$ _____ (d) Subtract (c) from (a): \$ _____ (e) Subtract (d) from (a) to get the result: \$ _____	(a) Enter the amount from line 42: \$ _____ (b) Multiplication amount: 3% + 4% + 1% = 8% (c) Multiply (a) by (b): \$ _____ (d) Subtract (c) from (a): \$ _____ (e) Subtract (d) from (a) to get the result: \$ _____	(a) Enter the amount from line 42: \$ _____ (b) Multiplication amount: 3% + 5% + 3% = 11% (c) Multiply (a) by (b): \$ _____ (d) Subtract (c) from (a): \$ _____ (e) Subtract (d) from (a) to get the result: \$ _____

2004 Tax Table—Continued

If line 42 (taxable income) is—		And you are—		And you are—		Your tax is—	
At least	But less than	Single	Married filing jointly	Single	Married filing jointly or separate	Single	Married filing jointly or separate
<b>95,000</b>							
95,000	95,050	21,234	17,231	21,871	22,521	22,861	20,106
95,050	95,100	21,248	17,244	21,883	22,574	22,877	20,119
95,100	95,150	21,262	17,256	21,894	22,627	22,894	20,131
95,150	95,200	21,276	17,269	21,905	22,679	22,910	20,144
95,200	95,250	21,290	17,281	21,916	22,731	22,927	20,156
95,250	95,300	21,304	17,293	21,927	22,783	22,943	20,168
95,300	95,350	21,318	17,305	21,938	22,835	22,960	20,181
95,350	95,400	21,332	17,317	21,949	22,887	22,976	20,194
95,400	95,450	21,346	17,329	21,960	22,939	22,993	20,206
95,450	95,500	21,360	17,341	21,971	22,991	23,009	20,219
95,500	95,550	21,374	17,353	21,982	23,043	23,025	20,231
95,550	95,600	21,388	17,365	21,993	23,095	23,041	20,244
95,600	95,650	21,402	17,377	22,004	23,147	23,057	20,256
95,650	95,700	21,416	17,389	22,015	23,199	23,073	20,269
95,700	95,750	21,430	17,401	22,026	23,251	23,089	20,281
95,750	95,800	21,444	17,413	22,037	23,303	23,105	20,294
95,800	95,850	21,458	17,425	22,048	23,355	23,121	20,306
95,850	95,900	21,472	17,437	22,059	23,407	23,137	20,319
95,900	95,950	21,486	17,449	22,070	23,459	23,153	20,331
95,950	96,000	21,500	17,461	22,081	23,511	23,169	20,344
<b>96,000</b>							
96,000	96,050	21,514	17,473	22,092	23,563	23,185	20,356
96,050	96,100	21,528	17,485	22,103	23,615	23,201	20,369
96,100	96,150	21,542	17,497	22,114	23,667	23,217	20,381
96,150	96,200	21,556	17,509	22,125	23,719	23,233	20,394
96,200	96,250	21,570	17,521	22,136	23,771	23,249	20,406
96,250	96,300	21,584	17,533	22,147	23,823	23,265	20,419
96,300	96,350	21,598	17,545	22,158	23,875	23,281	20,431
96,350	96,400	21,612	17,557	22,169	23,927	23,297	20,444
96,400	96,450	21,626	17,569	22,180	23,979	23,313	20,456
96,450	96,500	21,640	17,581	22,191	24,031	23,329	20,469
96,500	96,550	21,654	17,593	22,202	24,083	23,345	20,481
96,550	96,600	21,668	17,605	22,213	24,135	23,361	20,494
96,600	96,650	21,682	17,617	22,224	24,187	23,377	20,506
96,650	96,700	21,696	17,629	22,235	24,239	23,393	20,519
96,700	96,750	21,710	17,641	22,246	24,291	23,409	20,531
96,750	96,800	21,724	17,653	22,257	24,343	23,425	20,544
96,800	96,850	21,738	17,665	22,268	24,395	23,441	20,556
96,850	96,900	21,752	17,677	22,279	24,447	23,457	20,569
96,900	96,950	21,766	17,689	22,290	24,499	23,473	20,581
96,950	97,000	21,780	17,701	22,301	24,551	23,489	20,594
<b>97,000</b>							
97,000	97,050	21,794	17,713	22,312	24,603	23,505	20,606
97,050	97,100	21,808	17,725	22,323	24,655	23,521	20,619
97,100	97,150	21,822	17,737	22,334	24,707	23,537	20,631
97,150	97,200	21,836	17,749	22,345	24,759	23,553	20,644
97,200	97,250	21,850	17,761	22,356	24,811	23,569	20,656
97,250	97,300	21,864	17,773	22,367	24,863	23,585	20,669
97,300	97,350	21,878	17,785	22,378	24,915	23,601	20,681
97,350	97,400	21,892	17,797	22,389	24,967	23,617	20,694
97,400	97,450	21,906	17,809	22,400	25,019	23,633	20,706
97,450	97,500	21,920	17,821	22,411	25,071	23,649	20,719
97,500	97,550	21,934	17,833	22,422	25,123	23,665	20,731
97,550	97,600	21,948	17,845	22,433	25,175	23,681	20,744
97,600	97,650	21,962	17,857	22,444	25,227	23,697	20,756
97,650	97,700	21,976	17,869	22,455	25,279	23,713	20,769
97,700	97,750	21,990	17,881	22,466	25,331	23,729	20,781
97,750	97,800	22,004	17,893	22,477	25,383	23,745	20,794
97,800	97,850	22,018	17,905	22,488	25,435	23,761	20,806
97,850	97,900	22,032	17,917	22,499	25,487	23,777	20,819
97,900	97,950	22,046	17,929	22,510	25,539	23,793	20,831
97,950	98,000	22,060	17,941	22,521	25,591	23,809	20,844

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

\$100,000 or over — use the Tax Computation Worksheet on page 72



# Order Blank for Forms and Publications

The most frequently ordered forms and publications are listed on the order blank below. We will mail you two copies of each form and one copy of each publication you order. To help reduce waste, please order only the items you need to prepare your return.



**TIP** For faster way of getting the items you need, such as by Internet or fax, see page 7.

## How To Use the Order Blank

Circle the items you need on the order blank below. Use the blank spaces to order items not listed. If you need more space, attach a separate sheet of paper.

Print or type your name and address accurately in the space provided below. An accurate address will ensure delivery of your order. Cut the order blank on the dotted line. Place the order blank in your own envelope and send it to the IRS address shown below that applies to you. You should receive your order within 10 days after we receive your request. Do not send your tax return to any of the addresses listed on this page. Instead, see the back cover.

### Where To Mail Your Order Blank for Free Forms and Publications

IF you live in the ... THEN mail to ...

Western United States	Western Area Distribution Center Rancho Conejo, CA 95713 0001
Central United States	Central Area Distribution Center P.O. Box 9903 Bloomington, IL 61702 8903
Eastern United States or a foreign country	Eastern Area Distribution Center P.O. Box 85074 Richmond, VA 23261 5074

### Order Blank

Fill in your name and address

Name \_\_\_\_\_

Postal mailing address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP code \_\_\_\_\_

Foreign country \_\_\_\_\_ International postal code \_\_\_\_\_

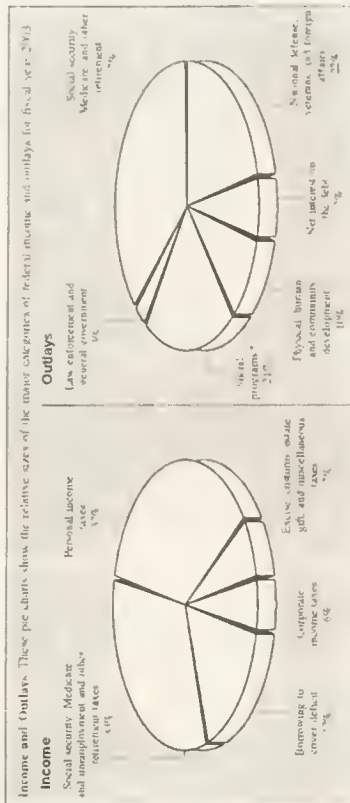
Day time phone number \_\_\_\_\_ Apt./Suite/Room \_\_\_\_\_

You can download all these items from the Internet at [www.irs.gov](http://www.irs.gov) or place an electronic order for them. The items in bold can be picked up at many IRS offices, post offices, and libraries.

1040	Schedule 1 (1041)	Schedule 2 (1042)	Schedule 3 (1043)	Schedule 4 (1044)	Schedule 5 (1045)	Schedule 6 (1046)	Schedule 7 (1047)	Schedule 8 (1048)	Schedule 9 (1049)	Schedule 10 (1050)	Schedule 11 (1051)	Schedule 12 (1052)	Schedule 13 (1053)	Schedule 14 (1054)	Schedule 15 (1055)	Schedule 16 (1056)	Schedule 17 (1057)	Schedule 18 (1058)	Schedule 19 (1059)	Schedule 20 (1060)
Schedule A & R (1061)	Schedule J (1062)	Schedule K (1063)	Schedule L (1064)	Schedule M (1065)	Schedule N (1066)	Schedule O (1067)	Schedule P (1068)	Schedule Q (1069)	Schedule R (1070)	Schedule S (1071)	Schedule T (1072)	Schedule U (1073)	Schedule V (1074)	Schedule W (1075)	Schedule X (1076)	Schedule Y (1077)	Schedule Z (1078)	Schedule AA (1079)	Schedule AB (1080)	Schedule AC (1081)
Schedule C (1082)	Schedule D (1083)	Schedule E (1084)	Schedule F (1085)	Schedule G (1086)	Schedule H (1087)	Schedule I (1088)	Schedule J (1089)	Schedule K (1090)	Schedule L (1091)	Schedule M (1092)	Schedule N (1093)	Schedule O (1094)	Schedule P (1095)	Schedule Q (1096)	Schedule R (1097)	Schedule S (1098)	Schedule T (1099)	Schedule U (1100)	Schedule V (1101)	Schedule W (1102)
Schedule X (1103)	Schedule Y (1104)	Schedule Z (1105)	Schedule AA (1106)	Schedule AB (1107)	Schedule AC (1108)	Schedule AD (1109)	Schedule AE (1110)	Schedule AF (1111)	Schedule AG (1112)	Schedule AH (1113)	Schedule AI (1114)	Schedule AJ (1115)	Schedule AK (1116)	Schedule AL (1117)	Schedule AM (1118)	Schedule AN (1119)	Schedule AO (1120)	Schedule AP (1121)	Schedule AQ (1122)	Schedule AR (1123)

Circle the forms and publications you need. The instructions for any form you order will be included.

## Major Categories of Federal Income and Outlays for Fiscal Year 2003



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

### Footnotes for Certain Federal Outlays

- 1. Social security, Medicare, and other retirement.** These programs provide income support for the retired and disabled and medical care for the elderly.
- 2. National defense, veterans, and foreign affairs.** About 18% of outlays are for the military and other national defense activities, about 3% were for veterans benefits and services, and about 1% were for international activities, including military and economic assistance to foreign countries and the maintenance of U.S. embassies abroad.
- 3. Physical, human, and community development.** These outlays were for agriculture, natural resources, environment, transportation; aid for elementary and secondary education; and direct assistance to college students, job training; deposit insurance; commerce and housing credit; and community development; and space, energy, and general science programs.
- 4. Social programs.** About 14% of total outlays were for Medicaid, food stamps, temporary assistance for needy families, supplemental security income, and related programs; and the remaining outlays were for health research and public health programs, unemployment compensation, assisted housing, and social services.

In fiscal year 2003 (which began on October 1, 2002, and ended on September 30, 2003), federal income was \$1.6 trillion and

Note: The percentages on this page exclude unallocated operating receipts, which were \$54 billion in fiscal year 2003. In the budget, these receipts are offset against spending in financing the outlays shown above. These receipts are for the U.S. Government's share of an employee retirement program, for the Office of Contingent Staff, and proceeds from the sale of assets.





# 2004 Instructions for Schedules A & B (Form 1040)

## Instructions for Schedule A, Itemized Deductions

Use Schedule A (Form 1040) to figure your itemized deductions. In most cases, your federal income tax will be less if you take the larger of your itemized deductions or your standard deduction.

If you itemize, you can deduct a part of your medical and dental expenses and unreimbursed employee business expenses, and amounts you paid for certain taxes, interest, contributions, and miscellaneous expenses. You can also deduct certain casualty and theft losses.



Do not include on Schedule A items deducted elsewhere, such as on Form 1040 or Schedule C, C-EZ, E, or F.

### What's New

You can elect to deduct state and local general sales taxes instead of state and local income taxes as an itemized deduction on Schedule A. Generally, you can use either your actual expenses or the Optional State Sales Tax Tables to figure your state and local general sales tax deduction. See the instructions for line 5 that begin on page A-2 for details.

### Medical and Dental Expenses

You can deduct only the part of your medical and dental expenses that exceeds 7.5% of the amount on Form 1040, line 37.

Pub 502 discusses the types of expenses that you can and cannot deduct. It also explains when you can deduct capital expenses and special care expenses for disabled persons.



If you received a distribution from a health savings account in 2004, see Pub 960 to figure your deduction.

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

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

- Insurance premiums for medical and dental care, including premiums for qualified long-term care contracts as defined in Pub. 502. But see *Limit on long-term care premiums you can deduct* on this page.
- Prescription medicines to alleviate nicotine withdrawal.

self-employed health insurance deduction you claimed on Form 1040, line 31.

**Note.** If, during 2004, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation pension recipient, you must reduce your insurance premiums by any amounts used to figure the health coverage tax credit. See the instructions for line 1 on page A-2.



You cannot deduct insurance premiums paid with pretax dollars because the premiums are not included in box 1 of your Form(s) W-2.

- Prescription medicines or insulin.
- Acupuncture, chiropractors, dentists, eye doctors, medical doctors, occupational therapists, osteopathic doctors, physical therapists, podiatrists, psychiatrists, psychoanalysts (medical care only), and psychologists.
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths your doctor ordered.
- Nursing help (including your share of the employee tax paid). If you paid someone to do both nursing and housework, you can deduct only the cost of the nursing help.
- Hospital care (including meals and lodging), clinic visits, and lab fees.
- Qualified long-term care services (see Pub. 502).
- The supplemental part of Medicare insurance (Medicare B).
- A program to stop smoking and for prescription medicines to alleviate nicotine withdrawal.

A-1

Cat. No. 24328I

line 31, reduce the premiums by the amount on line 31.

**Note.** If, during 2004, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation pension recipient, you must complete Form 8885 before completing Schedule A, line 1. When figuring the amount of insurance premiums you can deduct on Schedule A, you must add any health coverage in credit advance. Also, subtract the amount shown on Form 8885, line 4 (reduced by any advance payments shown on line 6 of that form), from the total insurance premiums you paid.

**Where medical and dental expenses can you include?** You can include medical and dental bills you paid for:

- Yourself and your spouse.
- All dependents you claim on your return.
- Your child whom you do not claim as a dependent because of the rules explained in Pub. 502 for children of divorce or separation.
- A person you could have claimed as a dependent on your return if that person had not received \$3,100 or more of gross income or had not filed a joint return.

**Example.** You provided over half of your mother's support but cannot claim her as a dependent because she received wages of \$3,100 in 2004. You can include on line 1 any medical and dental expenses you paid in 2004 for your mother.

**Reimbursements.** If your insurance company paid the provider directly for part of your expenses, and you paid only the amount you owed, you can deduct only the amount you owed. If you received a reimbursement in 2004 for medical or dental expenses you paid in 2004, reduce your 2004 medical or dental expenses, do not reduce your 2004 expenses by this amount. If you received a reimbursement in an earlier year, do not include the deduction reduced by your income on Form 1040, line 21. See Pub. 502 for details on how to figure the amount to include.

**Caregiver plans.** Do not include on line 1 insurance premiums paid by an employer-sponsored health insurance plan (including a plan) unless the premiums are included in box 1 of your Form(s) W-2. A plan that does not include the amount of the dental expenses paid by the plan unless the amount paid is included in box 1 of your Form(s) W-2.

### Taxes You Cannot Deduct

- Federal income and estate taxes.
- Social security, Medicare, federal unemployment (FUTA), and railroad retirement (RRTA) taxes.

A-2

- Certain duties.

1 federal estate and gift taxes. But see the instructions for line 27 on page A-6.

• Certain state and local taxes, including tax on gasoline, car inspection fees, assessments for sidewalks or other improvements to your property, tax you paid for someone else, and license fees (franchise, driver's, dog, etc.).

### Line 5 State and Local Income or General Sales Taxes



State and local income taxes, including local general sales taxes in lieu of state and local income taxes, you cannot deduct.

**Note.**

State and local income taxes. If you deduct state and local income taxes, check box 1 on line 5. Include on this line the state and local income taxes listed below.

- State and local income taxes withheld from your salary during 2004. Your Form(s) W-2 will show these amounts.
- Forms W-2G, 1099-G, 1099-R, and 1099-MISC may also show state and local income taxes withheld.

• State and local income taxes paid in 2004 for a prior year, such as taxes paid with your 2003 state or local income tax return. Do not include penalties or interest payments made during 2004, including any part of a prior year refund that you chose to have credited to your 2004 state or local income taxes.

- Mandatory contributions you made in California, New Jersey, or New York Nonoccupational Disability Benefit Fund, Rhode Island Temporary Disability Benefit Fund, or Washington State Supplemental Workmen's Compensation Fund.

- Do not reduce your deduction by any:
- State or local income tax refund or credit you expect to receive for 2004, or
- Refund of, or credit for, prior year state and local income taxes you actually received in 2004, regardless of the instructions for Form 1040, line 10.

**State and local general sales taxes.** If you elect to deduct state and local general sales taxes, you must check box 1 on line 5. To figure your deduction, you can use either of the following methods.

1. The actual state and local general sales taxes (including compensating use taxes) you paid plus any selective sales taxes if the tax rate was the same as the general sales tax rate. For selective sales taxes on hotel, clothing, medical supplies, and motor vehicles, the tax is deductible even if the tax rate was less than the general sales tax rate. For selective sales taxes on motor vehicles for which the tax rate was

IF the person was, at the end of 2004, age . . .	THEN the most you may deduct is . . .
40 or under	\$ 200
41–50	\$ 490
51–60	\$ 980
61–70	\$ 2,690
71 or older	\$ 3,250

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

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



If you were age 65 or older but not entitled to social security benefits, you can deduct premiums you voluntarily paid for Medicare A coverage.

- The cost of diet food.
- Cosmetic surgery unless it was necessary to improve a deformity related to a congenital abnormality, an injury from an accident or trauma, or a disabling disease.
- Life insurance or income protection policies.
- The Medicare tax on your wages and tips or the Medicare tax paid as part of the self-employment tax or household employment taxes.
- Nursing care for a healthy baby. But you may be able to take a credit for the amount you paid. See the instructions for Form 1040, line 47.

- Illegal operations or drugs.
- Impaired drives not approved by the U.S. Department of Transportation (FDA). This includes foreign-made sources of U.S. approved drugs manufactured without FDA approval.
- Nonprescription medicines (including nicotine gum and certain nicotine patches) used for a change.
- Funeral, burial, or cremation costs.

### Line 1 Medical and Dental Expenses

Enter the total of your medical and dental expenses (see page A-1), after you reduce these expenses by any payments received from health insurance. See *Reimbursements* on this page.



Do not forget to include insurance premiums you paid for medical and dental care. But if you claimed the self-employed health insurance deduction on Form 1040.

- A weight-loss program as treatment for a specific disease (including obesity) diagnosed by a doctor.
- Medical treatment at a center for drug or alcohol addiction.
- Medical aids such as eyeglasses, contact lenses, hearing aids, braces, crutches, wheelchairs, and guide dogs, including the cost of maintaining them.
- Surgery to improve defective vision, such as laser eye surgery or radial keratotomy.
- Lodging expenses (but not meals) while away from home to receive medical care in a hospital or a medical care facility related to a hospital, provided there was no significant element of personal pleasure, recreation, or vacation in the travel. Do not deduct more than \$50 a night for each eligible person.
- 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 the care, or you can claim 14 cents a mile. Add parking and tolls to the amount you claim under either method.

**Note.** Certain medical expenses paid out of a deceased taxpayer's estate can be claimed on the deceased taxpayer's final return. See Pub. 502 for details.

**Limit on long-term care premiums you can deduct.** The amount you can deduct for qualified long-term care contracts (as defined in Pub. 502) depends on the age, at the end of 2004, of the person for whom the premiums were paid. See the chart on page A-2 for details.

more than the general sales tax rate, the tax is deductible only up to the amount of tax that would have been imposed at the general sales tax rate. Do not include sales taxes paid on items used in your trade or business.

2. The Optional State Sales Tax Tables, which are available in Pub. 600. If you use the Optional State Sales Tax Tables, you can add to the table amount any state and local general sales taxes you paid on motor vehicles, boats, and any other items specified in Pub. 600. The deductible amount of tax on motor vehicles cannot exceed the tax that would have been imposed at the general sales tax rate. For boats, the tax is deductible only if it was imposed at the general sales tax rate. See Pub. 600 for details. Do not include sales taxes paid on items used in your trade or business.

**Line 6**

**Real Estate Taxes**

Include taxes (state, local, or foreign) you paid on real estate you own that was not used for business, but only if the taxes are based on the assessed value of the property. Also, the assessment must be made uniformly on property throughout the community, and the proceeds must be used for general community or governmental purposes. Pub. 530 explains the deductions homeowners may take.

Do not include the following amounts on line 6:

- Itemized charges for services to spend monthly or persons (for example, a \$20 monthly charge per house for trash collection, a \$5 charge for every 1,000 gallons of water consumed, or a flat charge for mowing a lawn that had grown higher than permitted under a local ordinance).
- Charges for improvements that tend to increase the value of your property (for example, an assessment to build a new sidewalk). The cost of a property improvement is added to the basis of the property. However, a charge is deductible if it is used only to maintain an existing public facility in service (for example, a charge to repair an existing sidewalk, and any interest included in that charge).

If your mortgage payments include your real estate taxes, you may deduct only the amount the mortgage company actually paid to the taxing authority in 2004.

If you sold your home in 2004, any real estate tax charged to the buyer should be shown on your settlement statement and in box 5 of any Form 1099-S you received. This amount is considered a refund of real estate taxes. See *Refunds and rebates on real estate taxes*. Any real estate taxes you paid at closing should be shown on your settlement statement.

property. It must provide basic living accommodations, including sleeping space, toilet, and cooking facilities.

**Limit on home mortgage interest.** If you took out any mortgages after October 13, 1987, your deductibility may be limited. Any additional amounts borrowed after October 13, 1987, on a line-of-credit mortgage you had on that date are treated as mortgages taken out after October 13, 1987. If you refinanced a mortgage you had on October 13, 1987, treat the new mortgage as taken out on or before October 13, 1987. But if you refinanced for more than the balance of the old mortgage, treat the excess as a mortgage taken out after October 13, 1987.

See Pub. 936 to figure your deduction if either (1) or (2) below applies. If you had more than one home at the same time, the dollar amounts in (1) and (2) apply to the total mortgages on both homes.

1. You took out any mortgages after October 13, 1987, and used the proceeds for purposes other than to buy, build, or improve your home, and all of these mortgages totaled over \$100,000 at any time during 2004. The limit is \$50,000 if married filing separately. An example of this type of mortgage is a home equity loan used to pay off credit card bills, buy a car, or pay tuition.

2. You took out any mortgages after October 13, 1987, and used the proceeds to buy, build, or improve your home, and these mortgages plus any mortgages you took out on or before October 13, 1987, totaled over \$1 million at any time during 2004. The limit is \$500,000 if married filing separately.

**CAUTION**  
Pub. 936  
If the total amount of all mortgages is more than the fair market value of the home, additional limits apply. See Pub. 936

**Line 10**

Enter on line 10 mortgage interest and points reported to you on Form 1098. If this form shows any refund of overpaid interest, do not reduce your deduction by the refund. Instead, see the instructions for Form 1040, line 21.

If you paid more interest to the recipient than is shown on Form 1098, see Pub. 936 to find out if you can deduct the additional interest. If you can, attach a statement explaining the difference and enter "See attached" to the right of line 10.

**CAUTION**  
If you are claiming the mortgage interest credit (see the instructions for Form 1040, line 53), subtract the amount shown on Form 5396, line 3, from the total deductible interest you paid on your home mortgage. Enter the result on line 10.

**Lines 10 and 11**

**Home Mortgage Interest**

A home mortgage is any loan that is secured by your main home or second home. It includes first and second mortgages, home equity loans, and refinanced mortgages.

A home may be a house, condominium, cooperative, mobile home, boat, or similar

**Line 11**

If you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 11.

If you bought your home from the recipient, be sure to show that recipient's name, identifying no., and address on the dotted lines next to line 11. If the recipient is an individual, the identifying no. is his or her social security number (SSN). Otherwise, it is the employer identification number. You must also list the recipient know your SSN. If you do not show the required information about the recipient or let the recipient know your SSN, you may have to pay a \$50 penalty.

If you and at least one other person (other than your spouse if filing jointly) were liable for and paid interest on the mortgage, and if the other person received the Form 1098, attach a statement to your return showing the name and address of that person. To the right of line 11, enter "See attached."

**Line 12**

**Points Not Reported on Form 1098**

Points are shown on your settlement statement. Points are not only to borrow money, but are generally deductible over the life of the loan. See Pub. 936 to figure the amount you can deduct. Points paid for other purposes, such as for a lender's services, are not deductible.

Refinancing. Generally, you must deduct points you paid to refinance a mortgage over the life of the loan. The service fee if the new mortgage is secured by your main home.

If you used part of the proceeds to improve your main home, you may be able to deduct the part of the points related to the improvement in the year paid. See Pub. 936 for details.

**TIP**  
If you paid off a mortgage early, deduct any remaining points in the year you paid off the mortgage.

**Line 13**

**Investment Interest**

Investment interest is interest paid on money you borrowed that is allocable to property held for investment. It does not include any interest allocable to passive activities or to securities that generate tax-exempt income.

Complete and attach Form 4952 to figure your deduction. You do not have to file Form 4952 if all three of the following apply:

1. Your investment interest expense is not more than your investment income from interest and ordinary dividends minus any qualified dividends.
2. You have no other deductible investment expenses.
3. You have no disallowed investment interest expense from 2003.



Alaska Permanent Fund dividends, including those reported on Form 8814, are not investment income.

For more details, see Pub. 570.

**Gifts to Charity**

You can deduct contributions or gifts 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, mosques, synagogues, temples, etc.
- Boy Scouts, Boys and Girls Clubs of America, CARE, Girl Scouts, Goodwill Industries, Red Cross, Salvation Army, United Way, 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 fund a cure for, or help people who have, arthritis, asthma, multiple sclerosis, cerebral palsy, spinal cord injuries, hearing loss, blindness, mental illness, or retardation, multiple sclerosis, muscular dystrophy, tuberculosis, etc.
- Federal, state, and local governments if the gifts are solely for public purposes.

To verify an organization's charitable status, you can:

- Check with the organization to which you made the donation. The organization should be able to provide you with verification of its charitable status.
- See Pub. 78 for a list of most qualified organizations. You can access Pub. 78 on the IRS website at [www.irs.gov/charities-and-non-profits](http://www.irs.gov/charities-and-non-profits).
- Call our Tax Exempt/Government Entities Customer Account Services at 1-877-829-5500. Assistance is available Monday through Friday from 8:00 a.m. to 6:30 p.m. EST.

**Contributions You Can Deduct**

Contributions can be in cash (keep cancelled checks, receipts, or other reliable written records showing the name of the organization and the date and amount given), property, or out-of-pocket expenses.

you paid to do volunteer work for the kinds of organizations described earlier. If you devote and from the volunteer work, you can take the deduction. Add nothing to the amount you claim, whether either method. But do not deduct any amounts that were repaid to you.

**Gifts from which you benefit.** If you made a gift and received a benefit in return, such as food, entertainment, or merchandise, you can generally only deduct the amount that is more than the value of the benefit. But this rule does not apply in certain circumstances. For example, in return for an annual premium of \$75 or less for dental, see Pub. 536.

**Example.** You paid \$70 to a charitable organization to attend a fund-raising dinner and the value of the dinner was \$40. You can deduct only \$30.

**Gifts of \$250 or more.** You can deduct a gift of \$250 or more only if you have a statement from the charitable organization showing the information in (1) and (2) below.

In figuring whether a gift is \$250 or more, do not combine separate donations. For example, if you gave your church \$25 each week for a total of \$1,750, treat the \$25 payments as one gift of \$1,750. If you made a deduction through each deduction treat each deduction from each paycheck as a separate gift. See Pub. 526 if you made a separate gift of \$250 or more through payroll deduction.

1. The amount of any money contributed and a description (but not value) of any property donated.
2. Whether the organization did or did not give you any goods or services in return for your contribution. If you received any goods or services in return, the value of the value must be included if you received only intangible religious benefits (such as admission to a religious ceremony) or if the organization must state this but it does not have to describe or value the benefit.

**TIP**  
You must get the statement by the date you file your return or the due date (including extensions) for filing your return, whichever is earlier. Do not attach the statement to your return. Instead, keep it for your records.

**Limit on the amount you can deduct.** See Pub. 526 to figure the amount of your deduction if any of the following apply:

- Your cash contributions or contributions of ordinary income property are more than 30% of the amount on Form 1040, line 37.
- Your gifts of capital gain property are more than 30% of the amount on Form 1040, line 37.

time you gave them. If an 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. For more details on determining the value of donated property, see Pub. 561.

If the amount of your deduction is more than \$500, you must complete and attach Form 8283. For this purpose, the amount of your deduction means your deduction before applying any income limits that could result in a carryover of contributions. If your total deduction is over \$5,000, you may also have to get appraisals of the values of the donated property. See Form 8283 and its instructions for details.

**Keep receipts.** If you gave property, you should keep a receipt or written statement from the organization you gave the property to, on a reliable written record, that shows the organization's name and address, the date and location of the gift, and a description of the property. For each gift of property, you should also keep reliable written records that include:

- How you figured the property's value at the time you gave it. If the value was determined by an appraiser, keep a signed copy of the appraisal.
- The cost or other basis of the property if 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.
- How you figured your deduction if you chose to reduce your deduction for gifts of capital gain property.
- Any conditions attached to the gift.

If your total deduction for gifts of property is over \$500, you gave less than your entire interest in the property, or you made a "qualified conservation contribution," your records should contain additional information. See Pub. 526 for details.

**Line 17**

**Carryover From Prior Year**  
Enter any carryover of contributions that you could not deduct in an earlier year because they exceeded your adjusted gross income limit. See Pub. 526 for details.

**Casualty and Theft Losses**

**Line 19**

Complete and attach Form 4684 to figure the amount of your loss to enter on line 19.

You may be able to deduct part or all of each loss caused by theft, vandalism, fire, storm, or similar causes, and car, boat, and other accidents. You may also be able to deduct money you had in a financial institution but lost because of the insolvency or bankruptcy of the institution.

You may deduct nonbusiness, casualty or theft losses only to the extent that:

- The amount of each separate casualty or theft loss is more than \$100, and
- The total amount of all losses during the year is more than 10% of the amount on Form 1040, line 37.

Special rules apply if you had both gains and losses from nonbusiness casualties or thefts. See Form 4684 and its instructions for details.

Use Schedule A, line 22, 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 information on federal disaster area losses, see Pub. 547.

**Job Expenses and Most Other Miscellaneous Deductions**

You can deduct only the part of these expenses that exceeds 2% of the amount on Form 1040, line 37.

Pub. 529 discusses the types of expenses that can and cannot be deducted. **Examples of Expenses You Cannot Deduct**

- Political contributions
- Personal legal expenses
- Lost or misplaced cash or property
- Expenses for meals during regular or extra work hours
- The cost of entertaining friends
- Commuting expenses. See Pub. 529 for the definition of commuting.
- Travel expenses for employment away from home if that paid to employ you must be included on Form 529 as an exception for certain federal employees.
- Travel as a form of education
- Expenses of attending a seminar, convention, or meeting unless it is related to your employment unless, if it is related to your employment, you are an employee.
- Club dues. See Pub. 529 for exceptions.
- Expenses of adopting a child. But you may be able to deduct the fair adoption expenses. See Form 8839 for details.
- Fines and penalties
- Expenses of producing tax-exempt income.

**Line 16**

**Gifts by Cash or Check**  
Enter the total contributions you made in cash or by check (including out-of-pocket expenses).

Certain business use of part of your home for details, including limits that apply, use 1416 tax topic 509 (see page 8 of Form 1040 instructions) or see Pub. 587.

Certain education expenses for details, use 1416 tax topic 513 (see page 8 of Form 1040 instructions) or see Pub. 570. Reduce your educational expenses by any tuition and fees deduction you claimed on Form 1040, line 27.



You may be able to take a credit for your educational expenses for details, see Form 8863 for details.

**Line 21**

**Tax Preparation Fees**  
Enter the fees you paid for preparation of your tax return, including fees paid for filing your return electronically. If you paid your tax by credit card, do not include the convenience fee you were charged.

**Line 22**

**Other Expenses**  
Enter the total amount you paid to produce or collect taxable income and to make or protect property held for earning income. Do not include any personal expenses. List the type and amount of each expense on the dotted lines next to line 22. If you need more space, attach a statement showing the type and amount of each expense. Enter the total on line 22.

- Examples of expenses to include on line 22 are:
  - Certain legal and accounting fees
  - Clerical help and office rent
  - Custodial (for example, trust account) fees
  - Your share of the investment expenses of a regulated investment company
  - Certain losses on irrevocably insured deposits at an insolvent or bankrupt financial institution. For details, including limitations that apply, see Pub. 529.
  - Casualty and theft losses of property used in performing services as an employee. For more details, lines 32 and 38b, of Form 4797, line 18.

Examples of expenses to include on line 22 are:

- Certain legal and accounting fees
- Clerical help and office rent
- Custodial (for example, trust account) fees
- Your share of the investment expenses of a regulated investment company
- Certain losses on irrevocably insured deposits at an insolvent or bankrupt financial institution. For details, including limitations that apply, see Pub. 529.
- Casualty and theft losses of property used in performing services as an employee. For more details, lines 32 and 38b, of Form 4797, line 18.

**Line 20**

**Unreimbursed Employee Expenses**  
Enter the total ordinary and necessary job expenses you paid for which you were not reimbursed. (Amounts your employer included in box 1 of your Form W-2 are not considered reimbursements.)

An ordinary expense is one that is common and accepted in your field of trade, business, profession, or occupation. A necessary expense is one that is necessary to carry on your business. An expense does not have to be required to be considered necessary.

You must fill in and attach Form 2106, if either (1) or (2) next applies.

1. You claim any travel, transportation, meal, or entertainment expenses for your job.
2. Your employer paid you for any of your job expenses reportable on line 30.



If you used your own vehicle as a taxi for your job, you may be able to file Form 2106-EZ instead.

If you do not have to file Form 2106 or 2106-EZ, list the type and amount of each expense on the dotted lines next to line 20. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 20.



Do not include on line 20 any deductible expenses you deducted on Form 1040, line 27.

- Examples of other expenses to include on line 20 are:
  - Safety equipment, small tools, and supplies needed for your job
  - Uniforms required by your employer that are not suitable for ordinary wear
  - Protective clothing required in your work, such as hard hats, safety shoes, and glasses
  - Physical examinations required by your employer
  - Dues to professional organizations and chambers of commerce
  - Subscriptions to professional journals
  - Fees to employment agencies and other costs to look for a new job in your present occupation, even if you do not get a new job.

Deduction for repayment of amounts under a claim of right. See Form 1040, line 11.

**Other Miscellaneous Deductions**

**Line 27**

Only the expenses listed next can be deducted on this line. List the type and amount of each expense on the dotted lines next to line 27. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 27.

- Gambling losses, but only to the extent of gambling winnings reported on Form 1040, line 21
- Casualty and theft losses of income-producing property from Form 4684, lines 32 and 38b, or Form 4797, line 18
- Federal estate tax on income in respect of a decedent
- Amortizable bond premium on bonds acquired before December 23, 1986
- Deduction for repayment of amounts under a claim of right if over \$3,000. See Pub. 525 for details.
- Certain unrecovered investment in a partnership
- Partnership-related work expenses of a disabled person

For more details, see Pub. 529.

**Total Itemized Deductions**

**Line 28**

Use the worksheet on page B-1 to figure the amount to enter on line 28. If the amount on Form 1040, line 27, is over \$14,300 (or \$11,350 if married filing separately).

# Instructions for Schedule B, Interest and Ordinary Dividends

**TIP** You may list more than one payer on each entry space for lines 1 and 5, but be sure to clearly show the amount paid next to the payer's name. Add the separate amounts paid by the payers based on an entry space and enter the total in the "Amount" column if you still need more space. Attach separate statements that use the same format as the printed schedule. Use your totals on Schedule B. Be sure to put your name and social security number (SSN) on the statements and attach them at the end of your return.

## What's New

You may have to pay a penalty of up to \$10,000 (more in some cases) if you are required to file Form TD F-90-22.1 (for foreign accounts and trusts), but do not do

Use Schedule B (Form 1040) if any of the following apply:

- You had over \$1,500 of taxable interest.
- Any of the *Special Rules* listed in the instructions for line 1 apply to you.
- You are claiming the exclusion of interest from Series EE or U.S. savings bonds issued after 1989.
- You had over \$1,500 of ordinary dividends.
- You received ordinary dividends as a nominee.
- You had a foreign trust, or you received a distribution from, or were a grantor of, or transferred to, a foreign trust.

See the instructions for lines 7a and 7b on page B-2.

## Part I. Interest

### Line 1 Interest

Report on line 1 all of your taxable interest interest should be shown on your Forms 1099-INT, Form 1099-OID, or substitute statements. Include interest from Series EE and U.S. savings bonds. List each payer's name and show the amount.

### Special Rules

#### Seller-Financed Mortgages

If you sold your home or other property and the buyer used the property as a personal



If you received interest as a nominee, you must give the actual owner a Form 1099-INT unless the owner is your spouse. You must also file a Form 1099-INT with the IRS for more details. See Form 1099-INT and Form 1099-OID for more information.

### Accrued Interest

When you buy bonds between interest payment dates and pay accrued interest to the seller, this interest is taxable to the seller. If you received a Form 1099 for interest as a purchaser of a bond with accrued interest, follow the rules under "Nominees" to see how to report the accrued interest on Schedule B. But identify the amount to be subtracted as "Accrued Interest."

### Tax-Exempt Interest

If you received a Form 1099-INT for tax-exempt interest, follow the rules earlier under "Nominees" to see how to report the interest on Schedule B. But identify the amount to be subtracted as "Tax-Exempt Interest."

### Original Issue Discount (OID)

If you are reporting OID in an amount less than \$10,000, show the amount on Form 1099-OID for the interest. Under "Nominees" to see how to report the OID on Schedule B. But identify the amount to be subtracted as "OID Adjustment."

### Amortizable Bond Premium

If you are reducing your interest income on a bond by the amount of amortizable bond premium, follow the rules earlier under "Nominees" to see how to report the interest on Schedule B. But identify the amount to be subtracted as "ABP Adjustment."

### Line 3 Excludable Interest on Series EE and U.S. Savings Bonds Issued After 1989

If, during 2004, you cashed Series EE or U.S. savings bonds issued after 1989 and you paid qualified higher education expenses for yourself, your spouse, or a dependent child, you may be able to exclude part or all of the interest on those bonds. See Form 8815 for details.

## Part II. Ordinary Dividends

You may have to file Form 5471 if, in 2004, you were an officer or director of a foreign corporation. You may also have



to file Form 5471 if, in 2004, you owned 10% or more of the total (a) value of a foreign corporation's stock, or (b) combined voting power of all classes of a foreign corporation's stock with voting rights. For details, see Form 5471 and its instructions.

### Line 5 Ordinary Dividends

Report on line 5 all of your ordinary dividends. This amount should be shown in box 1a of your Forms 1099-DIV or substitute statements. List each payer's name and show the amount.

### Nominees

If you received a Form 1099-DIV that includes ordinary dividends you received as a nominee that is, in your name, but the ordinary dividends actually belong to someone else, report the total on line 5. Do this even if you later distributed some or all of this income to others. Under your last entry on line 5, put a subtotal of all ordinary dividends listed on line 5. Below this subtotal, enter "Nominee Distribution" and show the total ordinary dividends you received as a nominee. Subtract this amount from the subtotal and enter the result on line 6.



If you received dividends as a nominee, you must give the actual owner a Form 1099-DIV unless the owner is your spouse. You must also file a Form 1099-DIV with the IRS for more details. See the General Instructions for Forms 1099, 1098, 5498, and W-2G and the Instructions for Form 1099-DIV.

## Part III. Foreign Accounts and Trusts

### Lines 7a and 7b Foreign Accounts

#### Line 7a

Check the "Yes" box on line 7a if either (1) in any foreign bank account, or (2) next applies:

- You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.
- At any time during the year you had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account).

For line 7a, (2) does not apply to foreign securities held in a U.S. securities account.



**Exceptions.** Check the "No" box if any of the following applies to you:

- The combined value of the accounts was \$10,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.
- You were 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, and the account was in your employer's name, and you did not have a personal financial interest in the account.
- You were an officer or employee of a domestic corporation with securities listed on national securities exchanges or assets of more than \$1 million and 50% or more shareholders of record, the account was in your employer's name; you did not have a personal financial interest in the account; and the corporation elected financial reporting to be done in accordance with the rules of the SEC.

See Form TD F-90-22.1 to find out if you are considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account). You can get Form TD F-90-22.1 by visiting the IRS website at [www.irs.gov/pub/irs-pdf/f9022-1.pdf](http://www.irs.gov/pub/irs-pdf/f9022-1.pdf).

If you checked the "Yes" box on line 7a, file Form TD F-90-22.1 by June 30, 2005, with the Department of the Treasury at the address shown on that form. Do not attach it to Form 1040.

If you are required to file Form 90-22.1 but do not do so, you may have to pay a penalty of up to \$10,000 (more in some cases).



If you checked the "Yes" box on line 7a, enter the name of the foreign country or countries in the space provided on Form 1040. Attach a separate statement if you need more space.

#### Line 7b

If you received a distribution from a foreign trust, you must provide additional information for line 7b. For details, see Form 3520 for details.

#### Line 8

If you were the grantor of, or transferor to, a foreign trust that existed during 2004, you may have to file Form 3520.

## Itemized Deductions Worksheet—Line 28

Keep for Your Records

1. Enter the total of the amounts from Schedule A, lines 4, 9, 14, 18, 19, 26, and 27 \_\_\_\_\_

2. Enter the total of the amounts from Schedule A, lines 4, 13, and 19, plus any gambling and casualty or theft losses included on line 27 \_\_\_\_\_

3. Is the amount on line 2 less than the amount on line 1?  No.  Yes. Your deduction is not limited. Enter the amount from line 1 above on Schedule A. Be sure your total gambling and casualty or theft losses are clearly identified on the dotted lines next to line 27.

4. Multiply line 3 by 80% (.80) \_\_\_\_\_

5. Enter the amount from Form 1041, line 37 \_\_\_\_\_

6. Enter \$142,791 (\$71,595 if married filing separately) \_\_\_\_\_

7. Is the amount on line 6 less than the amount on line 5?  No.  Yes. Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 28.

8. Multiply line 7 by 3% (.03) \_\_\_\_\_

9. Enter the smaller of line 4 or line 8 \_\_\_\_\_

10. Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule A, line 28 \_\_\_\_\_



# 2004 Instructions for Schedule C Profit or Loss From Business

Use Schedule C (Form 1040) to report income or loss from a business you operated or a profession you practiced as a sole proprietor. Also, use Schedule C to report wages and expenses you had as a statutory employee. An activity qualifies as a business if your primary purpose for engaging in the activity is for income or profit and you are involved in the activity in a substantial and regular way. For example, a sporadic activity or a hobby does not qualify as a business. To report income from a nonbusiness activity, see the instructions for Form 1040, line 21.

Small businesses and statutory employees with expenses of \$5,000 or less may be able to file Schedule C-1Z instead of Schedule C. See Schedule C-1Z for details.

You may be subject to state and local taxes and other requirements such as business licenses and fees. Check with your state and local governments for more information.

Section references are to the Internal Revenue Code.

- Schedule 1 to figure your tax by averaging your fishing income over the previous 3 years. Doing so may reduce your tax.
- Schedule SE to pay self-employment tax on income from any trade or business.
- Form 4862 to claim depreciation on assets placed in service in 2004, to claim amortization that began in 2004, to make an election under section 179 to expense certain property, or to report information on listed property.
- Form 4084 to report a casualty or theft gain or loss involving property used in your trade or business or income-producing property.
- Form 4797 to report sales, exchanges, and voluntary conversions (not from a casualty or theft) of trade or business property.
- Form 8721, if you are claiming a reporting credit on Schedule C-1Z for any benefit from an interest purchased or otherwise required in a tax shelter required to be registered with the IRS.
- Form 8594 to report certain purchases or sales of groups of assets that constitute a trade or business.
- Form 8824 to report like-kind exchanges.
- Form 8829 to claim expenses for business use of your home.

Husband-wife business. If you and your spouse jointly own and operate a business and file in the future, you and your spouse may have a formal partnership agreement. Do not use Schedule C or C-1Z. Instead, file Form 1065. See Pub. 541 for more details.

**Exception.** If you and your spouse jointly own an unincorporated business as community property, you may file on the property laws of a state, foreign country, or U.S. possession, you can treat the business as a partnership. You can treat the business as a sole proprietorship or a partnership. The only states with community property laws are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. A change in

jurisdiction may affect your participation in the transaction. You may have to pay a penalty if you are required to file Form 1065 but do not do so. The following are reportable transactions:

- Any transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS.

See Form 8836 to disclose information for each reportable transaction in which you are required to file your return.

Each tax year, your return must file in the state in which your community property liability is affected by your participation in the transaction. You may have to file a return in the state in which your community property liability is affected by your participation in the transaction. You may have to pay a penalty if you are required to file Form 1065 but do not do so. The following are reportable transactions:

- Any transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS.

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## What's New

- The maximum amount of business expenses you can have and qualify to file Schedule C-1Z is increased from \$3,500 to \$5,000 for 2004. For other requirements you must meet, see Schedule C-1Z.
- You can use up to four vehicles simultaneously in your business and use the standard mileage rate. For details, see the instructions for line 6 beginning on page C-3.
- For certain business start-up costs paid or incurred after October 22, 2004, you can elect to deduct up to \$5,000. This limit is reduced by the amount by which your start-up costs exceed \$50,000. Also, the amortization period for certain business start-up costs paid or incurred after October 22, 2004, has been increased to 15 years. For details, see Pub. 535.
- You can elect to deduct costs of certain non-qualified dependent production obligations that began after October 22, 2004. For details, see Pub. 535.
- You can elect to deduct certain forestation and reforestation costs and amortizing them over 84 months. This election does not apply to estates and trusts. Also, the dollar limitation for amortization on certain forestation and reforestation costs paid or incurred after October 22, 2004, has been eliminated. For details, see Pub. 535.

## General Instructions

### Other Schedules and Forms You May Have to File

- Schedule A to deduct interest, taxes, and casualty losses not related to your business.
- Schedule E to report rental real estate and royalty income or (loss) that is not subject to self-employment tax.
- Schedule F to report profit or (loss) from farming.

## Line F

Generally, you can use the cash method, accrual method, or any other method permitted by the Internal Revenue Code. In all cases, the method used must clearly reflect income. Unless you are a qualified taxpayer on a qualifying small business tax plan or a taxpayer who elects the accrual method under the Part 1562 regulations on page C-6 for the determination of a qualifying taxpayer and a qualifying small business taxpayer, special rules apply to long-term contracts. See section 460 for details.

If you use the cash method, show all items of income, including any cash or constructively received during the year, or any cash, property, or services, business or otherwise, received when it is credited to your account or set aside for you to use. Also, show amounts actually paid during the year for deductible expenses. However, if the payment of an expenditure creates an asset having a useful life that extends substantially beyond the close of the year, it may not be deductible. See the instructions on page 6 for the year of the payment. See Pub. 535.

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. Report for deductible expenses the amount owed to a related cash basis taxpayer. Other rules determine the timing of deductions based on economic performance. See Pub. 535.

To change your accounting method, you generally must file Form 3115. You may, however, file Form 3115 to change the method of accounting for income or expense (not both) duplicated or omitted. This is called a section 481(b) adjustment.

**Example.** You change to the cash method of accounting and choose to account for the life items in the same manner as in the previous year. You do not incur any items in 2003 for which you received payment in 2004. You must report those sales in both years as a result of changing your accounting method and must make a section 481(b) adjustment to prevent duplication of income.

A net negative section 481(b) adjustment is taken into account, entirely in the year of the change. A net positive section 481(b) adjustment is generally taken into account over a period of 4 years. Include any net positive section 481(b) adjustments on line 6. If the net section 481(b) adjustment is negative, report it on Part V.

For details on figuring section 481(b) adjustments, see the instructions for Form 3115, Rev. Proc. 2004-23, 2004-16 IRB 785, available at [www.irs.gov/irb/2004-16\\_IRB/ar11.html](http://www.irs.gov/irb/2004-16_IRB/ar11.html), and Rev. Proc. 2004-57, 2004-13 IRB 405, available at [www.irs.gov/irb/2004-13\\_IRB/ar11.html](http://www.irs.gov/irb/2004-13_IRB/ar11.html).

### C-2

## Line G

If your business activity was not a material activity and you met any of the material participation tests below, of the exception for oil and gas applies (explained on page C-3), check the "Yes" box. Otherwise, check the "No" box. If you check the "No" box, you have a loss from this business, see *Limit on losses* on page C-3. If you have a profit from this business activity, but have certain year losses, it is an other passive activity as you have prior year unallowed losses. See the instructions for Form 8824.

**Material participation.** Participation, for purposes of the seven material participation tests listed below, generally includes any activity in which you are involved, whether or not you own an interest in the activity, at the time you did the work. The capacity in which you did the work does not matter. However, work is not treated as participation if it is work that an owner would not customarily do in the same type of activity. For example, if you are engaged in logging work, you would not be considered to be working to avoid the depletion of the woods or credits from the activity under the passive activity rules.

Work you did as an investor in an activity is not treated as participation unless you were directly involved in the day-to-day management or operations of the activity. Work done as an investor includes:

- Studying and reviewing financial statements or reports on the activity.
- Preparing or compiling summaries or analyses of the business or operations of the activity for your own use; and
- Monitoring the business or operations of the activity in a nonmanagerial capacity.

Participation by your spouse during the tax year is treated as your participation if you are considered as your partner in the activity. This applies even if your spouse did not own an interest in the activity and whether or not you and your spouse file a joint return.

For purposes of the passive activity rules, you materially participated in the operation of this trade or business activity during 2004 if you met any of the following seven tests:

1. You participated in the activity for more than 500 hours during the tax year.
2. Your participation in the activity for the tax year was substantially all of the time you spent in the activity, and you had any interest in the activity for the tax year.
3. You participated in the activity for more than 100 hours during the tax year, and you participated at least as much as any other person for the tax year. This includes individuals who did not own any interest in the activity.
4. The activity is a significant participation activity for the tax year, and you participated in the activity for more than 500 hours during the year. An activity is a significant participation activity if it involves the operation of a trade or business, you participated in the activity for more than 100 hours dur-

- Any transaction entered under conditions of confidentiality for which you paid an advisory fee.
- Any transaction for which you have contractual protection against disavowance of the tax benefits.

A transaction resulting in a loss of \$4 million or more in any single tax year or \$4 million or more in any combination of tax years (at least \$50,000 for a single tax year) of the loss arose from a foreign currency transaction defined in section 988, a 11, whether or not the loss flows through a trust, an S corporation or partnership.

Any transaction resulting in a book-tax difference of more than \$10 million or any transaction resulting in a tax credit for more than \$250,000, or the lesser limiting the credit for 45 days or less.

See the instructions for Form 8886 for more details and exceptions.

**Additional Information**  
See Pub. 334 for more information for small businesses.

## Specific Instructions

Form 1041. It is not complete the box labeled "Social security number (SSN)." Instead, enter your employer or identification number (EIN) on line 1.

## Line A

Describe the business or principal activity that provided your principal source of income reported on line 1. If you owned more than one business, you must complete a separate Schedule C for each business. Give the general field or activity, and the field or activity is a wholesale or retail trade or services connected with production services (mining, construction, or manufacturing), also give the type of customer or client. For example, "wholesale sale of hardware to retailers," or "appraisal of real estate for lending institutions."

## Line D

You need an employer identification number (EIN) only if you had a qualified retirement plan or were required to file an annual information return. If you do not need an EIN, see the instructions for Form D blank. Do not enter your SSN.

## Line E

Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any. If you conducted the business from your home, enter the address shown on Form 1040, page 1, you do not have to complete this line.

### C-1

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ing the tax year, and you did not materially participate under any of the material tax preparer tests (other than this test 4).

5. You materially participated in the activity for any 5 of the prior 10 tax years.

6. The activity is a personal service activity in which you materially participated for any 5 prior tax years. A personal service activity is an activity that involves performing personal services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, or any other trade or business in which capital is not a material income-producing factor.

7. Based on all the facts and circumstances, you participated in the activity on a regular basis during the tax year. But you did not do so for 160 hours or less during the tax year.

Your participation in managing the activity does not count in determining if you meet this test if any person (except you) (a) received compensation for performing management services in connection with the activity or (b) spent more hours during the tax year than you spent performing management services in connection with the activity (regardless of whether the person was compensated for the services).

**Rental of personal property.** A rental activity (such as long-term equipment leasing) is a passive activity even if you materially participated in the activity. However, if you met any of the five exceptions listed under *Rental Activities* in the instructions for Form 8882, the rental of the property is not treated as a rental activity and the material participation rules above apply.

**Exception for oil and gas.** If you are filing Schedule C to report income and deduct losses from an oil or gas well in which you own a working interest directly or through an entity that does not limit your liability, check the "Yes" box. The activity of owning the working interest is not a passive activity regardless of your participation.

**Limit on losses.** If you checked the "No" box and you have a loss from this business, you may have to use Form 8882 to figure your allowable loss. If any, to enter on Schedule C, line 31. Generally, you can deduct losses from passive activities only to the extent of income from passive activities. For details, see Pub 935.

**Line H**

If you started or acquired this business in 2004, check the box on line H. Also check this box if you are expanding or restarting this business after temporarily closing it, and you did not file a 2003 Schedule C or C-EZ for this business.

**Part I. Income**

Except as otherwise provided in the Internal Revenue Code, gross income includes revenue from whatever source derived. Gross income, however, does not include

extraterritorial income (not as qualifying foreign trade income. See Form 8873 to figure the extraterritorial income exclusion. Report it on Schedule C as explained in the Instructions for Form 8873).

**Line 1**

Enter gross receipts from your trade or business. Include amounts you received in your trade or business that were properly shown on Forms 1099-MISC. If the total amounts that were reported in box 7 of Form 1099-MISC are more than the total amount you are reporting on line 1, attach a statement explaining the difference.

**Statutory employees.** If you received a Statutory W-2 and the "Statutory employee" box in box 13 of that form was checked, report your income and expenses related to that income on Schedule C or C-EZ. Enter your statutory employee income from box 1 of Form W-2 on line 1 of Schedule C or C-EZ, and check the box on that line. Social security and Medicare tax should have been withheld from your earnings; therefore, you do not owe self-employment tax on these earnings. Statutory employees include full-time life insurance agents, certain traveling salespersons, and certain home workers.

If you had both self-employment income and statutory employee income, you must first report the statutory employee income on Schedule C-EZ or combine these amounts on a single Schedule C.

**Installment sales.** Generally, the installment method cannot be used to report income from the sale of (a) personal property (other than a boat), (b) real property held for resale to customers, (c) real property held for resale to customers. But the installment method can be used to report income from sales of certain residential lots and timeshares. If you elect to pay interest on the tax due on that income after the year of sale, see section 453(l)(2)(B) for details. If you make this election, include the interest on Form 1041, line 62. Also, enter "453(l)(3)" and the amount of the interest on the dotted line to the left of line 62.

If you use the installment method, attach a schedule to your return. Show separately for 2004 and the 3 preceding years gross sales, cost of goods sold, gross profit percentage of gross profit, gross sales, amounts collected, and gross profit in amounts collected.

**Line 6**

Report on line 6 amounts from finance received, interest, scrap sales, bad debts, you recovered, interest (such as on notes and accounts receivable), state gasoline or fuel tax refunds you got in 2004, credit for (a) tax paid on gasoline or other fuels claimed on your 2003 Form 1040, prizes and awards related to your trade or business, and other interest of miscellaneous business or investment income you received in your trade or business. Also, include any recapture of the deduction for clean-fuel

C-3

- Owned the vehicle and use the standard mileage rate for the entire lease period (except the period, if any, before 1998).
- Leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).

If you deduct actual expenses: 

- Includes on line 9 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc., and
- Show depreciation on line 13 and rent or lease payments on line 20.

If you take the standard mileage rate, multiply the number of business miles by 37.5 cents. Add to this amount you pay for tires and tolls, and enter the total on line 9. Do not deduct depreciations, rent or lease payments, or your actual operating expenses.

For details, see Pub. 463.

**Information on your vehicle.** If you claim any car and truck expenses, you must provide certain information on the use of your vehicle by completing one of the following: 

- Schedule C, Part IV, or Schedule C-EZ, Part III, if (a) you are claiming the standard mileage rate you lease your vehicle, or your vehicle is fully depreciated for any other reason. If you determine that

own vehicle during the year, attach your own schedule with the information requested in Schedule C, Part IV, or Schedule C-EZ, Part III, for each additional vehicle. 

- Form 4562, Part V, if you are claiming depreciation on your vehicle or you are required to do so under section 168.

 See the instructions for line 13.

**Line 11**

Enter the total cost of contract labor for the tax year. Do not include contract labor for contract labor that you included in Part III. Also, do not include salaries and wages paid to your employees. Instead see line 26.

**Line 12**

Enter your deduction for depletion on this line. If you have neither depletion, attach Form 1. See Pub. 535 for details.

**Line 13**

Depreciation and section 179 expense deduction. Depreciation is the annual decrease in value of an asset due to wear, tear, obsolescence, or investment property having a useful life substantially beyond the tax year. You can also depreciate improvements made to leased business property. However, stock in trade, inventory, and land are not depreciable. Depreciation on your business or for the production of income. If end when you take the property cost or other basis, or no longer use the property in your business or for the produc-

tion of income. You can also elect under section 179 to expense part of the cost of certain property you bought in 2004 for use in your business. See the instructions for Form 4562 to figure the amount to enter on line 13.

**When to attach Form 4562.** You must complete and attach Form 4562, only if 

- You are claiming depreciation on property placed in service during 2004,
- You are claiming depreciation on listed property (defined below), regardless of the date it was placed in service, or
- You are claiming a section 179 expense deduction.

If you acquired depreciable property for the first time in 2004, see Pub. 546. Listed property generally includes, but is not limited to: 

- Passenger automobiles weighing 6,000 pounds or less,
- Any other property used for transportation if the nature of the property lends itself to personal use, such as motor cycles, pickup trucks, etc.,
- Any property used for entertainment or recreational purposes (such as photographic, cinematographic, communication, and video-recording equipment),
- Cellular telephones or other similar telecommunications equipment, and
- Computers or peripheral equipment.

**Exceptions.** Listed property does not include photographic, cinematographic, communication, or video equipment used exclusively in your trade or business or if it does not include any computer or peripheral equipment used exclusively at a regular business establishment and owned or leased by the person operating the establishment. For purposes of these exceptions, a portion of your home is treated as a regular business if the requirements under section 280A(c)(1) for deducting expenses for the business use of your home. See the instructions for lines 6 on page C-3. If the business use percentage of listed property decreased to 50% or less in 2004.

**Line 14**

Deduct contributions to employee benefit plans that meet the nondiscrimination requirements of the Internal Revenue Code. Examples are pension, profit-sharing, and health plans, group-term life insurance, and dependent care assistance programs. If you made contributions on your behalf as a self-employed person, to dependent or minor children, or to a trust, enter "self" in Part I and III, to figure your deductible contributions to that program.

Do not include on line 14 any contributions you made on your behalf as a self-employed person to an accident and health plan or for group-term life insurance. You may be able to deduct on Form 1040, line 31, the amount you paid for health insurance on behalf of yourself, your spouse,

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and dependents, even if you do not itemize your deductions. See the instructions for Form 1040, line 31, for details.

**Line 15**

Deduct premiums paid for business auto liability insurance, health insurance, life insurance, paid for employee accident and health insurance. Do not deduct amounts or premiums paid for a policy that pays for your loss earnings due to sickness or disability. For details, see Pub. 535.

**Lines 16a and 16b**

**Interest allocation rules.** The tax treatment of interest expense differs depending on its type. For example, home mortgage interest and investment interest are treated differently. Interest on a loan is allocated to the activity that attracts the most interest on the correct line of your return and receives the right tax treatment. These rules could affect how much interest you are allowed to deduct on Schedule C or C-EZ.

Generally, you allocate interest expense by tracing how the proceeds of the loan were used. See Pub. 535 for details.

If you paid interest on a debt secured by your main home and any of the proceeds from that debt were used in connection with your trade or business, see Pub. 535 to figure the amount that is deductible on Schedule C or C-EZ.

**How to report.** If you have a mortgage on real property used in your business (other than your main home), enter on line 16a the interest you paid for 2004 to banks or other financial institutions for which you received a Form 1098 (or a similar amount) for the year. If you received a Form 1098, enter the interest on line 16b.

If you paid more mortgage interest than is shown on Form 1098, see Pub. 535 to find out if you can deduct the additional interest. Attach a statement to your return explaining the difference and enter "See attached" in the margin next to line 16a.

If you and, at least one, other person (other than you) own the real property, the rental was liable for and paid interest on the mortgage and the other person received the Form 1098, include your share of the interest on line 16b. Attach a statement to your return showing the name and address of the person who received the Form 1098 and the amount of interest next to line 16b, enter "See attached."

If you paid interest in 2004 that applies to future years, deduct only the part that applies to 2004.

**Line 17**

Include on this line fees for tax advice related to your business and for preparation of the tax forms related to your business.



also include the amount collected in gross receipts or sales on line 1.

- Real estate and personal property taxes on business assets
Licenses and regulatory fees for your trade or business paid each year to state or local governments. But some licenses, such as liquor licenses, may have to be amortized. See Pub 535 for details.

- Social security and Medicare taxes paid to match required withholding from your employees' wages. Also, federal unemployment tax paid. Reduce your total by the amount shown on Form 8846, line 4.

- Federal highway use tax
Do not deduct the following on this line:
Federal income taxes, including your self-employment tax. However, you can deduct on Form 1041, line 30.

- State and gift taxes
Taxes assessed to pay for intangible items, such as paving and sewers.

- Taxes on your home or personal use property
State and local sales taxes on property purchased for use in your business. Instead, treat these taxes as part of the cost of the property.

- State and local sales taxes imposed on the buyer that you were required to collect and pay over to state or local governments. These taxes are not included in gross receipts or sales tax, are they a deductible expense. However, if the state or local government allowed you to retain any part of the sales tax you collected, you must include that amount as income on line 6.

Other taxes and license fees not related to your business.

Line 24a

Enter your expenses for lodging and transportation connected with overnight travel for business while away from your tax home. Generally, your tax home is your main place of business regardless of where you maintain your family home. You cannot deduct expenses paid or incurred in connection with employment away from home. Also, do not deduct expenses for periods for your spouse, your dependent, or any other individual unless that person is your employee, the travel is for a bona fide business purpose, and the expenses would otherwise be deductible by that person.

Do not include expenses for meals and entertainment on this line. Instead, see the instructions for lines 24b and 24c on this page.

Instead of keeping records of your actual meal expenses, you can use an optional method for deducting incidental expenses only if you did not pay or incur meal expenses on a day you were traveling away from your tax home. The amount of the deduction is \$3 a day. Incidental expenses include fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards or stewardesses in foreign countries, and hotel servants in foreign

countries. They do not include expenses for laundry, cleaning and pressing of clothing, lodging taxes, or the costs of telegrams or telephone calls. You cannot use this method on any day that you use the standard meal allowance (as explained in the instructions for lines 24b and 24c).

You cannot deduct expenses for attending a foreign convention unless it is directly related to your trade or business, and it is reasonable for the meeting to be held outside the United States. Meals may not be deducted if those rules apply to business or water travel.

For details, see Pub 463.

Lines 24b and 24c

On line 24b, enter your total business meal and entertainment expenses. Include meal and entertainment expenses from home or business, instead of the actual cost of your meals while traveling away from home, you can use the standard meal allowance for your daily meals and incidental expenses. Under this method, you deduct a specified amount, depending on where you travel, instead of keeping records of what you still keep. Do not include the time, place, and business purpose of your travel.

The standard meal allowance is the federal MAFI rate. You can find these rates on the Internet at www.fedtravel.gov/PerDiem. Meal allowances applying to the continental United States are published in tables on the Internet at www.state.gov.

See Pub 463 for details on how to figure your deduction using the standard meal allowance, including special rules for part-time days of travel.

Business meal expenses are deductible only if they are (a) directly related to or associated with the active conduct of your trade or business, (b) not lavish or extravagant, and (c) accrued while you or your employee is present at the meal.

You cannot deduct any expense paid or incurred for a facility (such as a yacht or hunting lodge) used for any activity usually considered entertainment, amusement, or recreation.

Also, you cannot deduct membership dues for any club organized for business, pleasure, recreation, or other social purpose. This includes country clubs, golf and country clubs, athletic and hotel clubs, and clubs organized for business or recreation. But it does not include civic or public service organizations, professional organizations (such as bar and medical associations), business leagues, trade associations, chambers of commerce, boards of trade, and real estate boards, unless a principal purpose of the organization is to entertain, or provide entertainment facilities for, members or their guests.

There are exceptions to these rules, as well as other rules that apply to sky-box meals, and tickets to entertainment events. See Pub 463.

Line 19

Enter your deduction for contributions to a pension, profit-sharing, or annuity plan, or a plan for the benefit of your employees. If your plan is included on a self-employed person's return, enter the amount of the contribution on your behalf on Form 1041, line 32, not on Schedule C.

Generally, you must file the applicable form listed below if you maintain a pension, profit-sharing, or other funded deferred compensation plan, or a self-employed retirement plan affected by a minimum Revenue Code, or whether or not you claim a deduction for the current tax year. There is a penalty for failure to timely file these forms.

- Form 5500. File this form for a plan that is not a one-participant plan (see below).
Form 5500-EZ. File this form for a one-participant plan. A one-participant plan is a plan that only covers you (or you and your spouse).

For details, see Pub 560.

Lines 20a and 20b

If you rented or leased vehicles, machinery, or equipment, enter on line 20a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an amount called the inclusion amount. See Pub 463 to figure your inclusion amount.

Enter on line 20b amounts paid to rent or lease office property, such as office space in a building.

Line 21

Deduct the cost of repairs and maintenance (including labor, supplies, and overhead) that do not add to the value or increase the life of the property. Do not deduct the value of your own labor. Do not deduct amounts spent to renovate or replace property, they must be capitalized.

Line 22

Generally, you can deduct the cost of supplies only if they actually were consumed during the tax year (unless, you deducted them in a prior tax year). However, if you had incidental supplies on hand for which you kept no inventories or records of use, you can deduct the cost of supplies you actually purchased during the tax year, provided that method clearly reflects income.

Line 23

You can deduct the following taxes and licenses on this line:
State and local sales taxes imposed on you as the seller of goods or services. If you collected the tax from the buyer, you must

- Form 8884. New York Liberty Zone Business Employee Credit, line 2.



If you provided taxable fringe benefits to your employees, you may be subject to the Department of Treasury (DOTT) hours of service limits, that percentage must be at least 70% for business hours of service. The DOTT hours of service limits include the following:

- Certain air transportation workers such as pilots, crew, dispatchers, mechanics, and general aviation administrators who are under DOT regulations.
Interest-free truck operators who are under DOT regulations.
Certain fire department members who are under Fire Department regulations.

Line 30

Business use of your home. You may be able to deduct certain expenses for business use of your home, subject to limitations on the amount of the deduction. For details, see the instructions for Form 8829 and Pub 587.

Line 31

If you have a loss, the amount of loss you can deduct this year is limited to the amount on line 32 before entering your loss on line 31. If you answered "No" to Schedule C, Question G, also see the instructions for Form 8582. Enter the net profit or deductible loss here. Combine this amount with any profit or loss from other businesses, and enter the net profit or loss on line 32. See Pub 535 for details and other exceptions.

If you have a net profit on line 31, this amount is your net profit. It may qualify for the energy-related tax credit on Form 1040, lines 65a and 65b, for details.

Statutory employees. Include your net profit or loss from line 31 with other income on Form 1041, line 12. However, do not report this amount on Schedule SE, line 2. If you are required to file Schedule SE, because of other self-employment income, see the instructions for Schedule SE.

Line 32

At-risk rules. Generally, if you have (a) a business loss and (b) amounts in the business for which you are not at risk, you will have to complete Form 6198 to figure your allowable loss. The at-risk rules generally apply to the amount of loss on line 31, including loss on the disposition of assets. See Pub 535 for the amount you could actually lose in the business.

Check box 32b if you have amounts for which you are not at risk in this business, such as the following:
Nonrecourse loans used to finance the business, or to acquire the business that are not secured by your own property (other than property used in the business). However, there is an exception for certain nonrecourse financing borrowed by you in connection with holding real property.
Cash or property contributed to the business, or used to acquire the business, that are protected against loss by a guarantee, stop-loss agreement, or other similar

arrangement (excluding casualty insurance or insurance against theft liability).
Amounts borrowed for use in the business from a relative, as a creditor, or who is related under section 465(b)(3) to a person (other than you) having such an interest.

If all amounts are at risk in the business, check box 32a and enter your loss on line 31. But if you answered "No" to Question (c), you may need to complete Form 8582 to figure your deductible loss. See the instructions for Form 582 for details.

If you checked box 32b, see Form 6198 to determine the amount of your deductible loss. Your loss may be further limited. See the instructions for Form 8582. If your at-risk amount is zero or less, enter -0- on line 31. Be sure to attach Form 6198 to your return. If you checked box 32b and you do not attach Form 6198, the processing of your return may be delayed.

Any loss from this business, not allowed by the at-risk rules, is treated as a deduction for the business in 2005. For details, see the instructions for Form 6198 and Pub 925.

Part III. Cost of Goods Sold

Generally, if you engaged in a trade or business in which the production, purchase, or sale of merchandise was an income-producing activity, you must report the cost of goods sold into account at the beginning and end of your tax year.

However, if you are a qualifying taxpayer, or a qualifying small business taxpayer, you can account for inventory-related items in the same manner as materials and supplies that are not incidental. To change your accounting method, see the instructions for line 1 on page C-2.

A qualifying taxpayer is a taxpayer (a) whose average annual gross receipts for the three tax years are \$1 million or less, and (b) who is not a dealer in real estate (as defined in section 445(d)(3)).

A qualifying small business taxpayer is a taxpayer (a) whose average annual gross receipts for the three prior tax years are more than \$1 million but not more than \$10 million, (b) whose business is not a tax shelter (as defined in section 448(d)(3)), and (c) whose principal business activity is not an activity described in section 1361. See Pub 2002-25 on page 815 of Internal Revenue Bulletin 2002-18 at www.irs.gov/pub/irs-rb/02-18.pdf.

Under this accounting method, you can deduct the cost of raw materials purchased for use in producing finished goods and merchandise purchased for resale as deductible in the year the finished goods or merchandise are sold (but not before the sale). If you are also using the cash method, enter amounts paid for all raw materials and merchandise during 2004 on



Department of the Treasury  
Internal Revenue Service

# 2004 Instructions for Schedule D

## Capital Gains and Losses

Use Schedule D (Form 1040) to report the following:

- The sale or exchange of a capital asset (defined on this page) not reported on another form or schedule.
- Gains from involuntary conversions (other than from casualty or theft) of capital assets not held for business or profit.
- Capital gain distributions not reported directly on Form 1040, line 13.
- Nonbusiness bad debts.

Additional information. See Pub. 544 and Pub. 550 for more details. Use a comprehensive filled-in example of Schedule D, see Pub. 550.

Section references are to the Internal Revenue Code unless otherwise noted.

4. Did you buy on the sale, exchange, or worthlessness of such business investment property (section 1221) stock?

5. Ordinary loss on the sale, exchange, or worthlessness of such business investment property.

6. Ordinary gain or loss on securities that you got from someone who had received it in a similar way, if your basis is determined by reference to the previous owner's basis.

7. Certain commodities derivative financial instruments held by a dealer. See section 1221(a)(6).

8. Certain holding transactions entered into in the normal course of your trade or business. See section 1221(b)(7).

9. Supplies regularly used in your trade or business.

### Short Term or Long Term

Separate your capital gains and losses according to how long you held or owned the property. The holding period for short-term capital gains and losses is 1 year or less. The holding period for long-term capital gains and losses is more than 1 year. The holding period begins on the day after you acquired the property and includes the day you disposed of it.

If you disposed of property that you acquired by inheritance, report the depreciation as a long-term gain or loss, regardless of how long you held the property.

A nonbusiness bad debt must be treated as a short-term capital loss. See Pub. 550 for what qualifies as a nonbusiness bad debt and how to enter it on Schedule D.

### Capital Gain Distributions

These distributions are paid by a mutual fund or other regulated investment company or real estate investment trust on the distributions of net realized short-term capital gains that are not treated as capital gains. Instead, they are included on Form 1099-DIV as ordinary dividends.

Enter on line 13 the total capital gain distributions paid to you during the year, regardless of how long you held your in-

### General Instructions

#### What's New

Tax computation using maximum capital gain tax rate. You can use the Qualified Dividend and Capital Gain Tax Worksheet on page 34 of the Instructions for Form 1040 to figure your tax if you have net capital gain or qualified dividends. However, if you have any 25% rate gain (unrecaptured section 1250 gain) or 28% rate gain, you will still use the Schedule D Tax Worksheet on page D-9 to figure your tax. Part IV of Schedule D has been eliminated.

Use Form 6781 to report gain and loss from section 1256 contracts and straddles.

Use Form 8824 to report like-kind exchanges of like-kind real property when you exchange business or investment property for property of a like kind.

### Capital Asset

Most property you own and use for personal purposes, pleasure, or investment is a capital asset. For example, your house, furniture, car, stocks, and bonds are capital assets. A capital asset is any property held by you on the date of the following:

- Stock or trade or other property included in inventory or held mainly for sale to customers.
- Accounts or notes receivable for services performed in the ordinary course of your trade or business or as an employee or partner in a trade or business.
- Property held mainly for sale to customers.
- Depreciable and amortizable property.
- Oil, gas, geothermal, or other mineral property.
- Section 126 property.
- The inventor's contribution, other than from casualty or theft, of property used in a trade or business and capital asset held for business or profit.
- Other than inventory or property held primarily for sale to customers in the ordinary course of your trade or business.

### Other Forms You May Have To File

Use Form 4797 to report the following:

- The sale or exchange of:
  - Property used in a trade or business;
  - Depreciable and amortizable property.
- Oil, gas, geothermal, or other mineral property; and
- Section 126 property.

The inventor's contribution, other than from casualty or theft, of property used in a trade or business and capital asset held for business or profit.

Other than inventory or property held primarily for sale to customers in the ordinary course of your trade or business.

### Capital Loss Carryover Worksheet

Use the Capital Loss Carryover Worksheet on page D-6 to figure your capital loss carryover from 2003 to 2004. You will need a copy of your 2003 Form 1040 and Schedule D.

### Gain on Home Acquired in a Like-Kind Exchange

If you sold or exchanged your home for another home in a like-kind exchange, you may not be able to exclude any of the gain. See *Sale of Your Home on page D-2* for details.

81140	Commercial & industrial machinery & equipment (electronic repair & maintenance)	44010	Other birth & personal care items	85300	Support activities for transportation (including motor vehicle laundry)
81120	Electronics & television maintenance	44120	Motor vehicle & parts dealers	85310	Couriers & messengers
81140	Footwear & leather goods repair	44220	Book dealers	85320	Warehousing & storage facilities
81110	Home & garden equipment & maintenance	44320	Motorcycle dealers	85330	Utilities
81420	Refrigerators & freezer maintenance	44420	Recreational vehicle dealers (including motor home & travel trailer dealers)	85340	Wholesale Trade
81490	Other personal & household goods repair & maintenance	44520	Sporting goods, hobby, book, & music stores	85350	Wholesale Electronic Markets and Agents & Brokers
91010	Professional, scientific, & technical services	44620	Book stores	85360	Wholesale Electronic Markets and Agents & Brokers
54210	Administrative services	44720	Record stores	85370	Wholesale Electronic Markets and Agents & Brokers
54150	Building inspection services	44820	Record stores	85380	Wholesale Electronic Markets and Agents & Brokers
54130	Building services	44920	Record stores	85390	Wholesale Electronic Markets and Agents & Brokers
54150	Engineering services	45020	Record stores	85400	Wholesale Electronic Markets and Agents & Brokers
54150	Geophysical surveying & mapping services	45120	Record stores	85410	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	45220	Record stores	85420	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	45320	Record stores	85430	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	45420	Record stores	85440	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	45520	Record stores	85450	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	45620	Record stores	85460	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	45720	Record stores	85470	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	45820	Record stores	85480	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	45920	Record stores	85490	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	46020	Record stores	85500	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	46120	Record stores	85510	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	46220	Record stores	85520	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	46320	Record stores	85530	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	46420	Record stores	85540	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	46520	Record stores	85550	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	46620	Record stores	85560	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	46720	Record stores	85570	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	46820	Record stores	85580	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	46920	Record stores	85590	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	47020	Record stores	85600	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	47120	Record stores	85610	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	47220	Record stores	85620	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	47320	Record stores	85630	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	47420	Record stores	85640	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	47520	Record stores	85650	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	47620	Record stores	85660	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	47720	Record stores	85670	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	47820	Record stores	85680	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	47920	Record stores	85690	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	48020	Record stores	85700	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	48120	Record stores	85710	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	48220	Record stores	85720	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	48320	Record stores	85730	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	48420	Record stores	85740	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	48520	Record stores	85750	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	48620	Record stores	85760	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	48720	Record stores	85770	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	48820	Record stores	85780	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	48920	Record stores	85790	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	49020	Record stores	85800	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	49120	Record stores	85810	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	49220	Record stores	85820	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	49320	Record stores	85830	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	49420	Record stores	85840	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	49520	Record stores	85850	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	49620	Record stores	85860	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	49720	Record stores	85870	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	49820	Record stores	85880	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	49920	Record stores	85890	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	50020	Record stores	85900	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	50120	Record stores	85910	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	50220	Record stores	85920	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	50320	Record stores	85930	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	50420	Record stores	85940	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	50520	Record stores	85950	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	50620	Record stores	85960	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	50720	Record stores	85970	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	50820	Record stores	85980	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	50920	Record stores	85990	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	51020	Record stores	86000	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	51120	Record stores	86010	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	51220	Record stores	86020	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	51320	Record stores	86030	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	51420	Record stores	86040	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	51520	Record stores	86050	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	51620	Record stores	86060	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	51720	Record stores	86070	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	51820	Record stores	86080	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	51920	Record stores	86090	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	52020	Record stores	86100	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	52120	Record stores	86110	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	52220	Record stores	86120	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	52320	Record stores	86130	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	52420	Record stores	86140	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	52520	Record stores	86150	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	52620	Record stores	86160	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	52720	Record stores	86170	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	52820	Record stores	86180	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	52920	Record stores	86190	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	53020	Record stores	86200	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	53120	Record stores	86210	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	53220	Record stores	86220	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	53320	Record stores	86230	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	53420	Record stores	86240	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	53520	Record stores	86250	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	53620	Record stores	86260	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	53720	Record stores	86270	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	53820	Record stores	86280	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	53920	Record stores	86290	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	54020	Record stores	86300	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	54120	Record stores	86310	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	54220	Record stores	86320	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	54320	Record stores	86330	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	54420	Record stores	86340	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	54520	Record stores	86350	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	54620	Record stores	86360	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	54720	Record stores	86370	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	54820	Record stores	86380	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	54920	Record stores	86390	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	55020	Record stores	86400	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	55120	Record stores	86410	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	55220	Record stores	86420	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	55320	Record stores	86430	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	55420	Record stores	86440	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	55520	Record stores	86450	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	55620	Record stores	86460	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	55720	Record stores	86470	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	55820	Record stores	86480	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	55920	Record stores	86490	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	56020	Record stores	86500	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	56120	Record stores	86510	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	56220	Record stores	86520	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	56320	Record stores	86530	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	56420	Record stores	86540	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	56520	Record stores	86550	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	56620	Record stores	86560	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	56720	Record stores	86570	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	56820	Record stores	86580	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	56920	Record stores	86590	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	57020	Record stores	86600	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	57120	Record stores	86610	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	57220	Record stores	86620	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	57320	Record stores	86630	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	57420	Record stores	86640	Wholesale Electronic Markets and Agents & Brokers
54150	Landscaping services	57520	Record stores	86650	Wholesale Electronic Markets and Agents & Brokers
5415					

amount. The amount is shown in box 24 of Form 1099-DIV.

If there is an amount in box 26, include that amount on line 11 of the (Three-part) Section 1250 Gain Worksheet on page D-8 if you complete line 19 of Schedule D.

If there is an amount in box 26, see *Exclusion of Gain on Qualified Small Business (QSBS) Stock* on page D-4.

If there is an amount in box 24, include that amount on page 4 of the 28% Rate Gain Worksheet on page D-7 if you complete line 18 of Schedule D.

If you received capital gain distributions as a retiree (that is, they were paid to you but actually belong to someone else), report that amount on line 11 of Form 1099-DIV. Attach the name of the beneficiary of the amount you received and the instructions that accompanied the Form 1099-DIV for filing requirements for Forms 1099-DIV and 1099.

### Sale of Your Home

If you sold or exchanged your main home, do not report it on your tax return unless your gain exceeds your exclusion amount. Your exclusion amount is zero if you acquired your home in a like-kind exchange and you sold or exchanged the home after October 22, 2004, and during the 5-year period beginning on the date you acquired it. Generally, if you meet the two tests below, you can exclude up to \$250,000 of gain if both you and your spouse meet these tests and you file a joint return, you can exclude up to \$500,000 of gain, but only one spouse needs to meet the ownership requirement in Test 1.

**Test 1.** You owned and used the home as your main home for 2 years or more during the 5-year period ending on the date you sold or exchanged your home.

**Test 2.** You have not sold or exchanged another main home during the 2-year period ending on the date of the sale or exchange of your home.

Even if you do not meet one or both of the above two tests, you still can claim an exclusion if you sold or exchanged the home because of a change in place of employment, health, or certain unforeseen circumstances. In this case, the maximum amount of gain you can exclude is reduced.

You can choose to have the 5-year test period for ownership and use in Test 1 above suspended during any period you or your spouse serve on qualified official or extended duty as a member of the uniformed services or foreign service of the United States if even if, because of your service, you did not actually use the home as your main home for at least the required 2 years during the 5-year period ending on the date of sale.

See Pub. 523 for details, including how to report any taxable gain if:

- You or your spouse (if married) used any part of the home for business or rental purposes after May 6, 1997, or
- Your gain exceeds your exclusion amount.

(b) any part of your interest in an activity to which the at-risk rules apply, or which you have amounts in the activity for which you are not at risk, see the Instructions for Form 6198.

If the loss is allowable under the at-risk rules, it then may be subject to the passive activity rules. See Form 8582, and the instructions for details on reporting capital gains and losses from a passive activity.

### Items for Special Treatment

- Trans-actives by a securities dealer. See section 1236.
- Bonds and other debt instruments. See Pub. 550.
- Certain real estate subdivided for sale that may be considered a capital asset. See section 1257.
- Gain on the sale of depreciable property to a more than 50% owned entity or to a trust of which you are a beneficiary. See Pub. 544.
- Gain on the disposition of stock in an interest charge domestic international sales corporation. See section 1958(c).
- Gain on the sale or exchange of stock in certain foreign corporations. See section 1248.
- Transfer of property to an partnership that would be treated as an investment company if it were incorporated. See Pub. 541.
- Sales of stock received under a qualified public utility dividend reinvestment plan. See Pub. 550.
- Transfer of appreciated property to a political organization. See section 84.

In general, no gain or loss is recognized on the transfer of property from an individual to a spouse or former spouse if the transfer is incident to a divorce. See Pub. 504.

Amounts received on the treatment of a debt instrument generally are treated as received in exchange for the debt instrument. See Pub. 550.

Any loss on the disposition of converted warrant or highly readable prepaid that is first used for farming after March 1, 1986, is reported as a long-term capital loss on Schedule D, but any gain is reported as ordinary income on Form 4797.

If qualified dividends that you reported on Form 1040, line 9b, include extraordinary dividends, any loss on the sale or exchange of the stock is a long-term capital loss to the extent of the extraordinary dividends. An extraordinary dividend is a dividend that equals or exceeds 10% (5% in the case of preferred stock) of your basis in the stock.

Amounts received by shareholders in corporate liquidations. See Pub. 550.

Cash received in lieu of fractional shares of stock as a result of a stock split or stock dividend. See Pub. 550.

Mutual fund load charges, which may not be taken into account in determining gain or loss on certain dispositions of stock in mutual funds if reinvestment rights were exercised. See Pub. 564.

securities for your own account. To be engaged in business as a trader in securities:

- You must seek to profit from daily market movements in the prices of securities and not from dividends, interest, or capital appreciation.
- Your activity must be substantial and continuous and regularity.

The following facts and circumstances should be considered in determining if your activity is a business:

- Typical holding periods for securities bought and sold.
- The frequency and dollar amount of your trades during the year.
- The extent to which you pursue the activity to produce income for a livelihood or activity.

You are considered an investor, and not a trader, if your activity does not meet the above definition of a business. It does not matter whether you call yourself a trader or a "day trader."

Like an investor, a trader must report each sale of securities (looking into account commissions and any other costs of acquiring or disposing of the securities) on Schedule D or D-1 on an attached schedule containing all the same information for a trader. Previously made, this mark-to-market election (see below), each transaction is reported in Part II of Form 4797 instead of Schedules D and D-1. Regardless of whether a trader reports his or her gains and losses on Schedules D and D-1, the amount of securities is not taken into account when figuring net earnings from self-employment on Schedule SE. See the instructions for Schedule SE for an exception that applies to section 1256 contracts.

The limitation on investor interest expense that applies to investors does not apply to interest paid or incurred in trading business. A trader reports interest expense and other expenses (including commissions and other costs of acquiring securities) on Schedule C instead of Schedule A.

A trader also may hold securities for investment in the case of wash sales. Although interest and other expenses between your trading business and your investment securities.

A trader may make an election under section 1223 to report the gain or loss from trading securities as ordinary income (or loss), including securities held at the end of the year. Securities held at the end of the year are "marked to market" by treating them as if they were sold (and reacquired) for fair market value on the last business day of the year. See the election instructions that are made by the due date (not including D-3).

ing extensions of the tax return for the year prior to the year for which the election becomes effective. To be effective for 2004 the election must have been made by April 15, 2004.

Starting with the year the election becomes effective, a trader reports all gains and losses from securities held in connection with the trading business, including securities held at the end of the year, in Part II of Form 4797. If you previously made the election, see the instructions for Form 4797. For more information on the mark-to-market election for 2005, see Pub. 550 or Rev. Proc. 99-17, 1999-1 CB 503. You can find Rev. Proc. 99-17 on page 52 of Internal Revenue Bulletin 1999-7 at [www.irs.gov/pub/irs-ub99-07.pdf](http://www.irs.gov/pub/irs-ub99-07.pdf).

If you hold securities for investment, they must be identified as such on your records on the day they are acquired (for example, by holding the securities in a separate brokerage account). Securities held for investment are not market-to-market.

### Short Sales

A short sale is a contract to sell property at a lower date than you actually buy substantially identical property and deliver it to the lender or deliver property that you held but did not want to transfer at the time of the sale. Usually, your holding period is the amount of time you actually held the property, eventually delivered to the lender to close the short sale. However, if you are when closing a short sale is short term if you held substantially identical property for 1 year or less on the date of the short sale or (b) acquired property substantially identical to the property sold short after the short sale but on or before the date you close the short sale. If you held the property for more than 1 year, any loss realized on the short sale is a long-term capital loss, even if the property used to close the short sale was held 1 year or less.

### Gain or Loss From Options

Report on Schedule D gain or loss from the closing or expiration of an option that is not a section 1256 contract but is a capital asset in your hands. If an option you purchased expired unexercised, report the gain or loss as "EXPIRED" in column (d). If an option that was granted (written) expired, enter the expiration date in column (b) and enter "EXPIRED" in column (e). Fill in the other columns as appropriate. See Pub. 550 for details.

### Undistributed Capital Gains

Include on line 11 the amount from box 1a of Form 2439. This represents your share of the undistributed long-term capital gains of the regulated investment company (RIC) that you own (annual fund) or real estate investment trust.

If there is an amount in box 1b, include that amount on line 8 of your miscellaneous D-8 worksheet, Form 1099-DIV, if you complete line 19 of Schedule D.

• The sale or exchange of a corporation's stock or an interest in a trust held for more than 1 year, which may result in capital gain (28% rate gain), interest, or

• Gain or loss on the disposition of securities (other than a capital asset).

• Gain on the consecutive sale of certain appreciated financial positions. See Pub. 560.

• Certain constructive ownership transactions, including the gain or loss on a financial asset directly during the term of a derivative contract (not treated as ordinary income). See section 1260. If any portion of the constructive ownership transaction was open in any prior year, you may have to pay interest. See section 1260(b) for details, including how to figure the interest cost. See Form 1040, line 62. Write "section 1260(b) interest" and the amount of the interest in the left column of the interest is not deductible.

• The sale of publicly traded securities, if you elect to postpone gain by purchasing common stock or a partnership interest in a specialized small business investment company on the date of the sale. See Pub. 550.

• The sale of qualified securities, held for 1 year, if you elect to postpone gain by purchasing public utility or eligible water-owned cooperative, if you elect to postpone gain by purchasing qualified replacement property. See Pub. 550.

• Gain or loss from the investment of stock or other securities in an investment club. See Pub. 550.

### Wash Sales

A wash sale occurs when you sell or otherwise dispose of a security to acquire or sell stock or securities at a loss and, within 30 days before or after the sale or disposition, you directly or indirectly:

- Buy substantially identical stock or securities,
- Acquire substantially identical stock or securities in a fully taxable trade, or
- Enter into a contract or option to acquire substantially identical stock or securities.

You cannot deduct losses from wash sales unless the loss was incurred in the ordinary course of your business as a dealer in stock or securities. The basis of the substantially identical property for contract or option acquired by you is reduced by the interest details on wash sales. See Pub. 550.

Report a wash sale transaction on line 1 or 8. Enter the full amount of the loss in column (1). Directly below the line on which you reported the loss, enter "Wash Sale" in column (a), and enter as a positive amount in column (f) the amount of the loss not allowed.

### Traders in Securities

You are a trader in securities if you are engaged in the business of buying and selling

the stock received. If you held the equity interest for more than 1 year, you recognize as a long-term capital gain on line 8. If you held the equity interest for 1 year or less, you report the gain as a short-term capital gain on line 1. Your holding period for the new stock begins on the day after you received the stock.

**Exclusion of Gain on Qualified Small Business (QSB) Stock**

Section 1202 allows for an exclusion of up to 50% of the eligible gain on the sale or exchange of QSB stock. This section 1202 exclusion applies only to QSB stock held for more than 5 years.

To be QSB stock, the stock must meet all of the following tests:

1. It must be stock in a C corporation that is not a S corporation stock.
2. It must have been originally issued after August 10, 1993.
3. As of the date the stock was issued, the corporation was a domestic C corporation with total gross assets of \$50 million or less (at all times after August 9, 1993), and the stock was issued (and for any other purposes) to qualified individuals.

Assets include those of any predecessor of the corporation. All corporations that are members of the same parent-subsidiary controlled group are treated as one corporation.

4. You must have acquired the stock at its original issue (either directly or through an intermediary), either in exchange for money or other property or as pay for services rendered to the corporation. In certain cases, you may also acquire the stock from an original person who met the test (such as by gift or inheritance) or through a conversion or exchange of QSB stock you held.
5. During substantially all the time you held the stock:

- a. The corporation was a C corporation, and at least 80% of the value of the corporation's assets were used in the active conduct of one or more qualified businesses (defined below), and
- c. The corporation was not a foreign corporation, DISC, former DISC, regulated investment company, real estate investment trust, REMIC, FASIT, corporation, or partnership that has made (or that has a subsidiary that has) made a section 756 election.



**TIP** SSMIC. A specialized small business investment company (SSBIC) is treated as having met test 5b above.

**Qualified Business**

A qualified business is any business that is not one of the following:

- A business involving services, performing arts, architecture, engineering, science, performing arts, consulting, advertising, financial services, or brokerage services.

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- A business whose principal asset is the production of electricity or other electric power.
- A banking, insurance, financing, leasing, investing, or similar business.
- A farming business (including the raising or harvesting of trees).
- A business involving the production of products for which percentage depletion can be claimed.
- A business of operating a hotel, motel, restaurant, or similar business.

For more details about limits and additional requirements that may apply, see Section 1202.

**Pass-Through Entities**

If you held an interest in a pass-through entity, a partnership, S corporation, or mutual fund, that sold QSB stock during the year, the exclusion you may have held in the year on which you reported the gain, enter in column (a) "Section 1202 exclusion" and enter as a loss in column (b) the amount of the allowable exclusion. If you are completing line 18 of Schedule D, enter as a loss in column (f) the amount of the allowable exclusion on line 2 of the 28% Rate Gain Worksheet on page D-7.

**How To Report**

Report on line 8 the entire gain realized on the sale of QSB stock. Complete all the items as indicated. Directly below the line 8, enter the name of the corporation (a) "Section 1202 exclusion" and enter as a loss in column (b) the amount of the allowable exclusion. If you are completing line 18 of Schedule D, enter as a loss in column (f) the amount of the allowable exclusion on line 2 of the 28% Rate Gain Worksheet on page D-7.

You must recognize gain to the extent the sale proceeds exceed the cost of the replacement stock. Reduce the basis of the replacement stock by any postponed gain. You may make the election on line 8 of the tax return for the year in which the QSB stock was sold. If your original return was filed on time, you may make the election on an amended return filed no later than 6 months after the due date of your return (excluding extensions). Write "1202" at the top of the amended return.

To make the election, report the entire gain realized on the sale of the QSB stock in column (a) "Section 1202 exclusion" and enter as a loss in column (b) the amount of the allowable exclusion. If you are completing line 18 of Schedule D, enter as a loss in column (f) the amount of the allowable exclusion on line 2 of the 28% Rate Gain Worksheet on page D-7.

**Gain from an installment sale of QSB stock.** If all payments are not received in the year of sale, a sale of QSB stock that is not traded on an established securities market generally is treated as an installment sale and is reported on Form 6252. Figure the allowable section 1202 exclusion in the year of sale by applying the ratio of the exclusion by a fraction, the numerator of which is the amount of eligible gain to be recognized for the tax year and the denominator of which is the total amount of eligible gain.

- The replacement property must qualify as an empowerment zone asset with respect to the empowerment zone as the asset sold.
- You must reduce the basis of the replacement property by the amount of postponed gain.
- This election does not apply to any gain (a) treated as ordinary income or (b) attributable to real property, or an intangible asset, which is not an integral part of an empowerment zone business.
- The District of Columbia empowerment zone (not treated as an empowerment zone for this purpose) is irrevocable without IRS consent.

See Pub. 954 for the definition of empowerment zone. You can find out more about empowerment zones by using the RCI/IZ/LOC Address Locator at [www.irs.gov/rlcautor](http://www.irs.gov/rlcautor).

**Qualified empowerment zone assets**

1. Tangible property, if:
  - a. You acquired the property after December 21, 2000,
  - b. The original use of the property in the empowerment zone began with you, and
  - c. Substantially all of the use of the property was, and eventually all of the time that would elapse if it was in your enterprise zone business, in the empowerment zone.
2. Stock in a domestic corporation or partnership if:
  - a. You acquired the stock or partnership interest after December 21, 2000, solely in exchange for cash from the corporation or its original issue (directly or through an issuer) or from the partnership;
  - b. The business was an enterprise zone business (or a new business being organized as an enterprise zone business) at the time you acquired the stock or partnership interest; and
  - c. The business qualified as an enterprise zone business at the time during which you held the stock or partnership interest.

**How to report.** Report the entire gain realized from the sale as you otherwise would report it on the election on Schedule D, line 8, enter "Section 1202 exclusion" and enter as a loss in column (b) the amount of gain included on Schedule D that you are electing to postpone. If you are reporting the sale directly on Schedule D, line 8, use the line directly below the line on which you are reporting the sale.

See section 1307B for more details.

**Exclusion of Gain From DC Zone Assets**

If you sold or exchanged a District of Columbia Enterprise Zone (DC Zone) asset that you held for more than 5 years, you may be able to exclude the amount of qualified capital gain that you would otherwise

include on Schedule D. The election applies to an interest in real property of a business operating in the District of Columbia.

- DC Zone asset. A DC Zone asset is any of the following:
  - DC Zone business stock
  - DC Zone partnership interest
  - DC Zone business property

**Qualified capital gain.** Qualified capital gain is any gain recognized on the sale or exchange of a DC Zone asset that is a capital asset or property used in a trade or business and that does not include any of the following gains:

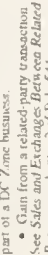
- Gain treated as ordinary income under section 1245.
- Section 1250 gain figured as if section 1250 applied to all depreciation under the additional depreciation rules when the asset was placed in service.
- Gain attributable to real property, or an intangible asset, that is not an integral part of a DC Zone business.

See Pub. 954 and section 1400B for more details on DC Zone assets and special rules.

**Specific Instructions Lines 1 and 8**

Enter all sales and exchanges of capital assets, including stocks, bonds, etc., and real estate (if not reported on Form 4854), including S corporation stock, but do not report sales or exchanges of your main home unless required (see page D-3). Include these transactions even if you did not receive a Form 1099-B or 1099-S, or substitute statement by the transaction. You can use stock ticker symbols or abbreviations to describe the property as long as they are based on the listing in the "List of Symbols" shown on Form 1099-B or 1099-S (or substitute statement).

(Use Schedule D-1 to list additional transactions for lines 1 and 8.) Use as many Schedules D-1 as you need. Enter on Schedule D, lines 2 and 0, the combined totals from all your Schedules D-1.



**Warning:** Add the following amounts reported in you for 2004 on Forms 1099-B and 1099-S (or substitute statements) that you are not reporting on another form or schedule included with your return: (a) proceeds from transactions involving stock; (b) bond proceeds; and (c) qualified real estate transactions (other than the

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sale of your main home if you are not required to report it. If the result is a gain, enter the total of lines 3 and 10, attach a copy of the deed, and check the box in column (b) of the difference. (For example, you were the annuitant for the actual owner of the property.)

Column (b)—Date Acquired

Enter in this column the date the asset was acquired. Use the trade date for stocks and bonds traded on an exchange or over-the-counter market for stock or other property sold short, enter the date the stock or property was delivered to the broker or lender to close the short sale.

The date acquired for an asset you held on January 1, 2001, for which you made an election to recognize any gain in a deemed sale is the date of the deemed sale and reacquisition.

If you disposed of property that you acquired by inheritance, report the gain or loss on line 8 and enter "INHERITED" in column (b) instead of the date you acquired the property.

If you sold a block of stock (or similar property) that was acquired through several different purchases, you may report the sale on one line and enter "VARIOUS" in column (b). However, you still must report the short-term gain or loss on the sale in Part I and the long-term gain or loss in Part II.

Column (c)—Date Sold

Enter in this column the date the stock or bonds traded on an exchange or over-the-counter market for stock or other property sold short, enter the date you sold the stock or property you borrowed to open the short sale transaction.

Column (d)—Sales Price

Enter in this column either the gross sales price or the net sales price from the sale. If

you sold stocks or bonds and you received a Form 1099-B (or substitute statement) for the sale of the stock or bonds, enter that amount in column (d) of Form 1099-B (or substitute statement) in the box that gross proceeds minus commissions and option premiums were reported to the IRS, enter that net amount in column (d). If you enter the net amount in column (d), do not include the commissions and option premiums from the sale in column (e).

You should not have received a Form 1099-B (or substitute statement) for a transaction originally representing the return of your own investment in a nontransferable obligation, such as a savings bond or a certificate of deposit. But if you did, report the amount shown on Form 1099-B (or substitute statement) in both columns (d) and (e).

Be sure to add all sales prices entered on lines 1 and 8, column (d), to amounts on lines 2 and 9, column (d). Enter the totals in lines 3 and 10.

Column (e)—Cost or Other Basis

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

If you sold stock, adjust your basis by subtracting all the nondividend distributions you received before the sale. Also adjust your basis for any stock splits. See Pub 550 for details.

If you elected to recognize gain on an asset held on January 1, 2001, your basis in

the asset is its closing market price or fair market value, whichever applies, on the date of the deemed sale and reacquisition, whether the deemed sale resulted in a gain or an unadjusted loss.

You may elect to use an average basis for all shares of a mutual fund if you acquired the shares at various times and prices, and you left the shares on deposit in an account handled by a custodian or agent who acquired or redeemed those shares. If you are reporting an average basis, include "AVGB" in column (a) of Schedule D (or details on making the election, and how to figure average basis, see Pub. 564).

The basis of property acquired by gift is generally 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. See Pub. 551 for details.

Increase the cost or other basis of an original issue discount (OID) debt instrument by the amount of OID that has been included in your income for that instrument. See Pub. 550 for details.

If a charitable contribution deduction is allowed because of a bargain sale of property to a charitable organization, the adjusted basis for purposes of determining gain from the sale is the amount that has the same ratio to the adjusted basis as the amount realized has to the fair market value. See Pub. 544 for details.

Increase your cost or other basis by any expenses of sale such as broker's fees, commissions, state and local transfer taxes, and option premiums, before making an entry in column (e), unless you reported the net sales price in column (d).

For more details, see Pub. 551

Keep for Your Records

Use this worksheet to figure your capital loss carryovers from 2003 to 2005. If you 2003 Schedule D, line 18, is a loss and (a) that loss is a smaller loss than the loss on your 2003 Schedule D, line 17A, or (b) your 2003 Form 1040, line 38, is a loss. Otherwise, you do not have any carryovers.

- 1. Enter the amount from your 2003 Form 1040, line 38. If a loss, enclose the amount in parentheses.
2. Enter the loss from your 2003 Schedule D, line 18, as a positive amount.
3. Compare lines 1 and 2. If zero or less, enter -0-.
4. Enter the smaller of line 2 or line 3.
If line 7b of your 2003 Schedule D is a loss, go to line 5; otherwise, enter -0- on line 5 and go to line 9.
5. Enter the loss from your 2003 Schedule D, line 7b, as a positive amount.
6. Enter any gain from your 2003 Schedule D, line 7c.
7. Add lines 4 and 6.
8. Short-term capital loss carryover for 2004. Enter the loss from line 5. If zero or less, enter -0-. If more than zero, also enter this amount on Schedule E, line 6.
If line 16 of your 2003 Schedule D is a loss, go to line 9; otherwise, skip lines 9 through 13.
9. Enter the loss from your 2003 Schedule D, line 16, as a positive amount.
10. Enter any gain from your 2003 Schedule E, line 7b.
11. Subtract line 9 from line 4. If zero or less, enter -0-.
12. Add lines 10 and 11.
13. Long-term capital loss carryover for 2004. Subtract line 12 from line 9. If zero or less, enter -0-. If more than zero, also enter this amount on Schedule E, line 14.

Column (f)—Gain or Loss

You must make a separate entry in this column for each transaction reported on lines 1 and 8 and any other lines that apply to you. For lines 1 and 8, subtract the amount in column (e) from the amount in column (d). Enter negative amounts in parentheses.

Line 18

If you checked "Yes" on line 17, complete the worksheet below if either of the following applies for 2004:
• You reported in Part II, section 1202, an exclusion from the eligible gain on qualified small business stock (see page D-4), or
• You reported in Part II, section 1202, gain or loss. A collectible gain or loss is any long-term gain or deductible long-term loss from the sale or exchange of a collectible that is a capital asset.

Collectibles include works of art, rugs, antiques, metals (such as gold, silver, and platinum bullion), gems, stamps, coins, alcoholic beverages, and certain other tangible property.

Include on the worksheet any gain (but not the entire exchange or net interest) in a partnership. Such gain or interest held for more than 1 year and attributable to unrealized appreciation of collectibles. For details, see Regulations section 1.1011-1. Also, attach the statement required under Regulations section 1.1011-1(e).

Line 19

If you checked "Yes" on line 17, complete the worksheet on pages D-8 if any of the following apply for 2004:
• You sold or otherwise disposed of section 1250 property (generally, real property that you depreciated) held more than 1 year.

Increase your cost or other basis by any expenses of sale such as broker's fees, commissions, state and local transfer taxes, and option premiums, before making an entry in column (e), unless you reported the net sales price in column (d).

For more details, see Pub. 551

Year for which you are reporting gain on the installment method.

- You received a Schedule K-1 from an estate or trust, partnership, or S corporation that shows "unrecaptured section 1250 gain."
• You received a Form 1099-DIV or Form 2439 from a real estate investment trust or a regulated investment company (including a mutual fund) that reports "unrecaptured section 1250 gain."
• You sold or exchanged term capital gain from the sale or exchange of a partnership that owned section 1250 property.

Instructions for the Unrecaptured Section 1250 Gain Worksheet

Lines 1 through 3. If you had more than one unrecaptured section 1250 gain, complete lines 1 through 3 for each year. Prepare a separate worksheet. Enter the total of the line 3 amounts for all properties on line 3 and go to line 4.

Line 4. To figure the amount to enter on line 4, follow the steps below for each installment sale of trade or business property held more than 1 year.

Step 1. Figure the smaller of (a) the depreciation allowed or allowable or (b) the total gain for the sale. This is the smaller of lines 1 through 3 for each year on your separate worksheet. Enter the total of the line 3 amounts for all properties on line 3 and go to line 4.

Step 2. Reduce the amount figured in step 1 by any section 1250 ordinary income recognized for the sale. This is the amount from line 36 of your 2004 Form 4797 (or the comparable line of Form 4797 for the year of sale) for the property. The result is your total unrecaptured section 1250 gain that may be allocated to the installment payments for the year of sale.

Step 3. Generally, the amount of section 1250 gain on each installment payment for section 1250 property held more than 1 year is:

- 1. Enter the total of all collectible gain or loss from items you reported on line 8, column (f), of Schedules D and D-1.
2. Enter as a positive number the amount of any section 1202 exclusion you reported on line 8, column (f), of Schedules D and D-1.
3. Enter the total of all collectible gain or loss from Form 4684, line 4, but only if Form 4684, line 15, is more than zero; Form 6552, Form 6781, Part II, and Form 9824.
4. Enter the total of any collectible gain reported to you by:
• Form 1099-DIV, box 2d.
• Form 2439, box 1d, and
• Schedule K-1 from a partnership, S corporation, estate, or trust.
5. Enter your long-term capital loss carryovers from Schedule D, line 14, and Schedule K-1, Form 1041, line 13c.
6. If Schedule D, line 7, is a loss, enter that loss here. Otherwise, enter -0-.
7. Combine lines 1 through 6. If zero or less, enter -0-. If more than zero, also enter this amount on Schedule D, line 18.

28% Rate Gain Worksheet—Line 18

- 1. Enter the total of all collectible gain or loss from items you reported on line 8, column (f), of Schedules D and D-1.
2. Enter as a positive number the amount of any section 1202 exclusion you reported on line 8, column (f), of Schedules D and D-1.
3. Enter the total of all collectible gain or loss from Form 4684, line 4, but only if Form 4684, line 15, is more than zero; Form 6552, Form 6781, Part II, and Form 9824.
4. Enter the total of any collectible gain reported to you by:
• Form 1099-DIV, box 2d.
• Form 2439, box 1d, and
• Schedule K-1 from a partnership, S corporation, estate, or trust.
5. Enter your long-term capital loss carryovers from Schedule D, line 14, and Schedule K-1, Form 1041, line 13c.
6. If Schedule D, line 7, is a loss, enter that loss here. Otherwise, enter -0-.
7. Combine lines 1 through 6. If zero or less, enter -0-. If more than zero, also enter this amount on Schedule D, line 18.



Keep for Your Records

- 1. Enter the amount from your 2003 Form 1040, line 38. If a loss, enclose the amount in parentheses.
2. Enter the loss from your 2003 Schedule D, line 18, as a positive amount.
3. Compare lines 1 and 2. If zero or less, enter -0-.
4. Enter the smaller of line 2 or line 3.
If line 7b of your 2003 Schedule D is a loss, go to line 5; otherwise, enter -0- on line 5 and go to line 9.
5. Enter the loss from your 2003 Schedule D, line 7b, as a positive amount.
6. Enter any gain from your 2003 Schedule D, line 7c.
7. Add lines 4 and 6.
8. Short-term capital loss carryover for 2004. Enter the loss from line 5. If zero or less, enter -0-. If more than zero, also enter this amount on Schedule E, line 6.
If line 16 of your 2003 Schedule D is a loss, go to line 9; otherwise, skip lines 9 through 13.
9. Enter the loss from your 2003 Schedule D, line 16, as a positive amount.
10. Enter any gain from your 2003 Schedule E, line 7b.
11. Subtract line 9 from line 4. If zero or less, enter -0-.
12. Add lines 10 and 11.
13. Long-term capital loss carryover for 2004. Subtract line 12 from line 9. If zero or less, enter -0-. If more than zero, also enter this amount on Schedule E, line 14.



Keep for Your Records

- 1. Enter the amount from your 2003 Form 1040, line 38. If a loss, enclose the amount in parentheses.
2. Enter the loss from your 2003 Schedule D, line 18, as a positive amount.
3. Compare lines 1 and 2. If zero or less, enter -0-.
4. Enter the smaller of line 2 or line 3.
If line 7b of your 2003 Schedule D is a loss, go to line 5; otherwise, enter -0- on line 5 and go to line 9.
5. Enter the loss from your 2003 Schedule D, line 7b, as a positive amount.
6. Enter any gain from your 2003 Schedule D, line 7c.
7. Add lines 4 and 6.
8. Short-term capital loss carryover for 2004. Enter the loss from line 5. If zero or less, enter -0-. If more than zero, also enter this amount on Schedule E, line 6.
If line 16 of your 2003 Schedule D is a loss, go to line 9; otherwise, skip lines 9 through 13.
9. Enter the loss from your 2003 Schedule D, line 16, as a positive amount.
10. Enter any gain from your 2003 Schedule E, line 7b.
11. Subtract line 9 from line 4. If zero or less, enter -0-.
12. Add lines 10 and 11.
13. Long-term capital loss carryover for 2004. Subtract line 12 from line 9. If zero or less, enter -0-. If more than zero, also enter this amount on Schedule E, line 14.



Keep for Your Records

Schedule D Tax Worksheet

Complete this worksheet only if line 18 or line 19 of Schedule D is more than zero. Otherwise, complete the Qualified Dividends and Capital Gain Tax Worksheet on page 4 of the Instructions for Form 1040 to figure your tax.
Exception: Do not use the Qualified Dividends and Capital Gain Tax Worksheet if you are subject to before-year tax if:
• Line 15 or line 16 of Schedule D is zero or less and you have no qualified dividends on Form 1040, line 9b, or
• Form 1040, line 42, is zero or less.
If line 1, see the instructions for Form 1040, line 42.

Form 1040 Schedule D Tax Worksheet grid with 37 numbered lines and instructions for each line.

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Line 21

Limit on capital losses. For 2004, you may deduct capital losses up to the amount of your capital gains, plus \$3,000 (\$1,500 if married filing separately). Enter on line 21 the smaller of (a) the loss on line 16 or (b) (\$3,000), or if married, filing separately, (\$1,500). When figuring which amount is smaller, treat both amounts as positive numbers.

Capital loss carryover. You have a capital loss carryover from 2004 to 2005 if you have a loss on line 16 and either:
• That loss is more than the loss on line 21, or
• Form 1040, line 40, is less than zero.

To figure any capital loss carryover to 2005, you will use the 2005 Instructions for Schedule D. If you want to figure your carryover now, see Pub. 550.

TIP You will need a copy of your 2004 Form 1040 and Schedule D to figure your capital loss carryover to 2005.



Keep for Your Records

Unrecaptured Section 1250 Gain Worksheet—Line 19

If you are not reporting a gain on Form 4797, line 7, skip lines 1 through 9 and go to line 10.

- 1. If you have a section 1250 property in Part III of Form 4797 for which you make an entry in Part I of Form 4797 (but not on Form 6252), enter the smaller of line 22 or line 24 of Form 4797 for that property. If you did not have any such property, go to line 4. If you had more than one such property, see instructions.
2. Enter the amount from Form 4797, line 26b, for the property for which you made an entry on line 1.
3. Subtract line 2 from line 1.
4. Enter the total unrecaptured section 1250 gain (including gain on line 26 or line 37 of Form 6252 from installment sales of trade or business property held more than 1 year (see instructions)).
5. Enter the total of any amounts reported to you on a Schedule K-1 from a partnership or an S corporation as "unrecaptured section 1250 gain."
6. Add lines 3 through 5.
7. Enter the smaller of line 6 or the gain from Form 4797, line 7.
8. Subtract line 8 from line 7. If zero or less, enter -0-.
9. Enter the amount of any gain from the sale or exchange of an interest in a partnership attributable to an unrecaptured section 1250 gain from an estate, trust, or other regulated investment company.
10. Enter the total of any amounts reported to you on a Schedule K-1 from a partnership or an S corporation as "unrecaptured section 1250 gain" from an estate, trust, or other regulated investment company.
11. Enter the total of any unrecaptured section 1250 gain from sales (including installment sales) of other dispositions of section 1250 property held more than 1 year for which you did not make an entry in Part I of Form 4797 for the year of sale (see instructions).
12. Add lines 9 through 11.
13. If you had any section 1202 gain or collectibles gain or loss, enter the total of lines 1 through 4 of the 28% Rate Gain Worksheet on page 1-7. Otherwise, enter -0-.
14. Enter the lesser of any gain from Schedule D, line 7, as reported on a prior year, or the result of line 13.
15. Enter the lesser of any gain from Schedule D, line 7, as reported on a prior year, or the result of line 13.
16. Enter your base-term capital loss carryovers from Schedule D, line 14, and Schedule K-1 (Form 1041), line 1c.
17. Combine lines 14 through 16. If the result is a loss, enter it as a positive amount. If the result is zero or a gain, enter -0-.
18. Enter the result here and on Schedule D, line 19.

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follow the applicable instructions below.

Installment sales. To figure the amount to include on line 12, follow the steps below for each installment sale of property held more than 1 year for which you did not make an entry in Part I of your Form 4797 for the year of sale:

- Step 1. Figure the smaller of (a) the depreciation allowed or allowable or (b) the total gain for the sale. This is the smaller of lines 22 and 24 of Form 4797 for the comparable lines of Form 4797 for the year of sale for the property.
• Step 2. Reduce the amount figured in step 1 by any section 1250 ordinary income recapture for the sale. This is the amount from line 26g of your Form 4797 for the comparable line of Form 4797 for the year of sale for the property. The result is your total unrecaptured section 1250 gain that will be added from the sale.
• Step 3. Carry over the amount of capital gain on each installment sale that is treated as unrecaptured section 1250 gain until the total unrecaptured section 1250 gain figured in step 2 has been used in full. Figure the amount of gain treated as unrecaptured section 1250 gain for installment payments received in 2004 as the smaller of:



## 2004 Instructions for Schedule E (Form 1040)

Use Schedule E (Form 1040) to report income or loss from rental real estate, royalties, partnerships, S corporations, estates, trusts, and residual interests in REMICs. Use the same format as on Schedule E. Enter separately on Schedule E the total income and the total loss for each part. Enter loss figures in parentheses.

Section references are to the Internal Revenue Code.

Qualified nonrecourse financing is financing for which no one is personally liable for repayment and is

- Borrowed by you in connection with holding real property.
- Not convertible from a debt obligation to an ownership interest, and
- Guaranteed by any federal, state, or local government, or borrowed by you from a qualified person.

**Qualified person.** A qualified person is a person who actively and regularly engages in the business of lending money, such as a bank or savings and loan association. A qualified person cannot be:

- Related to you (unless the nonrecourse financing obtained is commercially reasonable and on the same terms as loans involving unrelated persons),
- The seller of the property (or a person related to the seller), or
- A person who receives a fee due to your investment in real property (or a person related to that person).

### Passive Activity Loss Rules

The passive activity loss rules may limit the amount of losses you can deduct. These rules apply to losses in Parts I, II, and III, and line 4b of Schedule E.

Losses from passive activities may be subject first to the at-risk rules. Losses deductible under the at-risk rules are then subject to the passive activity loss rules.

You generally can deduct losses from passive activities only to the extent of income from passive activities. An exception applies to certain rental real estate activities (explained on page 1-2).

### Passive Activity

A passive activity is any business activity in which you did not materially participate and any rental activity, except as explained on this page and page E-2. If you are a limited partner, you generally are not treated as having materially participated in the partnership's activities for the year.

The rental or real or personal property is generally a rental activity under the passive activity loss rules, but exceptions apply. If your rental of property is not treated as a rental activity, you must determine whether

A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trade or business. Services you performed as an employee are not treated as performed in a real property trade or business unless you would have had 5% of the stock or more than 1% of the capital or profits interest in the entity.

If you were a real estate professional for 2004, complete line 43 on page 2 of Schedule E.

**Other activities.** For rental of your home that you also used for personal purposes, see part 2 on page E-3.

A working interest in an oil or gas well that the lessee (operator) holds an equity that did not limit your liability for a passive activity even if you did not materially participate.

Royalty income not derived in the ordinary course of a trade or business reported on Schedule E generally is not considered income from a passive activity.

For more details on passive activities, see the instructions for Form 8582 and Pub 925.

### Exception for Certain Rental Real Estate Activities

If you use all three of the following conditions, your rental real estate losses are not limited by the passive activity loss rules. If you do not meet all three of these conditions, see the instructions on Schedule E, Form 8582, and Pub 925 to figure any losses allowed.

1. Rental real estate activities, are your only passive activities.
2. You do not have any prior year unallowed losses from any passive activities.
3. All of the following apply if you have an overall net loss from these activities:
  - a. You actively participated (defined below) in all of the rental real estate activities.
  - b. If married filing separately, you lived apart from your spouse all year.
  - c. Your overall net loss from these activities is \$25,000 or less (\$12,500 or less if married filing separately).
  - d. You have no current or prior year unallowed credits from passive activities, and
  - e. Your modified adjusted gross income (defined later) is \$100,000 or less (\$50,000 or less if married filing separately).

**Active participation.** You can meet the active participation requirement without the usual, continuous, and substantial involvement in real estate activities. This exception allows participating in the management decisions regarding the property to provide services (such as repairs) in a

significant and bona fide sense. Such management decisions include:

- Approving new tenants,
- Deciding on rental terms,
- Approving capital or repair expenditures, and
- Other similar decisions.

You are not considered to actively participate if, at any time during the tax year, your interest (including your spouse's interest) in the activity was less than 10% by value of all interests in the activity.

**Modified adjusted gross income.** This is your adjusted gross income from Form 1040, line 36, without taking into account:

- Any passive activity loss,
- Rental real estate losses allowed under the exception for real estate professionals (explained on page E-3),
- Taxable social security or tier 1 railroad retirement benefits,
- Deductible contributions to a traditional IRA or certain other qualified retirement plans under section 213,
- The student loan interest deduction,
- The tuition and fees deduction,
- The deduction for one-half of self-employment tax, and
- Any excluded amount under an employer's adoption assistance program.

However, if you file Form 8815, include in your modified adjusted gross income the savings bond interest excluded on line 14 of that form.

### Reportable Transaction Disclosure Statement

Use Form 8886 to disclose information for each reportable transaction in which you participated. Form 8886 must be filed for each tax year that your federal income tax liability is affected by your participation in the transaction. You must file Form 8886 by the time you are required to file Form 8866 but do not do so. The following are reportable transactions:

- Any transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS.
- Any transaction entered under conditions of confidentiality for which you paid at least a minimum fee.
- Any transaction for which you have contracted protection against disallowance of the tax benefits.
- Any transaction resulting in a loss of at least \$2 million in any single tax year or \$1 million in any combination of tax years.
- At least \$50,000 for a single tax year if the loss arose from a foreign currency transaction or net derivative loss (including from a corporation or partnership) from an S stock, a difference resulting in a minimum gross basis.

Use Form 8886 to disclose information for each reportable transaction in which you participated. Form 8886 must be filed for each tax year that your federal income tax liability is affected by your participation in the transaction. You must file Form 8886 by the time you are required to file Form 8866 but do not do so. The following are reportable transactions:

- Any transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS.
- Any transaction entered under conditions of confidentiality for which you paid at least a minimum fee.
- Any transaction for which you have contracted protection against disallowance of the tax benefits.
- Any transaction resulting in a loss of at least \$2 million in any single tax year or \$1 million in any combination of tax years.
- At least \$50,000 for a single tax year if the loss arose from a foreign currency transaction or net derivative loss (including from a corporation or partnership) from an S stock, a difference resulting in a minimum gross basis.

Use Form 8886 to disclose information for each reportable transaction in which you participated. Form 8886 must be filed for each tax year that your federal income tax liability is affected by your participation in the transaction. You must file Form 8886 by the time you are required to file Form 8866 but do not do so. The following are reportable transactions:

- Any transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS.
- Any transaction entered under conditions of confidentiality for which you paid at least a minimum fee.
- Any transaction for which you have contracted protection against disallowance of the tax benefits.
- Any transaction resulting in a loss of at least \$2 million in any single tax year or \$1 million in any combination of tax years.
- At least \$50,000 for a single tax year if the loss arose from a foreign currency transaction or net derivative loss (including from a corporation or partnership) from an S stock, a difference resulting in a minimum gross basis.

• Any transaction resulting in a tax credit of more than \$250,000, if you held the asset generating the credit for 45 days or less.

See the instructions for Form 8886 for more details and exceptions.

### Tax Shelter Registration Number

Complete and attach Form 8271 if you are claiming a tax shelter credit. Attach Form 8271 to the credit before tax benefit from an interest purchased or otherwise acquired in a tax shelter required to be registered with the IRS.

Form 8271 is used to report the nature, extent, and registration number of an identified tax shelter. The IRS will use the information on Form 8271 to determine if you do not report the registration number of the tax shelter on your tax return.

### Specific Instructions

#### Filers of Form 1041

If you are a fiduciary filing Schedule E with Form 1041, enter the estate's or trust's computer identification number (FIN) in the space for "Your social security number."

### Part I

#### Income or Loss From Rental Real Estate and Royalties

Use Part I to report:

- Income and expenses from rental real estate (including personal property leased with real estate), and
- Royalty income and expenses.

See the instructions for lines 3 and 4 to determine if you should report your rental real estate and royalty income on Schedule C, Schedule C-LZ, or Form 4853 instead of Schedule E.

If you own a part interest in a rental real estate property, report only your part of the income and expenses on Schedule E.

Complete lines 1 and 2 for each rental real estate property. Leave these lines blank for each real property.

If you have more than three rental real estate or royalty properties, complete and attach as many Schedules E as you need to list them but fill in the "Totals" column on only one Schedule E. The figures in the "Totals" column on that Schedule E should be the combined totals of all your Schedules E. You are also attaching page 7 of Schedule E; use the same Schedule E on

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E-1

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which you entered the combined totals for part 1.

**Personal property.** Do not use Schedule E to report income and expenses from the rental of personal property, such as equipment or vehicles. Instead, use Schedule C or C-EZ if you are in the business of renting personal property. You are in the business of renting personal property if the primary purpose for renting the property is income or profit and you are involved in the rental activity with continuity and regularity.

If your total of personal property for a business, see the instructions for Form 1040, lines 21 and 35, to find out how to report the income and expenses.

**Extrajurisdictional income election.** Except as otherwise provided in the Internal Revenue Code, gross income includes all income from whatever source derived. Gross income, however, does not include extrajurisdictional income that is qualifying foreign earned income. Use Form 8873 to figure the extrajurisdictional income to report if Form 8873 is established in the instructions for Form 8873.

**Line 1**

For rental real estate property only, show all of the following:

- The kind of property you rented (for example, townhouse).
- The street address, city or town, and state. You do not have to give the ZIP code.
- Your percentage of ownership in the property, if less than 100%.

**Line 2**

If you rented out a dwelling unit that you also used for personal purposes during the year, you may be able to deduct all the expenses for the unit in Part 2. Dwelling unit means a house, apartment, condominium, or similar property.

- A day of personal use is any day, or part of a day, that the unit was as used by you for personal purposes.
- Any other person for personal purposes if that person owns part of the unit (unless rented to that person under a "shared equity" financing agreement).
- Anyone in your family (or in the family of someone else who owns part of the unit), unless the unit is rented at a fair rental price to that person as less or her main home.
- Anyone who pays less than a fair rental price for the unit, or
- Anyone under an agreement that lets you use some other unit.

Do not count as personal use:

- Any day you spent working substantially full time on repairing and maintaining the unit, even if family members best if recreational purposes on that day, or

- Any days you used the unit as your main home before or after renting it or offering it for rent, if you rented or tried to rent it for at least 12 consecutive months at a period of less than 12 consecutive months at the end of when you sold or exchanged it.

Check "Yes" if you or your family used the unit for personal purposes in 2004 more than the greater of:

- 14 days, or
- 10% of the total days it was rented to others, at a fair rental price.

Otherwise, check "No." You can deduct all your expenses for the rental part, subject to the *AGI* Rules and the *Economic Recovery Tax Act*, explained beginning on page E-1.

If you checked "Yes," and rented the unit for over than 15 days, do not deduct the rental expenses for the rental part on Schedule A. You can deduct allowable interest, taxes, and casualty losses.

If you checked "Yes," and rented the unit out for at least 15 days, you may be able to deduct all your rental expenses for the rental part on Schedule E.

- Mortgage interest.
- Real estate taxes.
- Casualty losses.

Other rental expenses not related to your use of the unit as a home, such as advertising expenses and rental agents' fees.

If any income is left after deducting these expenses, you can deduct other expenses, including depreciation, up to the amount of remaining income. You can carry over to 2005 the amounts you cannot deduct.

See Pub. 527 for details.

**Line 3**

If you received rental income from real estate (including personal property leased with real estate) and you were not in the real estate business, report the income on line 3. Include income received for renting a room or other space (if you received services or property instead of money as rent, report the fair market value of what you received as rental income).

Be sure to enter the total of all your rents in the "Totals" column even if you have only one property.

If you provided significant services to the renter, such as maid service, report the rental activity on Schedule C or C-EZ, not on Schedule E. Significant services do not include the furnishing of heat and light, cleaning of public areas, trash collection, or similar services.

E-3

If you were in the real estate sales business, include on line 3 only the net received from real estate (including personal property leased with real estate) you held for investment or speculation. Do not use Schedule E to report income and expenses from rents of real estate, even if you own real estate sales business, even if you are in the real estate business.

For more details on rental income, see the instructions for Form 1040, line 527.

**Rental income from farm production or crop shares.** Report farm production and expenses on Form 4835 if:

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

**Line 4**

Report on line 4 royalties from oil, gas, or mineral property, including operating interest, overriding royalty, and other mineral interests. Do not include operating interest, overriding royalty, or other mineral interests in column A, B, or C for each royalty property. Be sure to enter the total of all your royalties in the "Totals" column even if you have only one source of royalties.

If you received \$10 or more in royalties during 2004, the payor should send you a Form 1099-MISC or similar statement by January 31, 2005, showing the amount you received.

If you are in business as a self-employed writer, inventor, artist, etc., report your royalty income and expenses on Schedule C or C-EZ.

You may be able to treat amounts received as "royalties" for the transfer of a patent or amounts received on the disposal of coal and iron ore as the sale of a capital asset. For details, see Pub. 514.

Enter on line 4 the gross amount of royalty income, even if state or local taxes were withheld from oil or gas payments you received. Include taxes withheld by the producer on line 16.

**General Instructions for Lines 5 Through 21**

Enter your rental and royalty expenses for real property in the appropriate column. You can deduct all the following expenses, such as taxes, interest, repairs, insurance, management fees, agents' commissions, and depreciation.

Do not deduct the value of your own labor or amounts paid for capital improvements or capital improvements.

Enter your total expenses for mortgage interest (line 12), total expenses before depreciation expense or depletion (line 19), and depreciation expenses or depletion

line 20 in the "Totals" column even if you have only one property.

**Renting out part of your home.** If you rent out only part of your home or other property, deduct the part of your expenses that applies to the rental part.

**Credit or deduction for access expenditures.** You may be able to claim a tax credit for eligible expenditures paid or incurred in 2004 to provide access to a business for individuals with disabilities. See Form 8826 for details.

You can also deduct up to \$15,000 of qualified costs paid or incurred in 2004 to remove architectural or transportation barriers to individuals with disabilities, and the elderly.

You cannot take both the credit and the deduction for the same expenditures. See Pub. 535 for details.

**Line 6**

You can deduct ordinary and necessary rental expenses, including 50% of your repairs incurred while traveling away from home. You generally can other deduct your actual expenses or take the standard mileage rate. You must use actual expenses if you used more than four vehicles simultaneously in your rental activities (taxi fleet operations). You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

You can use the standard mileage rate for 2004 only if:

- You owned the vehicle and used the placed the vehicle to services, or
- You leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).

If you deduct actual auto expenses:

- Include on line 6 the rental activity portion of the cost of gasoline, oil, repairs, insurance, tires, etc., and
- Show auto rental or lease payments on line 18 and depreciation on line 20.

If you take the standard mileage rate, multiply the number of miles you drive your auto in connection with your rental activities by 37.5 cents. Include this amount and your parking fees and tolls on line 6.

If you claim any auto expenses (actual or the standard mileage rate), you must complete Part V of Form 4562 and attach Form 4562 to your tax return.

See Pub. 527 and Pub. 463 for details.

**Line 10**

Include on line 10 fees for tax advice and the preparation of tax forms related to your rental real estate or royalty properties.

Do not deduct legal fees paid or incurred to defend or protect title to property, or property, or to develop or improve property. Deduct only legal fees for these fees, and add them to the property's basis.

**Lines 12 and 13**

In general, to determine the interest expense allowable to your rental activities, you must have records to show how the proceeds for each item were used. Specific rules apply for deducting mortgage interest and depreciation. See Pub. 935 for details.

If you have a mortgage on your rental property, enter on line 12 the amount of interest you paid for 2004 to banks or other lending institutions. Be sure to fill in the "Totals" column.

Do not deduct prepaid interest when you paid it. You can deduct it only in the year to which it is properly allocable. Points, including loan origination fees, charged only for the use of money must be deducted over the life of the loan.

If you paid 500 or more in interest on a mortgage during 2004, the recipient should send you a Form 1098 or similar statement by January 31, 2005, showing the total interest received from you.

If you paid more mortgage interest than is shown on your Form 1098 or similar statement, see Pub. 535 to find out if you can deduct part or all of the additional interest. If you can, enter the entire deductible amount on line 12. Attach a statement to your return explaining the difference. Write your name in the left margin next to line 12.

Note. If the recipient was not a financial institution or you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 13.

If you are at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage, and the other person received Form 1098, report your share of the deductible interest on line 13. Attach a statement to your return showing the name and address of the person who received Form 1098. In the space to the left of line 22 write "Form 1098." Attach Form 1098 to your return. For details on the at-risk rules, see page E-1.

**Line 14**

You can deduct the cost of repairs made to keep your property in good working condition. Repairs generally do not add significant value to the property or extend its life. Examples of repairs are fixing a broken lock or painting a room. Improvements that increase the value of the property or extend its life, such as replacing a roof or renovating a kitchen, must be capitalized and depreciated (that is, they cannot be deducted in full in the year they are paid or incurred). See the instructions for line 20.

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**Line 17**

You can deduct the cost of ordinary and necessary telephone bills related to your rental activity only if the bills are for the single calls to the tenant. However, bills have late (including taxes and other charges) for local telephone service for the first telephone line on your residence is a personal expense and is not deductible.

**Line 20**

Depreciation is the annual deduction you take on the cost of depreciable assets of a business or on real estate property for a year. It is a loss that is not depreciable.

Depreciation starts when you first use the property in your business or for the production of income. It ends when you deduct all your depreciable cost or when you no longer use the property in your business or for the production of income.

See the instructions for Form 4562 to figure the amount of depreciation to enter on line 20. Be sure to fill in the "Totals" column.

You must complete and attach Form 4562 only if you are claiming:

- Depreciation on property first placed in service during 2004.
- Depreciation on listed property (as defined on the instructions for Form 4562), including a vehicle, regardless of the date it was placed in service; or
- A section 179 expense deduction or amortization of costs that began in 2004.

See Pub. 527 for more information on depreciation of residential rental property. See Pub. 746 for a more comprehensive guide to depreciation.

If you own mineral property or an oil, gas, or geothermal well, you may be able to take a deduction for depletion. See Pub. 535 for details.

**Line 22**

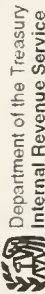
If you have amounts for which you are not at risk, use Form 6198 to determine the amount of your deductible loss. Enter that amount in the appropriate column of Schedule E, line 22. In the space to the left of line 22 write "Form 6198." Attach Form 6198 to your return. For details on the at-risk rules, see page E-1.

**Line 23**

Do not complete line 23 if the amount on line 22 is from royalty properties.

If you have a rental real estate loss from a passive activity (defined on page E-1), the amount of loss you can deduct may be limited by the passive activity loss rules. You may need to complete Form 8882 to figure the amount of loss, if any, to enter on line 23.





# 2004 Instructions for Schedule F Profit or Loss From Farming

## What's New

- For certain business start-up costs paid or incurred after October 22, 2004, you can elect to deduct up to \$5,000. This limit is reduced by the amount by which your start-up costs exceed \$50,000. Also, the amortization period for certain business start-up costs paid or incurred after October 22, 2004, has been increased to 15 years.
- You can elect to deliver certain forest-land and reforestation costs paid or incurred after October 22, 2004, instead of amortizing them over 54 months. This election does not apply to estates and trusts.
- Also, the dollar limitation for amortization on certain forestland and reforestation costs paid or incurred after October 22, 2004, has been eliminated. For details, see Pub. 275.

## General Instructions Other Schedules and Forms You May Have To File

- Schedule E, Part 1, to report rental income from residential real estate based on a lease agreement. Report on Schedule F, line 10, the portion of the rental income that is the gross income of someone else's livestock.
- Schedule F to figure your tax by aggregating your tax income over the previous 3 years. Doing so may reduce your tax.
- Schedule S1, to pay self-employment tax on income from your farming business.
- Form 4862, to claim depreciation on assets placed in service in 2004, to claim a deduction that began in 2004, to make an election for a 2004 depreciation rate on farm property, or to claim an expense carryover for a 2004 depreciation rate on vehicles and other listed property.
- Form 4684, to report a casualty or theft gain arising from business property, including the loss of land, for drilling, breeding, spurs, or dairy purposes.

See Pub. 225 for more information on how to report various farm losses, such as

losses due to death of livestock or damage to crops on other farm property.

- Form 4707 to report sales, exchanges, or involuntary conversions (other than from a casualty or theft) of certain farm property. Also use this form to report sales of livestock held for draft, breeding, sport, or dairy purposes.
- Form 4833 to report rental income based on farm production or crop shares if you did not materially participate in the management or operation of the farm. This information is subject to self-employment tax. See Pub. 225.
- Form 8824 to report like-kind exchanges.

highways vehicle use tax. If you use certain highway trucks, trucks-trailers, tractor-trailers, or buses in your farming business, you may have to pay a federal highway motor vehicle use tax. See the instructions for Form 2790 to find out if you owe this tax.

**Information returns.** You may have to file information returns for wages paid to employees, certain payments of fees and other income, and payments of interest, rent, and pension. (You may also have to file Form 1099-MISC if you paid \$5,000 or more of recurring payments to a person on a buy-sell, deposit, commission, or other similar basis for resale. For details, see the 2004 General Instructions for Forms 1099, 1098, 1098, and W-2G.)

If you received each of more than \$10,000 in one or more related transactions in your farming business, you may have to file Form 8094. For details, see Pub. 1544.

**Reportable transaction disclosure statement.** If you entered into a reportable transaction in 2004, you must use Form 8880 to disclose information if your federal income tax liability is affected by your participation in the transaction. You may have to pay a penalty if you are required to file Form 8886 but do not do so. For more information, see Reportable Transaction.

## Specific Instructions Filers of Forms 1041, 1065, and 1065-B

Do not complete the block labeled "Social Security number (SSN)." Instead, enter your employee identification number (EIN) on line D.

## Line B

On line B, enter one of the 14 principal agricultural codes listed in Part IV on page 2 of Schedule F. Select the code that best describes the source of most of your income.

## Line C

If you use the cash method, check the box labeled "Cash." Generally, report income in the year in which you actually or constructively received it and deduct expenses in the year you paid them. However, if you have a useful life that extends substantially beyond the close of the year, it may not be deductible or may be deductible only in part for the year of the payment. See Pub. 225.

If you use the accrual method, check the box labeled "Accrual." Complete Schedule F, Parts II, III, and line 11. Generally, re-

port income in the year in which you earned it and deduct expenses in the year you incurred them, even if you did not pay them in a cash basis accounting. If you are on a cash basis accounting, you may have to adjust your income and expenses. For more information, see the instructions for Form 1040-ES.

Other rules determine the timing of deductions based on economic performance. See Pub. 238.

Farming syndicates cannot use the cash method of accounting. A farming syndicate may be a partnership, any other unincorporated firm, or an S corporation if it has more than 100 shareholders. For more information, see the instructions for Form 1040-ES.

- The interests in the business have even been for sale in a way that would require liquidation with any federal estate duty or gift tax consequences.
- More than 35% of the loss during any tax year is shared by limited partners in limited entrepreneurs. A limited partner is one who can lose only the amount invested or required to be invested in the partnership. A limited entrepreneur is a person who does not take any active part in managing the business.

## Line D

You need an employer identification number (EIN) only if you had a qualified retirement plan or were required to file an information return for partnership income. If you are a sole proprietor, you do not need an EIN. If you do not have an EIN, leave line D blank. Do not enter your SSN.

## Line E

**Material participation.** Use the definition of material participation for purposes of the passive activity rules, see the instructions for Schedule C, line G, on page C-2. If you meet any of the material participation tests described in those instructions, check the "Yes" box.

If you are a retired or disabled farmer, you are treated as materially participating in a farming business if you materially participate in the business, or if you are a retired or disabled spouse as treated as materially participating in a farming activity, if the real property used for farming meets the estate tax rules for special valuations of farm property passed from a qualifying decedent and the surviving spouse actively manages the farm. Check the "No" box if you did not materially participate. If you checked "No" and you have a loss from this business, see Limit on passive losses below. If you have a profit from this business activity but have current year losses from other passive activities or prior year unallowed passive activity losses, see the instructions for Form 8882.

**Limit on passive losses.** If you checked the "No" box and you have a loss from Form 8882, you may be able to deduct the loss if you enter on Schedule F, line 36. Generally, you can deduct losses from passive activity

losses only to the extent of income from passive activities. For details, see Pub. 925.

## Part I. Farm Income—Cash Method

Part I shows income received for items listed on lines 1 through 10. Generally, sum both the cash actually or constructively received and the fair market value of goods or other property received for these items. Income is constructively received when it is treated to your account or set aside for you to use. However, direct payments or counter-cyclical payments received under the Farm, Security and Rural Investment Act of 2002 are required to be included in income only in the year of actual receipt.

If you ran the farm yourself and received returns based on crop shares or farm production, report these returns as income on line 4.

## Sales of Livestock Because of Weather-Related Conditions

If you sold livestock because of drought, flood, or other weather-related conditions, you may be eligible for a special loss deduction for the year of sale if all of the following apply:

- Your main business is farming.
  - You can show that you sold the livestock only because of weather-related conditions.
  - Your area qualified for federal aid.
- See Pub. 225 for details.

## Forms 1099 or CCC-1099-G

If you received Forms 1099 or CCC-1099-G showing amounts paid to you, first determine if the amounts are to be included in this farm income. Then, use the following chart to determine where to report the income on Schedule F. Include the Form 1099 or CCC-1099-G amounts in the total amount reported on that line.

Form	Where to report
1099-PA-R	Line 5a
1099-A	Line 7b
1099-MISC	Line 9a
(for crop insurance)	Line 9a
1099-G or CCC-1099-G	Line 9a
(for disaster payments)	Line 9a
(for other agricultural program payments)	Line 9a

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You may also receive Form 1099-MISC for other types of income. In this case, report it on whichever line best describes the income. For example, if you received Form 1099-MISC for custom farming work, include this amount on line 9. Custom hire (machinery work) income

## Lines 5a and 5b

If you received distributions from a cooperative in 2004, you should receive Form 1099-PA-R on line 5a. Also, your total distributable income for 2004 includes patronage dividends, return-in-kind distributions, per-unit retained amounts, and redemption of nonqualified shares and per-unit retained allocations.

Show patronage dividends received in cash and the fair market value of other written notes of allocation. If you received property as patronage dividends, report their market value at the property's income. Include cash advances received from a marketing cooperative. If you received per-unit retains in cash, show the amount of cash. If you received qualified per-unit retained certificates, show the dollar amount of the certificates.

Do not include as income on line 5b patronage dividends from buying personal or family items, capital assets, or appreciable assets, limit these amounts to line 5a only. 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.

## Lines 6a and 6b

Enter on line 6a the total of the following amounts:

- Direct payments
- Counter-cyclical payments
- Price support payments
- Market gain from the repayment of a secured Commodity Credit Corporation (CCC) loan for less than the original loan amount
- Diversions payments
- Cost-share payments (split drafts)
- Payments in the form of materials (such as fertilizer or lime) or services (such as grading or building ditches)

These amounts are government payments you received, usually reported to you on Form 1099-G. You may also receive Form CCC-1099-G from the Department of Agriculture showing the amounts and types of payments made to you.

On line 6b, report only the taxable amount. For example, do not report the market gain shown on Form CCC-1099-G on line 6b if you elected to report CCC loan proceeds as income in the year received (see Lines 7a Through 7c on page F-3). No

gain results from redemption of the coin inventory because you previously reported the CCC loan proceeds as income. You are treated as repurchasing the commodity for the amount of the loan repayment. However, if you did not report the CCC loan proceeds under the election, you must report the market gain on line 6b.

### Line 10

Use this line to report income not shown on lines 1 through 9, such as the following:

- Illegal federal irrigation subsidies. See Pub. 225.
- Bartering income.

Generally, if a debt is canceled or forgiven, you must include the canceled amount in income. If a federal agency, financial institution, or credit union canceled or forgave a debt you owed of \$600 or more, it should send you a Form 1099-C, or similar statement, by January 31, 2005, showing the amount of debt canceled in 2003. However, certain solvent farmers can exclude canceled qualified loan indebtedness from income. To find out if you must include any cancellation of debt in income, see Pub. 225.

- State gasoline or fuel tax refund you received in 2004.
- The amount of credit for federal tax paid on fuel's claimed on your 2003 Form 1040.
- The amount of credit for alcohol used as fuel that was entered on Form 6478.

Any recapture of excess depreciation, including any section 179 expense deduction, if the business use percentage of any listed property decreased to 50% or less in 2004. Use Form 4797 to figure the recapture. See the instructions for Schedule C, line 13, on page C-4 for the definition of listed property.

- The inclusion amount on leased listed property (other than vehicles) when the business use percentage drops to 50% or less. See Pub. 946 to figure the amount.

Any recapture of the deduction for clean-fuel vehicles used in your farming business, and clean-fuel vehicle refunding property. For details on how to figure recapture, see Pub. 335.

The gain or loss on the sale of commodity futures contracts if the contracts were made to protect you from price changes. These are a form of business insurance and are considered hedges. If you had a loss in a closed futures contract, enter it in parentheses.

**For property acquired and hedging positions established, you must clearly identify on your books and records both the hedging transaction and the item(s) or aggregate risk that is being hedged.**

Purchase or sales contracts are not hedges if they offer losses that already occurred. If you bought or sold commodity futures with the hope of making a profit due to favorable price changes, report the profit or loss on Form 6781 instead of this line.

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## Part II. Farm Expenses

Do not deduct the following:

- Personal or living expenses, such as taxes, insurances, 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.
- Inventory losses.
- Personal losses.

If you were repaid for any part of an expense, you must subtract the amount you were repaid from the deduction.

**Capitalizing costs of property.** If you produced real or tangible personal property or acquired property for resale, certain expenses must be included in inventory costs or capitalized. These expenses include the direct costs of the property and the share of any indirect costs allocable to that property. However, these rules generally do not apply to expenses of:

1. Producing any plant that has a preproductive period of 2 years or less.
2. Raising animals, or
3. Replanting certain crops if they were lost or damaged by reason of freezing temperatures, disease, drought, pests, or casualty.

**Exceptions 1 and 2 above do not apply to tax shelters, partnerships, syndicates, or partnerships required to use the accrual method of accounting under section 447 or 448.**

But you may be able to currently deduct rather than capitalize the expenses of producing a plant with a preproductive period of more than 2 years. See *Election to deduct certain preproductive period expenses* below.

Do not reduce your deductions on lines 12 through 34e by the preproductive period expenses you must capitalize. Instead, enter the total amount capitalized in parentheses on line 34f. See *Preproductive period expenses* on page F-6 for details.

If you revoked an election made before 1989 to deduct preproductive period expenses for animals, you must continue to apply the alternative depreciation rules to property placed in service while your election was in effect. Also, the expenses you previously chose to deduct will have to be recaptured as ordinary income when you dispose of the animals.

**Election to deduct certain preproductive period expenses.** If the preproductive period of any plant you produce is more than 2 years, you can elect to currently deduct the expenses rather than capitalize them.

ously used the standard mileage rate for that vehicle.

You can take the standard mileage rate for 2004 only if you:

- Owned the vehicle and use the standard mileage rate for the first year you placed the vehicle in service or
- Leased the vehicle and are using the standard mileage rate for the entire lease period except the period, if any, before 1980.

If you deduct actual expenses:

- Include on line 12 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc., and
- Show depreciation on line 16 and rent or lease payments on line 26a.

If you take the standard mileage rate, multiply the number of business miles by 37.5 cents. Add to this amount your parking fees and tolls, and enter the total on line 12. Do not deduct depreciation, rent or lease payments, or your actual operating expenses.

If you claim any car or truck expense (actual or the standard mileage rate), you must provide the information requested on Form 4562, Part V. Be sure to attach Form 4562 to your return.

For details, see Pub. 463.

### Line 14

Deductible soil and water conservation expenses generally are those that are paid to conserve soil and water or to prevent erosion of land used for farming. These expenses include (but are not limited to) the cost of leveling, grading and terracing, contour farming, the construction, control, and protection of diversion channels, drains, outlets and ponds, the eradication of brush, and the planting of windbreaks.

These expenses can be deducted only if they are consistent with a conservation plan approved by the Natural Resources Conservation Service of the Department of Agriculture for the area in which your land is located. If no plan exists, the expenses must be consistent with a plan of a comparable state agency. You cannot deduct the expenses if they were paid or incurred for land not used in farming in a foreign country.

Do not deduct expenses you paid or incurred to drain or fill wetlands, to prepare land for center pivot irrigation systems, or to clear land.

Your deduction cannot exceed 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, the excess can be carried forward and deducted in later tax years. However, the amount deductible for any 1 year cannot exceed the 25% gross income limit for that year.

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For details, see Pub. 225.

### Line 15

Father amounts paid for custom hire or farm work (the machine operator furnished the equipment).

Do not include amounts paid for rental or lease of equipment that you operated yourself. Instead, report those amounts on line 26a.

### Line 16

You can deduct depreciation of buildings, improvements, cars and trucks, machinery, and other farm equipment of a permanent nature.

Do not deduct depreciation on your home, furniture or other personal items, lard, livestock you bought or raised for resale, or other property in your inventory.

You can also elect under section 179 to expense a portion of the cost of certain machinery bought in 2004 for use in your farming business.

For details, including when you must inspect for Schedule C, line 13, on page C-4.

### Line 17

Deduct contributions to employee benefit programs that are an incidental part of a pension or profit-sharing plan included on line 25. Examples are accident and health plans, group-term life insurance, and dependent care assistance programs. If you made contributions on your behalf as a self-employed person to a dependent care assistance program, complete Form 2441, Parts I and III, to figure your deductible contributions to that program.

Do not include on line 17 any contributions you made on your behalf as a self-employed person to an accident and health plan or for group-term life insurance. You may be able to deduct on Form 1040, line 31, the amount you paid for health insurance on behalf of yourself, your spouse, and dependents even if you do not itemize your deductions. See the instructions for Form 1040, line 31, for details.

### Line 18

If you use the cash method, you cannot deduct when paid the cost of feed your livestock will consume in a later year unless all of the following apply:

- The payment was for the purchase of feed rather than a deposit.
- The payment had a business purpose and was not made merely to avoid tax.

But you cannot make this election for the costs of planning or growing crops, or animals groves that are incurred before the end of the 4th tax year beginning with the tax year you planted them in their permanent grove. By deducting the preproductive period expenses for which you can make this election, you are treated as having made the election.



**In the case of a partnership or S corporation, this election must be made by the partner or shareholder. This election cannot be made by tax shelters, farming syndicates, or partners in partnerships required to use the accrual method of accounting under section 447 or 448.**

If you make the election to deduct preproductive expenses for plants, you realize when disposing of the plant an ordinary income up to the amount of the preproductive expenses you deducted. Also, the alternative depreciation rules apply to property placed in service in any tax year your election is in effect. Unless you obtain IRS consent, you must make this election for the first tax year in which you engage in a farming business involving the production of property subject to the capitalization rules. You cannot revoke this election without IRS consent.

For details, see Pub. 225.

**Prepaid farm supplies.** Generally, if you use the cash method of accounting and your prepaid farm supplies are more than 50% of your other deductible farm expenses, your deduction for those supplies will be limited. Prepaid farm supplies include certain feed, seed, fertilizer, and other similar farm supplies provided or contracted for during the year. They also include the cost of fuel that would be allowable as a deduction in a later tax year if you were to (a) capitalize the cost of poultry bought for use in your farming business and deduct it ratably over the lesser of 12 months or the useful life of the poultry and (b) deduct the cost of poultry bought for resale in the year you sell or otherwise dispose of it.

If the limit applies, you can deduct prepaid farm supplies (but do not exceed 50% of your other deductible farm expenses) in the year of payment. You can deduct the excess only in the year you use or consume the supplies (other than poultry, which is deductible as explained above). For details and exceptions to these rules, see Pub. 225.

### Line 12

You can deduct the actual expenses of running your car or truck or take the standard mileage rate. You must use actual expenses if you used your vehicle for hire or to use more than your vehicle's simultaneous use in your farming business (such as in lease operations). You cannot use actual expenses for a leased vehicle if you pre-

• **Deducting the prepayment will not materially distort your income.**

If all of the above apply, you can deduct the prepaid feed, which is subject to the overall limit for *Prepaid farm supplies* explained on page F-4. If all of the above do not apply, you can deduct the prepaid feed only in the year it is consumed.

**Line 20**

Do not include the cost of transportation incurred in purchasing livestock held for resale as freight paid. Instead, add these costs to the cost of the livestock, and deduct them when the livestock is sold.

**Line 22**

Deduct on this line premiums paid for farm business insurance. Deduct on line 17 amounts paid for employee accident and health insurance. Amounts credited to a reserve for self-insurance or premiums paid for a policy that pays for your lost earnings due to sickness or disability are not deductible.

**Lines 23a and 23b**

**Interest allocation rules.** The tax treatment of interest expense differs depending on its type. For example, home-ownership interest with "limited exception" rates require you to allocate (split) the interest between personal use and the correct line of your return and receives the right tax treatment. These rules could affect how much interest you are allowed to deduct on Schedule E.

Generally, you allocate interest expense by tracing how the proceeds of the loan are used. See Pub. 535 for details.

If you paid interest on a debt secured by your main home and any of the proceeds from that debt were used in your farming business, see Pub. 535 to figure the amount to include on lines 23a and 23b.

**How to report.** If you have a mortgage on real property used in your farming business (other than your main home), enter on line 23a the interest you paid for 2004 to banks or other financial institutions for which you received a Form 1098 (or similar statement) if you did not receive a Form 1098, enter the interest on line 23b.

If you paid more mortgage interest than is shown on Form 1098, see Pub. 535 to find out if you can deduct the additional interest. If you can, include the amount on line 23a. Attach a statement to your return explaining the difference and cite the interest in a plan that only covers you (or you and your spouse).

If you and at least one other person (other than your spouse if you file a joint

**Lines 26a and 26b**

If you rented or leased vehicles, machinery, or equipment, enter on line 26a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an inclusion amount. See Pub. 463 to figure your inclusion amount.

Enter on line 26b amounts paid to rent or lease other property such as pasture or farmland.

**Line 27**

Enter amounts you paid for repairs and maintenance of farm buildings, machinery, and equipment. You can also include what you paid for tools of short life or minimal cost, such as shovels and rakes.

Do not deduct repairs or maintenance on your home.

**Line 31**

You can deduct the following taxes on this line:

- Real estate and personal property taxes on farm business assets.
- Social security and Medicare taxes you paid to match what you are required to withhold from farm employees' wages and any federal unemployment tax paid.
- Federal highway use tax.

Do not deduct the following taxes on this line:

- Federal income taxes, including your self-employment tax. However, you can deduct one-half of your self-employment tax on Form 1040, line 30.
- Estate and gift taxes.
- Taxes assessed for improvements, such as paving and sewers.
- Taxes on your home or personal use property.
- State and local sales taxes on property purchased for use in your farming business. Instead, treat these taxes as part of the cost of the property.
- Other taxes not related to your farming business.

**Line 32**

Enter amounts you paid for gas, electricity, water, etc. for business use of the telephone. Do not include personal utilities. You cannot deduct the base rate (including taxes) of the first telephone line into your residence, even if you use it for your farming business. But you can deduct expenses you paid for your farming business that are more than the base rate of the base rate for the first phone line. For example, if you had a second phone line, you can deduct the business

percentage of the charges for that line, including the base rate charges.

**Lines 34a Through 34f**

Include all ordinary and necessary farm expenses not deducted elsewhere on Schedule E, such as advertising, office supplies, etc. Do not include fines or penalties paid to a government for violating any law.

**Market loss deduction.** Any loss from this line that is not allowed to be deducted is treated as a deduction allocable to this activity in 2004. See Pub. 535.

**Line 36**

If you have a loss, the amount of loss you can deduct this year may be limited. Go to line 37 before entering your loss on line 36. If you checked the "No" box on Schedule E, line E, also see the instructions for Form 8882. Later, do not profit or deductible loss here and on Form 1040, line 18, and Schedule SE, line 1. Estates and trusts should enter the net profit or deductible loss here and on Form 1041, line 6. Partnerships should stop here and enter the profit or loss on this line and on Form 1065, line 5 for Form 1065-B, line 7.

If you have a net profit on line 36, this amount is earned income and may qualify you for the earned income credit if you meet certain conditions. See the instructions for Form 1040, lines 65a and 65b, for details.

**Line 37**

**At-risk rules.** Generally, if you have a loss from a farming activity and amounts in the activity for which you are at risk, you may deduct the loss. The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the activity.

Check box 37b if you have amounts for which you are not at risk in this activity, such as the following:

- Nonrecourse loans used to finance the activity to acquire property used in the activity, or the amount of the loan that is secured by your own property (other than property used in the activity). However, there is an exception for certain nonrecourse financing borrowed by you in connection with holding real property.
- Cash, property, or personal amounts in the activity (or contributed to the activity, or used to acquire the activity) that

are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).

- Amounts borrowed for use in the activity from a person who has an interest in the activity, other than as a creditor, or who is related under section 465(b)(3) to a partner (other than you) having such an interest.

If all amounts are at risk in this business, check box 37a and enter your loss on line 36. But if you checked the "No" box on line E, you may be limited. See the instructions for Form 8882. If you checked "Yes" on line E, you may enter 0 on line 36. Be sure to attach Form 6198 to your return. If you checked box 37b, and you do not attach Form 6198, the percentage of your tax return may be delayed.

Any loss from this activity not allowed for 2004 because of the at-risk rules is treated as a deduction allocable to the activity in 2005.

For details, see Pub. 925 and the instructions for Form 6198.

**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 include animals and crops in your inventory if you use this method. See Pub. 225 for exceptions. Inventory methods, how to change methods of accounting, and the rules that require certain costs to be capitalized or included in inventory.

**Lines 39a Through 41c**

See the instructions for lines 53 through 76 that begin on page F-2.

**Line 44**

See the instructions for line 10 on page F-3.



# 2004 Instructions for Schedule J

## Income Averaging for Farmers and Fishermen

### What's New

Fishermen. You can use Schedule J to average your income from your fishing business by electing to include taxable income from fishing in elected farm income on line 2.

Alternative minimum tax (AMT). Filing Schedule J may reduce your total tax for 2004 even if you owe AMT.

### General Instructions

**Prior Year Tax Returns**  
You may need copies of your original or amended income tax returns for 2001, 2002, and 2003 to figure your tax on Schedule J. If you do not have copies of those returns, you can get them by filing Form 4576. There is a \$39 fee for each return requested. If you want a free transcript of your tax return, use Form 4576. See your Form 1040 instruction booklet for land out how to get these forms. Keep a copy of your 2004 income tax return for use in 2005, 2006, or 2007.

### Additional Information

See Regulations section 1.1301-1 for more details.

### Specific Instructions

#### Line 2

**Elected Farm Income**  
To figure elected farm income, first figure your taxable income from farming or fishing. This includes all income, gains, losses, and deductions attributable to any farming or fishing business. However, it does not include gain from the sale or other disposition of land.

Use Schedule J (Form 1040) to elect to figure your 2004 tax by averaging over the previous 3 years (those years), all or part of your 2004 taxable income from your sale or business, of farming or fishing. Making this election may give you a lower tax if your 2004 income from farming or fishing is high and your taxable income for one or more of the 3 prior years was low.

This election does not apply when figuring your tentative minimum tax on Form 6251 (that is, you cannot average your AMT income from farming or fishing). Also, you do not have to recompute, because of this election, the tax liability of any minor child who was required to use your tax rates in the prior years.

- Contract harvesting of an agricultural or horticultural commodity grown or raised by someone else, or
- Merely buying or reselling plants or animals grown or raised by someone else.

**Fishing business.** A fishing business is the trade or business of fishing in which the fish harvested, either in whole or in part, are intended to enter commerce or enter commerce through sale, barter, or trade. This includes:

1. The catching, taking, or harvesting of fish;
2. The attempted catching, taking, or harvesting of fish;
3. Any other activity which can reasonably be expected to result in the catching, taking, or harvesting of fish; or
4. Any operations at sea in support of, or in preparation for, any activity described in (1) through (3) above.

The word fish means finfish, mollusks, crustaceans, and all other forms of marine mammals and birds.

A fishing business does not include any scientific research activity which is conducted by a scientific research vessel.



**Generally, income, gains, losses, and deductions from farming or fishing are reported on:**

- Form 1040, line 7, in the event of wages and other compensation you received as a shareholder in an S corporation engaged in a farming or fishing business;
- Schedule C or C-EZ;
- Schedule D;
- Schedule E, Part II;
- Schedule F;
- Form 4797, and
- Form 4855.

A farming business does not include:

**J-1**  
Cat. No. 35512J

## 2001 Taxable Income Worksheet—Line 5

Keep for Your Records

Complete this worksheet if you did not use Schedule J to figure your tax for both 2002 and 2003 and your 2001 taxable income was zero or less. See the instructions below before completing this worksheet.

1. Figure the taxable income from your 2001 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2001, do not include any NOL carryovers or carrybacks to 2001. Enter the result as a positive amount.
2. If there is a loss on your 2001 Schedule D, line 18, add that loss (as a positive amount) and your 2001 capital loss carryover to line 2. Subtract from that sum the amount of the loss on your 2001 Schedule D, line 17, and enter the result.
3. If you had an NOL for 2001, enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2001 that were not used in 2001 and were carried to years after 2001.
4. Add lines 2 and 3.
5. Subtract line 4 from line 1. Enter the result as a negative amount on Schedule J, line 5, if you have a loss.

### Line 4

Figure the tax on the amount on line 3 using the 2004 Tax Table, Tax Computation Worksheet, or Qualified Dividends and Capital Gain Tax Worksheet from your 2004 Form 1040 instruction booklet, or use the Schedule D Tax Worksheet (enter the amount is zero or less, complete the worksheet above to figure the amount to enter on line 5).

### Line 5

If you used Schedule J to figure your tax for 2003 (that is, you entered the amount from line 4) on Form 1040, enter on line 5 the amount from your 2003 Schedule J, line 5. If you used Schedule J to figure your tax for 2002 but not 2003, enter on line 5 the amount from your 2002 Schedule J, line 5. If you used Schedule J to figure your tax for 2001 but not 2002, enter on line 5 the amount from your 2001 Schedule J, line 5.

### Instructions for 2001 Taxable Income Worksheet

**Line 2.** Any net capital loss deduction on your 2001 Schedule D, line 18, is not the amount of the loss for purposes of this worksheet. It did not reduce your capital loss carryover to 2002. This could happen if the taxable income before subtracting exemptions shown on your 2001 Form 1040, line 37 (or as previously adjusted), was less than zero. Enter the amount by which your 2001 capital loss carryover to 2002 (the sum of your short- and long-term capital loss carryovers) exceeds the excess of the loss on your 2001 Schedule D, line 17, over the loss on your 2001 Schedule D, line 18. If you had any net operating loss (NOL) carrybacks to 2001, be sure you reduced your 2001 capital loss carryover to 2002 by the amount of that NOL as (reduced on the 2001 Form 1045, Schedule A, line 22; you

## 2001 Tax Rate Schedules—Line 8

Schedule X—Use if your 2001 filing status was Single		Schedule Y—Use if your 2001 filing status was Married filing jointly or Qualifying widower		Schedule Z—Use if your 2001 filing status was Head of household	
If Schedule X, line 7 is over—	But not over—	If Schedule Y, line 7 is over—	But not over—	If Schedule Z, line 7 is over—	But not over—
\$0	\$2,700	\$0	\$4,050	\$0	\$2,700
15%	27.00	15%	27.00	15%	27.00
30%	54.00	30%	54.00	30%	54.00
35%	81.00	35%	81.00	35%	81.00
40%	108.00	40%	108.00	40%	108.00
45%	135.00	45%	135.00	45%	135.00
50%	162.00	50%	162.00	50%	162.00
55%	189.00	55%	189.00	55%	189.00
60%	216.00	60%	216.00	60%	216.00
65%	243.00	65%	243.00	65%	243.00
70%	270.00	70%	270.00	70%	270.00
75%	297.00	75%	297.00	75%	297.00
80%	324.00	80%	324.00	80%	324.00
85%	351.00	85%	351.00	85%	351.00
90%	378.00	90%	378.00	90%	378.00
95%	405.00	95%	405.00	95%	405.00
100%	432.00	100%	432.00	100%	432.00

J-2



2002 Tax Rate Schedules—Line 12

Schedule A—If it is your 2002 filing status was Married filing jointly or Qualifying widow(er)		Schedule B—If it is your 2002 filing status was Married filing jointly or Qualifying widow(er)		Schedule C—If it is your 2002 filing status was Married filing jointly or Qualifying widow(er)		Schedule D—If it is your 2002 filing status was Married filing jointly or Qualifying widow(er)	
Enter on Schedule J, line 11, or Over	Enter on Schedule J, line 2	Enter on Schedule J, line 11, or Over	Enter on Schedule J, line 2	Enter on Schedule J, line 11, or Over	Enter on Schedule J, line 2	Enter on Schedule J, line 11, or Over	Enter on Schedule J, line 2
\$0	10%	\$0	10%	\$0	10%	\$0	10%
6,000	15%	6,000	15%	6,000	15%	6,000	15%
12,000	20%	12,000	20%	12,000	20%	12,000	20%
18,000	25%	18,000	25%	18,000	25%	18,000	25%
24,000	30%	24,000	30%	24,000	30%	24,000	30%
30,000	35%	30,000	35%	30,000	35%	30,000	35%
36,000	38.6%	36,000	38.6%	36,000	38.6%	36,000	38.6%

2002 Capital Gain Tax Worksheet—Line 12

Use this worksheet only if you entered capital gain distributions directly on line 13 of your 2002 Form 1040 (or line 10 of your 2002 Form 1040A), and checked the box on that line and elected farm income on Schedule J, lines 9 and 10, does not include any net capital gain.

- Amount from Schedule J, line 11
- Amount from your 2002 Form 1040, line 13 (or Form 1040A, line 10)
- Subtract line 2 from line 1. If zero or less, enter 0.
- Figure the tax on the amount on line 3, use the 2002 Tax Rate Schedules above.
- Enter the smaller of:
  - The amount on line 1 above or
  - \$27.9% if taxable for 2002, 24.6% if married filing jointly, 25.3% if married filing separately, or 24.4% if head of household.
- Subtract line 6 from line 5. If zero or less, enter 0, and go to line 9.
- Multiply line 7 by 10% (line 10).
- Enter the smaller of line 7 or line 2.
- Enter the amount from line 7.
- Subtract line 10 from line 9. If zero or less, enter 0, and go to line 13.
- Multiply line 11 by 20% (line 20).
- Add lines 8, 9, and 12.
- Figure the tax on the amount on line 11, use the 2002 Tax Rate Schedules above.
- Tax. Enter the smaller of line 13 or the 14 here and on Schedule J, line 12.

John also had a \$7,000 capital loss deduction, and his \$3,000 capital loss deduction, and his \$4,700 standard deduction, were not allowed in figuring the NOL. John had a \$22,300 loss on his 2002 Schedule F, the only other item on his 2002 tax return.

John enters \$25,300 on line 4 and \$7,700 on line 5. He enters \$7,700 as a negative amount on Schedule J, line 9. He enters \$6,000 on Schedule J, line 10, and a negative \$1,700 on Schedule J, line 11. If he uses Schedule J to figure his tax for 2005, he will enter the negative \$1,700 on line 12.

able income before subtracting exemptions shown on your 2003 Form 1040, line 38 (or as previously adjusted), was less than the amount by which your 2003 capital loss carryover to 2004 (the sum of your start-up losses and your loss on your 2003 Schedule D, line 17a, over the loss on your 2003 Schedule D, line 18).

John enters -0- on line 3 of the worksheet because he does not have an NOL for 2003 and did not have an NOL carryover from 2001 available to carry to 2004 and later years. The NOL for 2003 of \$5,100 was reduced to zero because it did not exceed his modified taxable income of \$4,100. Modified taxable income is figured by adding back the \$3,000 net capital loss deduction and the \$3,000 of exemptions to negative taxable income, and then subtracting the NOL of \$5,100. John enters \$3,050 on line 4 and \$3,050 on line 5. He enters \$6,000 on Schedule J, line 13. He enters \$6,000 on Schedule J, line 14, and \$2,950 on Schedule J, line 15. If he uses Schedule J to figure his tax for 2005, he will enter \$2,950 on his 2005 Schedule J as his 2003 taxable income for income averaging purposes.

John had a \$3,000 net capital loss deduction on Schedule D, line 18 (which was also entered on Form 1040, line 13a), a \$7,000 loss on Schedule D, line 17a, and a \$5,000 capital loss carryover to 2004 (the extent it did not reduce your capital loss 2003 capital loss carryover to 2004 was \$5,000, not \$4,000, because the amount on

Line 16

If line 15 is zero or less, enter -0- on line 16. Otherwise, figure the tax on the amount on line 15 using:

- The 2003 Tax Rate Schedules on page J-7.
- The 2003 Qualified Dividends and Capital Gain Tax Worksheet on page J-8, or
- The Schedule D you filed for 2003 (but use the 2003 Tax Rate Schedules on page J-7 instead of the 2003 Tax Table when figuring the tax on Schedule D, lines 50 and 52, or on the Schedule D Tax Worksheet, lines 48 and 50).



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Complete this worksheet if your 2003 taxable income is zero or less. See the instructions above before completing this worksheet.

- Figure the taxable income from your 2003 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2003, do not include any NOL carryovers or carrybacks to 2003. Enter the result as a positive amount.
- If there is a loss on your 2003 Schedule D, line 18, add that loss as a positive amount and your 2003 capital loss carryover to 2004. Subtract from that sum the amount of the loss on your 2003 Schedule D, line 17a, and enter the result as a positive amount.
- If you had an NOL for 2003, enter it as a positive amount. Otherwise, enter as a positive amount the portion of any of the NOL carryovers and carrybacks to 2003 that were not used in 2003 and were carried to years after 2003.
- Add lines 2 and 3.
- Subtract line 4 from line 1. Enter the result as a negative amount on Schedule J, line 13.



2003 Tax Rate Schedules—Line 16

Schedule X—Use if your 2003 filing status was Single			Schedule Y-2—Use if your 2003 filing status was Married filing separately			Schedule Z—Use if your 2003 filing status was Head of household		
If Schedule J line 15, w/ Over	Enter on Schedule J line 16	of the amount over	Enter on Schedule J line 16	of the amount over	Enter on Schedule J line 16	of the amount over	Enter on Schedule J line 16	of the amount over
\$0	\$7,000	\$0	\$7,000	10%	\$0	10%	\$0	10%
7,000	28,400	7,000	28,400	15%	7,000	15%	7,000	15%
28,400	68,800	28,400	68,800	25%	28,400	25%	28,400	25%
68,800	143,800	68,800	143,800	30%	68,800	30%	68,800	30%
143,800	311,950	143,800	311,950	35%	143,800	35%	143,800	35%
311,950		311,950			311,950		311,950	

Schedule Y-1—Use if your 2003 filing status was Married filing jointly or Qualifying widow(er)			Schedule Z-1—Use if your 2003 filing status was Married filing jointly or Qualifying widow(er)		
If Schedule J line 15, w/ Over	Enter on Schedule J line 16	of the amount over	Enter on Schedule J line 16	of the amount over	
\$0	\$14,000	\$0	\$14,000	10%	
14,000	56,800	14,000	56,800	15%	
56,800	114,650	56,800	114,650	25%	
114,650	229,300	114,650	229,300	28%	
229,300	411,950	229,300	411,950	33%	
411,950		411,950		35%	

Lines 18, 19, and 20

If you filed your 2001, 2002, or 2003 tax return using TeleFile, enter your tax from your TeleFile Tax Record. If you amended your return or the IRS made changes to it, enter the corrected amount.

2003 Qualified Dividends and Capital Gain Tax Worksheet—Line 16

Use this worksheet only if:  
 • You entered (a) qualified dividends on your 2003 Form 1040, line 9b (or your 2003 Form 1040A, line 9b) or (b) capital gain distributions directly on your 2003 Form 1040, line 13a (or your 2003 Form 1040A, line 10a), and checked the box on that line and  
 • Your elected term income on Schedule J, line 2, does not include any net capital gain.

1. Amount from Schedule J, line 15	1.	
2. Enter the total of the amounts from your 2003 Form 1040, lines 9b and 13a (or Form 1040A, lines 9b and 10a)	2.	
3. Amount, if any, from your 2003 Form 4952, line 4g	3.	
4. Subtract line 3 from 2. If zero or less, enter -0-	4.	
5. Enter the smaller of: • The amount on line 1 above or • \$56,800 if married filing jointly or qualifying widow(er) or • \$28,400 if single or married filing separately, or • \$18,050 if head of household	5.	
6. Subtract line 4 from line 1. If zero or less, enter -0-	6.	
7. Subtract line 6 from line 5. If zero or less, enter -0- and go to line 13	7.	
8. Enter the total of the amounts from your 2003 Form 1040, lines 9b and 13b (or Form 1040A, lines 9b and 10b)	8.	
9. Enter the smaller of line 7 or 8	9.	
10. Multiply line 8 by 5% (.05)	10.	
11. Subtract line 9 from line 7. If zero, go to line 13	11.	
12. Multiply line 11 by 10% (.10)	12.	
13. Enter the smaller of line 1 or line 4	13.	
14. Enter the amount from line 7	14.	
15. Subtract line 14 from line 13. If zero or less, enter -0- and go to line 23	15.	
16. Enter the total of the amounts from your 2003 Form 1040, lines 9b and 13b (or Form 1040A, lines 9b and 10b)	16.	
17. Enter the amount from line 9 (if line 9 is blank, enter -0-)	17.	
18. Subtract line 17 from line 16	18.	
19. Enter the smaller of line 15 or line 18	19.	
20. Multiply line 19 by 15% (.15)	20.	
21. Subtract line 19 from line 15. If zero, go to line 23	21.	
22. Multiply line 21 by 20% (.20)	22.	
23. Figure the tax on the amount on line 6. Use the 2003 Tax Rate Schedules on page J-7	23.	
24. Add lines 10, 12, 20, 22, and 23	24.	
25. Figure the tax on the amount on line 1. Use the 2003 Tax Rate Schedules on page J-7	25.	
26. Take the smaller of line 24 or line 25 here and on Schedule J, line 16	26.	



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# 2004 Instructions for Schedule SE (Form 1040)

## Self-Employment Tax

Use Schedule SE (Form 1040) to figure the tax due on net earnings from self-employment. The Social Security Administration uses the information from Schedule SE to figure your benefits under the social security program. This tax applies no matter how old you are and even if you are already getting social security or Medicare benefits.

Additional information. See Pub. 553. Section references are to the Internal Revenue Code.

### General Instructions

#### What's New

For 2004, the maximum amount of self-employment income subject to social security tax is \$87,000.

#### Who Must File Schedule SE

- You must file Schedule SE if:
  - Your net earnings from self-employment (see page SE-2), from other than church employee income were \$400 or more, or
  - You had church employee income of \$108.28 or more (see *Employees of Churches and Church Organizations* below).

#### Who Must Pay Self-Employment (SE) Tax?

You must pay SE tax if you had net earnings of \$400 or more as a self-employed person. If you are in business for yourself or you are a farmer, you are self-employed.

You must also pay SE tax on your share of net partnership income and your guaranteed payments. See *Partnership Income or Loss* on page SE-2.

#### Employees of Churches and Church Organizations

If you had church employee income of \$108.28 or more, you must pay SE tax. Church employee income is wages you received as an employee (other than as a minister or member of a religious order) of a church or qualified church-controlled organization that has a certificate in effect electing an exemption from employer social security and Medicare taxes.

#### Ministers and Members of Religious Orders

In most cases, you must pay SE tax on salaries and other income for services you performed as a minister, a member of a religious order who has not taken a vow of poverty, or a Christian Science practitioner, but if you filed Form 4361 and received

United Kingdom. Additional agreements are expected in the future. If you have questions about international social security agreements, you can:

- Visit the Social Security Administration (SSA) website at [www.socialsecurity.gov/international](http://www.socialsecurity.gov/international).
- Call the SSA Office of International Programs at (410) 965-4538 or (410) 965-0377 (long-distance charges may apply), or
- Write to Social Security Administration, Office of International Programs, P.O. Box 17741, Baltimore, MD 21285-7741.

If your self-employment income is exempt from SE tax, you should get a statement from the appropriate agency of that foreign country verifying that your self-employment income is subject to social security coverage in that country. If the foreign country will not issue the statement, contact the SSA at the address shown above. Do not complete Schedule SE. Instead, attach a copy of the statement to Form 1040 and enter "Exempt, see attached statement" on Form 1040, line 57.

#### More Than One Business

If you had two or more businesses, you net earnings from self-employment are the combined net earnings from all of your businesses. If you had a loss in one business, it reduces the income from another business. The combined SE tax on one Schedule SE.

#### Joint Returns

Show the name of the spouse with SE income on Schedule SE. If both spouses have SE income, each must file a separate Schedule SE. However, if one spouse qualifies to use Short Schedule SE and the other has to use Long Schedule SE, both can use the same form. One spouse should complete the form and the other the back.

Include the total profits or losses from all businesses on Form 1040, as appropriate. Enter the combined SE tax on Form 1040, line 57.

#### Community Income

In most cases, if any of the income from a business (including farming) is community income, all of the income from that business is SE earnings of the spouse who carried on the business. The facts in each case will determine which spouse carried on the business. If you and your spouse are partners in a partnership, see *Partnership Income or Loss* on this page.

If you and your spouse had community income and file separate returns, attach Schedule SE to the return of the spouse with the SE income. Also, attach Schedule SE to the return of the other spouse.

If you are the spouse who carried on the business, you must include on Schedule SE, line 3, the net profit or (loss) reported

on the other spouse's Schedule C, C-EZ, or F (except income not included in net earnings from self-employment as explained on page SE-3). Enter on the dotted line to the left of Schedule SE, line 3, "Community Income Taxed to Spouse," and the amount of any net profit or (loss) allocated to your spouse as community income. Combine that amount with the total of lines 1 and 2 and enter the result on line 3.

- If you are not the spouse who carried on the business and you had no other income subject to SE tax, enter "Exempt Community Income" on Form 1040, line 57; do not file Schedule SE. However, if you had other earnings subject to SE tax of \$400 or more, enter on the dotted line to the left of Schedule SE, line 3, "Exempt Community Income" and the amount of net profit or (loss) from Schedule C, C-EZ, or F allocated to you as community income. If that amount is a net profit, subtract it from the total of lines 1 and 2 and enter the result on line 3. If that amount is a loss, treat it as a positive amount, add it to the total of lines 1 and 2, and enter the result on line 3.



Community income included on Schedule C, C-EZ, or F tax purposes on the basis of the community property laws.

#### Fiscal Year Filers

If your tax year is a fiscal year, use the tax rate and earnings base that apply at the time the fiscal year begins. Do not prorate the tax or earnings base for a fiscal year that overlaps the date of a rate or earnings base change.

#### Specific Instructions

Read the chart on page 1 of Schedule SE to see if you can use Section A, Short Schedule SE, or if you must use Section B, Long Schedule SE. For either section, you need to know what to include as net earnings from self-employment. Read the following instructions to see what to include as net earnings and how to fill in either Short or Long Schedule SE, lines 1 and 2. Enter all negative amounts in parentheses.

#### Net Earnings From Self-Employment What Is Included in Net Earnings From Self-Employment?

In most cases, net earnings include your net profit from a farm or nonfarm business. If you were a partner in a partnership, see the following instructions.

#### Partnership Income or Loss

If you were a general or limited partner in a partnership, including in line 2, you must file a Schedule SE for your share of net earnings from self-employment. Schedule K-1 (Form 1065), box 14, with code A, and Schedule K-1 (Form 1065-10), box 9, General partners should reduce this amount before entering it on Schedule SE. If any section 179 expense deduction claimed, unrecaptured depreciation, and depletion claimed on oil and gas properties. If you reduce the amount you enter on Schedule SE, attach an explanation.

If a partner died and the partnership continued, include in SE income the deceased's distributive share of the partnership's ordinary income or loss through the end of the month in which he or she died. See section 1407(1).

If you were married and both you and your spouse were partners in a partnership, each of you must pay SE tax on your own share of the partnership income. Each of you must file a Schedule SE and report the partnership income or loss on Schedule E (Form 1041), Part II, for income tax purposes.

SE income belongs to the person who is the member of the partnership and cannot be treated as SE income by the nonmember spouse even in community property states.

#### Share Farming

You are considered self-employed if you produced crops or livestock on someone else's land for a share of the crops or livestock produced (or a share of the proceeds from the sale of them). This applies even if you paid another person (an agent) to do the actual work or management for you. Report your net earnings for income tax purposes on Schedule F (Form 1040) and for SE tax on Schedule SE. See Pub. 225 for details.

#### Other Income and Losses Included in Net Earnings From Self-Employment

- Rent received from a farm if, as land, you or another person participated in the production or management of the production of farm products on that land. This income is farm earnings. To determine whether you materially participated in farm management or production, do not consider the activities of any agent who acted for you. The material participation tests are explained in Pub. 225.
- Cash or a payment-in-kind from the Department of Agriculture for participating in a land diversion program.
- Payments for the use of rooms or other space when you also provided substantial services. Examples are hotel rooms, boarding houses, tourist camps or

self-employment is limited to 5 years. The 5 years do not have to be consecutive.

Under this method, you report on Part II, line 17, two-thirds of your gross farm income, up to \$1,600, as your net earnings. But you cannot report less than your actual net earnings from nonfarm self-employment.

You can change the method after you file your return. But it is a change from the regular to the optional method or from the optional to the regular method. To do so, file Form 1040X.

Figure your share of gross income from a nonfarm partnership in the same manner as a partner's share of income. See Form 1040X. Method on this page for details.

Using Both Optional Methods

If you can use both methods, you can report less than your total actual net earnings from farm and nonfarm self-employment, but you must report less than your actual net earnings from nonfarm self-employment alone.

If you use both methods to figure net earnings, you cannot report more than \$1,600 of net earnings from self-employment.

your share of the gross income after it is reduced by all guaranteed payments made by the partnership. If you were a limited partner, include only guaranteed payments for services you actually rendered to or on behalf of the partnership.

Nonfarm Optional Method

You may be able to use this method to figure your net earnings from nonfarm self-employment if your net nonfarm profits were less than \$1,733 and also less than 72.189% of your gross nonfarm income. Net nonfarm profits is the total of the amounts from:

- Schedule C (Form 1040), line 31.
• Schedule C-EZ (Form 1040), line 3.
• Schedule K-1 (Form 1065), box 14.
with code A (from other than farm partnership), and
• Schedule K-1 (Form 1065-B), box 9.

To use this method, you also must be regularly self-employed. You meet this requirement if your actual net earnings from self-employment were \$400 or more in 2 of the 3 years preceding the year you use the nonfarm method. The net earnings of \$400 or more could be from either farm or nonfarm earnings or both. The net earnings include your distributive share of partnership income or loss, subject to SE tax. Use of the nonfarm optional method from nonfarm

Using the optional methods may give you the benefits described on page SE-3, but they may also increase your SE tax.

Farm Optional Method

You may use this method to figure your net earnings from farm self-employment if your gross farm income was \$2,400 or less and your net farm profits were less than \$1,733. Net farm profits is the total of the amounts from:

- Schedule F (Form 1040), line 36, and
• Schedule K-1 (Form 1065), box 14, with code A (from farm partnerships).

There is no limit on how many years you can use this method. Under this method, you report on Part II, line 15, two-thirds of your gross farm income, up to \$1,600, as your net earnings. This method can increase or decrease your net earnings from farm self-employment even if the farming business had a loss.

You can change the method after you file your return. But it is a change from the regular to the optional method or from the optional to the regular method. To do this, file Form 1040X. For a farm partnership, figure your share of gross income based on the partnership agreement. With guaranteed payments, your share of the Partnership's gross income is your guaranteed payments plus

The amount of the payment deposited primarily on policies, sold by or credited to your account during the last year of the agreement, or the extent to which these policies remain in force for some period after termination, or both.

The amount of the payment did not depend on any event on length of service or overall earnings from services performed for the company (regardless of whether eligibility for the payment depended on length of service).

Statutory Employee Income

If you were required to check the box on Schedule C or C-EZ, line 1, because you were a statutory employee, do not include the net profit or (loss) from that Schedule C, line 31 (or the net profit from Schedule C-EZ, line 3), on Short or Long Schedule SE, line 2. But if you file Long Schedule SE, be sure to include statutory employee social security wages and tips from Form W-2 on line 83.

Optional Methods

How Can the Optional Methods Help You?

Social security coverage. The optional methods may give you credit toward your social security coverage even though you have a loss or a small amount of income from self-employment.

Earned income credit (EIC). Using the optional methods may qualify you to claim the EIC or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than \$1,600. Figure the EIC with and without using the optional methods to see if the optional methods will benefit you.

Additional child tax credit. Using the optional methods may qualify you to claim the additional child tax credit or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than \$1,600. Figure the additional child tax credit with and without using the optional methods to see if the optional methods will benefit you.

Child and dependent care credit. The optional methods may help you qualify for this credit or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than \$1,600. Figure this credit with and without using the optional methods to see if the optional methods will benefit you.

Self-employed health insurance deduction. The methods of computing net earnings from self-employment may be used to figure your self-employed health insurance deduction.

Lump-sum distributions received by an employee or employee representative under the optional retirement system.

Losses received for services performed in a water-pollution abatement project, or losses subject to SE tax under Executive Order 12812, or Form 1040, line 57. However, if you had other earnings of \$400 or more subject to SE tax, enter "Executive Order" and the amount of your net profit as a nonstatutory public on Schedules C or Schedule SE, on the date line on the left of Schedule SE, line 3. Subtract that amount from the total of lines 1 and 2 and enter the result on line 3.

Income you received as a retired partner under a profit-sharing plan that provides for limited participation retirement payments if you had a partner interest in the partnership, and did not perform services during the year.

Income from real estate rentals if you did not receive the income in the course of a trade or business, as a real estate dealer. Report this income on Schedule E.

Income from farm rentals (including rentals paid to crop shares) if, as landlord, you did not materially participate in the production or management of the production of farm products on the land. See Pub. 225 for details.

Dividends on shares of stock and interests on bonds, notes, etc., if you did not receive the income in the course of your trade or business as a dealer in stocks or securities.

Gain or loss from the sale or exchange of a capital asset.

The sale, exchange, involuntary conversion, or other disposition of property in less than 12 months if the property is real property that would be includable in inventory or held primarily for sale to customers in the ordinary course of the business, or in domestic real estate.

Net operating losses from other years. Termination payments you received as a former insurance salesperson if all of the following conditions are met: a. The payment was received from an insurance company because of services you performed as an insurance salesperson for the company.

b. The payment was received after termination of your agreement to perform services for the company.

c. You did not perform any services for the company after termination and before the end of the year in which you received the payment.

d. You entered into a covenant not to compete against the company for at least a 1-year period beginning on the date of termination.

SE-3

homes, parking lots, warehouses, and storage garages.

Income from the retail sale of newspapers and magazines if you were age 18 or older and kept the profits.

Amounts received by, current or former, self-employed insurance agents and salespersons that are:

a. Paid after retirement but figured as a percentage of commissions received from the paying company before retirement.

b. Renewal commissions, or c. Defined commissions paid after retirement for sales made before retirement. However, certain termination payments received by former insurance salespersons are not included in net earnings from self-employment (as explained in item 9 under Income and Losses. Not Included in Net Earnings from Self-Employment on this page).

Income of certain crew members of fishing vessels with crews of normally fewer than 10 people. See Pub. 595 for details.

Fees as a state or local government employee if you were paid only on a fee basis and the job was not covered under a federal-state social security coverage agreement.

Interest received in the course of any trade or business, such as interest on notes or accounts receivable.

Fees and other payments received by you for services as a director of a corporation.

Recapture amounts under sections 170 and 2001 that you included in gross income because the business use of the property dropped to 50% or less. Do not include amounts you recaptured on the disposition of property. See Form 4797.

Fees you received as a professional fiduciary. This may also apply to fees paid to you as a nonprofessional fiduciary if the fees relate to active participation in the operation of the estate's business, or the management of an estate that required extensive management activities over a long period of time.

Gain or loss from section 1256 contracts, or related property by an options or commodities dealer in the normal course of dealing in or trading section 1256 contracts.

Income and Losses Not Included in Net Earnings From Self-Employment

Salaries, fees, etc., subject to social security or Medicare tax that you received for performing services as an employee, including services performed as a public official (except as a fee basis government employee as explained in item 7 under Other Income and Losses. Included in Net

SE-4



Form 1040A U.S. Individual Income Tax Return (2004)

Label (See page 18)
Use the IRS label.
Check only the type.

Presidential Election Campaign (See page 18)
Filing status
Exemptions

Income
Attach Form(s) W-2
Form(s) 1099-R if tax was withheld.

Adjusted gross income
Adjusted gross income
Adjusted gross income

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 57.
Form 1040A (2004)

Form 1040A (2004) Page 2

22 Enter the amount from line 21 (adjusted gross income).
23a Check ( ) You were born before January 2, 1940. ( ) Blind. ( ) Total boxes checked.
23b Check ( ) Spouse was born before January 2, 1940. ( ) Blind. ( ) checked.

24 Enter your standard deduction (see left margin).
25 Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.
26 If line 22 is \$107,025 or less, multiply \$3,100 by the total number of exemptions claimed on line 6d. If line 22 is over \$107,025, see the worksheet on page 37.

27 Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. This is your taxable income.
28 Tax, including any alternative minimum tax (see page 31), Attach Schedule 2.
29 Credit for the elderly or the disabled. Attach Schedule 3.
30 Education credits. Attach Form 8863.
31 Retirement savings contributions credit. Attach Form 8880.
32 Child tax credit (see page 39).
33 Adoption credit. Attach Form 8839.
34 Add lines 29 through 34. These are your total credits.
35 Subtract line 35 from line 28. If line 35 is more than line 28, enter -0-.
36 Advance earned income credit payments from Form(s) W-2.
37 Federal income tax withheld from Form(s) W-2.
38 Add lines 36 and 37. This is your total tax.
39 2004 estimated tax payments and amount applied from 2003 return.
40 Earned income credit (EIC).
41a Nonrefundable credit pay election.
41b Additional child tax credit. Attach Form 8812.

Refund
42 Additional child tax credit. Attach Form 8812.
43 Add lines 39, 40, 41a, and 42. These are your total payments.
44 If line 43 is more than line 38, subtract line 38 from line 43. This is the amount you overpaid.
45a Amount of line 44 you want refunded to you.
45b Routing number.
45c Account number.
45d Checking.
45e Savings.

Amount you owe
46 Amount of line 44 you want applied to your 2005 estimated tax.
47 Amount you owe. Subtract line 43 from line 38. For details on how to pay, see page 51.
48 Estimated tax penalty (see page 51).

Third party designee
Do you want to allow another person to discuss this return with the IRS (see page 52)?
Name:
Phone number:
Personal identification number (PIN):
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct, and complete. All amounts and sources of income reported during the tax year. Declaration is based on information and documents provided to me, and I am not aware of any other information that would affect my declaration.
Your signature:
Date:
Spouse's signature:
Date:
Spouse's occupation:
Date:
Preparer's signature:
Date:
Preparer's occupation:
Date:
Preparer's name for use only:
Address and ZIP code:
Phone no:
Fax no:

Schedule 1 (Form 1040A) Interest and Ordinary Dividends for Form 1040A Filers

2004

OMB No. 1545-0085 Your social security number

Part I Interest

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, enter the firm's name and the total interest shown on that form.

Table with 2 columns: Line number (1-4) and Amount. Line 1: List name of payer, interest from seller-financed mortgage, and buyer's residence. Line 2: Add amounts on line 1. Line 3: Excludable interest on series EE and I U.S. savings bonds. Line 4: Subtract line 3 from line 2.

Part II Ordinary dividends

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, enter the firm's name and the ordinary dividends shown on that form.

Table with 2 columns: Line number (5-6) and Amount. Line 5: List name of payer. Line 6: Add amounts on line 5.

TIP If you received interest as a nominee, you must give the actual owner a Form 1099-INT unless the owner is your spouse. You must also file a Form 1099 and a Form 1099-INT with the IRS. For more details, see the General Instructions for Forms 1099, 1098, 5498, and W-2G and Instructions for Forms 1099-INT and 1099-OID.

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

Line 3

Did you cash series EE or I U.S. savings bonds in 2004 that were issued after 1989? If you did and you paid qualified higher education expenses in 2004 for yourself, your spouse, or your dependent, you may be able to exclude part or all of the interest on those bonds. See Form 8815 for details.

Part II Ordinary Dividends

Line 5

Report on line 5 all of your ordinary dividends. Ordinary dividends should be shown in box 1a of your Form 1099-DIV or substitute statements. List each payer's name and show the amount.

Nominees. If you received a Form 1099-DIV that includes ordinary dividends you received as a nominee (that is, in your name, but the ordinary dividends actually belong to someone else), report the total on line 5. Do this even if you later distributed some or all of this income to others. Under your last entry on line 5, put a subtotal of all ordinary dividends listed on line 5. Below this subtotal, enter "Nominee Distribution" and show the total ordinary dividends you received as a nominee. Subtract this amount from the subtotal and enter the result on line 6.

TIP

If you received dividends as a nominee, you must give the actual owner a Form 1099-DIV unless the owner is your spouse. You must also file a Form 1099 and a Form 1099-DIV with the IRS. For more details, see the General Instructions for Forms 1099, 1098, 5498, and W-2G and Instructions for Form 1099-DIV.

Purpose of Schedule

- Use Schedule 1 if any of the following apply: You had over \$1,500 of taxable interest (fill in Part I); You received interest from a seller-financed mortgage and the buyer used the property as a personal residence (fill in Part II); You are claiming the exclusion of interest from series EE or I U.S. savings bonds issued after 1989 (fill in Part II); You received interest as a nominee or a Form 1099-INT for tax-exempt interest (fill in Part II); You had over \$1,500 of ordinary dividends or you received ordinary dividends as a nominee (fill in Part II).

TIP

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

Part I Interest

Line 1

Report on line 1 all of your taxable interest. Interest should be shown on your Forms 1099-INT, Form 1099-OID, or substitute statements. Include interest from series EE and I U.S. savings bonds. List each payer's name and show the amount.

Seller-financed mortgages. If you sold your home or other property and the buyer used the property as a personal residence, list first any interest the buyer paid you on a mortgage or other form of seller financing. Be sure to show the buyer's name, address, and social security number (SSN). You must also let the buyer know your SSN. If you do not know the buyer's name, address, and SSN, or let the buyer know your SSN, you may have to pay a \$50 penalty.

Nominees. If you received a Form 1099-INT that includes interest you received as a nominee (that is, in your name, but the interest actually belongs to someone else), report the total on line 1. Do this even if you later distributed some or all of this income to others. Under your last entry on line 1, put a subtotal of all interest listed on line 1. Below this subtotal, enter "Nominee Distribution" and show the total interest you received as a nominee. Subtract this amount from the subtotal and enter the result on line 2.

**Schedule 2**  
**(Form 1040A)**  
**Child and Dependent Care Expenses for Form 1040A Filers** (09) **2004**  
OMB No. 1545-0045  
Your social security number

**Part I**  
Persons or organizations who provided the care  
You must complete this part

1 (a) Care provider's name (b) Address number, street apt no., city, state and ZIP code (c) Identifying number (SSN or EIN) (d) Amount paid (see instructions) • **Qualified Expenses**

2 Information about your **qualifying persons** (if you have more than two qualifying persons, see the instructions).  
3 Add the amounts in column (c) of line 2. Do not enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 25.  
4 Enter your **earned income**. See the instructions.  
5 If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions). All others, enter the amount from line 4.  
6 Enter the **smallest** of line 3, 4, or 5.  
7 Enter the amount from Form 1040A, line 22.  
8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7.  
9 Multiply line 6 by the decimal amount on line 8. If you paid 2003 expenses in 2004, see the instructions.  
10 Enter the amount from Form 1040A, line 28.  
11 Credit for child and dependent care expenses. Enter the smaller of line 9 or line 10 here and on Form 1040A, line 29.

Did you receive dependent care benefits? No Yes Complete only Part II below Complete Part III on the back next

**Part II**  
Credit for child and dependent care expenses

(a) Qualifying person's name (b) Qualifying person's social security number (c) Qualified expenses in 2004 for the person listed in column (a)

First Last

3 4 5 6

7 8 9 10 11

If line 7 is: Over But not over Decimal amount is

\$0—15,000	35	\$29,000—31,000	27
15,000—17,000	34	31,000—33,000	26
17,000—19,000	33	33,000—35,000	25
19,000—21,000	32	35,000—37,000	24
21,000—23,000	31	37,000—39,000	23
23,000—25,000	30	39,000—41,000	22
25,000—27,000	29	41,000—43,000	21
27,000—29,000	28	43,000—No limit	20

12 Enter the total amount of **dependent care benefits** you received for 2004. This amount should be shown in box 10 of your Form(s) W-2. Do not include amounts that were reported to you as wages in box 1 of Form(s) W-2.  
13 Enter the amount forfeited, if any. See the instructions.  
14 Subtract line 13 from line 12.  
15 Enter the total amount of **qualified expenses** incurred in 2004 for the care of the qualifying persons.  
16 Enter the **smaller** of line 14 or 15.  
17 Enter your **earned income**. See the instructions.  
18 Enter the amount shown below that applies to you.  
19 Enter the **smallest** of line 16, 17, or 18.  
20 **Excluded benefits**. Enter here the **smaller** of the following:  
• The amount from line 19 or  
• \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 8).  
21 **Taxable benefits**. Subtract line 20 from line 14. Also, include this amount on Form 1040A, line 7. In the space to the left of line 7, enter "DCB."  
22 Enter \$3,000 (\$6,000 if two or more qualifying persons).  
23 Enter the amount from line 20.  
24 Subtract line 23 from line 22. If zero or less, **stop**. You cannot take the credit. **Exception**. If you paid 2003 expenses in 2004, see the instructions for line 9.  
25 Complete line 2 on the front of this schedule. Do not include in column (c) any benefits shown on line 20 above. Then, add the amounts in column (c) and enter the total here.  
26 Enter the **smaller** of line 24 or 25. Also, enter this amount on line 3 on the front of this schedule and complete lines 4-11.

To claim the child and dependent care credit, complete lines 22-26 below

Schedule 2 (Form 1040A) 2004

For Paperwork Reduction Act Notice, see Form 1040A instructions. Car No. 10749.

Part III  
Dependent care benefits

12 13 14 15 16 17 18 19 20 21 22 23 24 25 26

Schedule 2 (Form 1040A) 2004

Schedule 3 (Form 1040A)

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

2004

OMB No. 1545-0085

Your social security number

You may be able to take this credit and reduce your tax if by the end of 2004, you were age 65 or older or you were under age 65, you retired on permanent and total disability, and you received taxable disability income.

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

In most cases, the IRS can figure the credit for you. See the instructions

Part I If your filing status is: And by the end of 2004: Check only one box:

- 1 You were 65 or older
2 You were under 65 and you retired on permanent and total disability
3 Both spouses were 65 or older
4 Both spouses were under 65, but only one spouse retired on permanent and total disability
5 Both spouses were under 65, and both retired on permanent and total disability
6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability
7 One spouse was 65 or older, and the other spouse was under 65 and not retired on permanent and total disability
8 You were 65 or older and you lived apart from your spouse for all of 2004
9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 2004

Did you check box 1, 3, 7, or 8?

Yes No Skip Part II and complete Part III on the back. Complete Parts II and III.

Part II Statement of permanent and total disability. If you filed a physician's statement for this disability for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed line B on the statement, and due to your continued disabled condition you were unable to engage in any substantial gainful activity in 2004, check this box.

For Paperwork Reduction Act Notice, see Form 1040A Instructions. Schedule 3 (Form 1040A) 2004

Schedule 3 (Form 1040A) 2004

Page 2

Part III Figure your credit

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

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

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

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

13 Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 2004:

- a Nontaxable part of social security benefits and Nontaxable part of railroad retirement benefits treated as social security (see the instructions). 13a
b Nontaxable veterans' pensions and Any other pension, annuity or disability benefit that is excluded from income under any other provision of law (see the instructions). 13b

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

14 Enter the amount from Form 1040A, line 22. 14

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

16 Subtract line 15 from line 14, if zero or less, enter -0-. 16

17 Enter one-half of line 15. 17

18 Add lines 13c and 17. 18

19 Subtract line 18 from line 12. If zero or less, stop; you cannot take the credit. Otherwise, go to line 20. 19

20 Multiply line 19 by 15% (.15). 20

21 Enter the amount from Form 1040A, line 28, minus any amount on Form 1040A, line 29. 21

22 Credit for the elderly or the disabled. Enter the smaller of line 20 or line 21 here and on Form 1040A, line 30. 22

Schedule 3 (Form 1040A) 2004



1040EZ (See page 11) Use the IRS label. Otherwise please print or type

Label (See page 11) Use the IRS label. Otherwise please print or type

Important! You must enter your SSN(s) above

Note: Checking 'Yes' will not change your tax or reduce your refund. Do you, on your spouse if a joint return, want \$5 to go to this fund?

1 Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2

2 Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ here. Enclose, but do not attach, any payment

3 Unemployment compensation and Alaska Permanent Fund dividends (see page 13)

4 AGI lines 1, 2, and 3. This is your adjusted gross income.

5 Can your parents for someone else claim you on their return? If single, enter \$7,500. If married filing jointly, enter \$15,000. See back for explanation

6 Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-

7 Federal income tax withheld from box 2 of your Form(s) W-2

8a Earned income credit (EIC) b Nonrefundable combat pay election

9 Add lines 7 and 8a. These are your total payments.

10 Tax. Use the amount on line 6 above to find your tax in the tax table on pages 24-32 of the booklet. Then, enter the tax from the table on this line

11a If line 9 is larger than line 10, subtract line 10 from line 9. This is your refund.

12 If line 10 is larger than line 9, subtract line 9 from line 10. This is the amount you owe. For details on how to pay, see page 19

Do you want to allow another person to discuss this return with the IRS (see page 19)? Yes, complete the following No

Payments and tax

Refund

Amount you owe

Third party designee

Sign here

Paid preparer's use only

Use this form if

Your filing status is single or married filing jointly. If you are not sure about your filing status, see page 11

You (and your spouse if married filing jointly) were under age 65 and not blind at the end of 2004. If you were born on January 1, 1940, you are considered to be age 65 at the end of 2004

You do not claim any dependents. For information on dependents, use TeleTax topic 354 (see page 6)

Your taxable income (line 6) is less than \$(100,000)

You do not claim any adjustments to income. For information on adjustments to income, use TeleTax topics 451-458 (see page 6)

The only tax credit you can claim is the earned income credit. For information on credits, use TeleTax topics 601-608 and 610 (see page 6)

You had only wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund dividends, and your taxable interest was not over \$1,500. But if you earned tips, including allocated tips, that are not included in box 5 and box 7 of your Form W-2, you may not be able to use Form 1040EZ (see page 12). If you are planning to use Form 1040EZ for a child who received Alaska Permanent Fund dividends, see page 13

You did not receive any advance earned income credit payments. If you cannot use this form, use TeleTax topic 352 (see page 6)

If you received a scholarship or fellowship grant or tax-exempt interest income, such as on municipal bonds, see the booklet before filing in the form. Also, see the booklet if you received a Form 1099-INT showing federal income tax withheld or if federal income tax was withheld from your unemployment compensation or Alaska Permanent Fund dividends

Remember, you must report all wages, salaries, and tips even if you do not get a Form W-2 from your employer. You must also report all your taxable interest, including interest from banks, savings and loans, credit unions, etc., even if you do not get a Form 1099-INT

Use this worksheet to figure the amount to enter on line 5 if someone can claim you for your spouse if married filing jointly) as a dependent, even if that person chooses not to do so. To find out if someone can claim you as a dependent, use TeleTax topic 354 (see page 6)

A. Amount, if any, from line 1 on front + 250.00 Enter total A. 800.00

B. Minimum standard deduction. Enter the larger of line A or line B here C. 800.00

D. Maximum standard deduction. If single, enter \$4,850; if married filing jointly, enter \$9,700 D. 4,850

E. Enter the smaller of line C or line D here. This is your standard deduction E. 4,850

F. Exemption amount. If single, enter -0-. If married filing jointly and both you and your spouse can be claimed as dependents, enter -0-. Only one of you can be claimed as a dependent, enter \$3,100

G. Add lines E and F. Enter the total here and on line 5 on the front G. 1,100

If you checked "No" on line 5 because no one can claim you for your spouse if married filing jointly) as a dependent, enter on line 5 the amount shown below that applies to you

Single, enter \$7,950. This is the total of your standard deduction (\$4,850) and your exemption (\$3,100)

Married filing jointly, enter \$15,900. This is the total of your standard deduction (\$9,700), your exemption (\$3,100), and your spouse's exemption (\$3,100)

Mail your return by April 15, 2005. Use the envelope that came with your booklet. If you do not have that envelope or if you moved during the year, see the back cover for the address to use.

Form 1040EZ (2004)

Schedule A—Itemized Deductions

SCHEDULES A&B (Form 1040)

(Schedule B is on back)

Attach to Form 1040. See instructions for Schedule A and B (Form 1040).

OMB No 1545-0074

2004

Attachment Sequence No 07

Your social security number

Form 1040 Schedule A Itemized Deductions table with 28 numbered rows and columns for amounts.

Schedule A (Form 1040) 2004

Cat No 11330X

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule B—Interest and Ordinary Dividends

SCHEDULES A&B (Form 1040) 2004

OMB No 1545-0074

Attachment Sequence No 08

Form 1040 Schedule B Interest and Ordinary Dividends table with 6 numbered rows and columns for amounts.

Schedule B (Form 1040) 2004

For Paperwork Reduction Act Notice, see Form 1040 instructions.

SCHEDULE C (Form 1040) Profit or Loss From Business

Partnerships, joint venture, etc., must file Form 1065 or 1065-B Attach to Form 1040 or 1041 See instructions for Schedule C (Form 1040)

Principal business or profession, including product or service (see page C-2 of the instructions)
Business name (if no separate business name, leave blank)
Business address (including suite or room no.)
City, town or post office, state, and ZIP code
Accounting method (1) Cash (2) Accrual (3) Other (specify)
Did you "materially participate" in the operation of the business during 2004? If "No," see page C-3 for limit on losses
If you started or acquired this business during 2004, check here

Part I Income
1 Gross receipts or sales. Certain: If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-3 and check here
2 Returns and allowances
3 Subtract line 2 from line 1
4 Cost of goods sold (from line 42 on page 2)
5 Gross profit. Subtract line 4 from line 3
6 Other income, including Federal and state gasoline or fuel tax credit or refund (see page C-3)

Part II Expenses. Enter expenses for business use of your home only on line 30.
8 Advertising
9 Car and truck expenses (see page C-3)
10 Commissions and fees
11 Contract labor (see page C-4)
12 Depreciation
13 Depreciation and section 179 expense deduction (not included in Part III) (see page C-4)
14 Employee benefit programs (other than on line 15)
15 Insurance (other than health)
16 Interest
a Mortgage paid in bank's etc.
b Other
17 Legal and professional services
18 Office expenses
19 Pension and profit-sharing plans
20 Rent or lease (see page C-5)
a Various machinery and equipment
b Other business property
21 Repairs and maintenance
22 Supplies (not included in Part III)
23 Taxes and licenses
24 Travel meals and entertainment
a Travel
b Meals and entertainment
c Other nondeductible expenses (see page C-5)
d Subtract line 24c from line 24b
25 Utilities
26 Wages less employment credits
27 Other expenses (from line 46 on page 2)
28 Total expenses before expenses for business use of home. Add lines 8 through 27 in columns
29 Tentative profit (loss). Subtract line 28 from line 7
30 Expenses for business use of your home. Attach Form 8829
31 Net profit or (loss). Subtract line 30 from line 28
If a profit, enter on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3
If a loss, you must go to line 32
If you have a loss, check the box that describes your investment in this activity (see page C-6)
If you checked 32a, enter the loss on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees see page C-6). Estates and trusts, enter on Form 1041, line 3
If you checked 32b, you must attach Form 8198.

Part III Cost of Goods Sold (see page C-6)
33 Methods used to value closing inventory
a Cost
b Lower of cost or market
c Other (attach explanation)
34 Was there any change in determining quantities, costs or valuations between opening and closing inventory? If "Yes," attach explanation.
35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation.
36 Purchases less cost of items withdrawn for personal use
37 Cost of labor. Do not include any amounts paid to yourself.
38 Materials and supplies
39 Other costs
40 Add lines 35 through 39
41 Inventory at end of year
42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4

Part IV Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-4 to find out if you must file Form 4562.
43 When did you place your vehicle in service for business purposes? (month, day, year)
44 Of the total number of miles you drove your vehicle during 2004, enter the number of miles you used your vehicle for:
a Business
b Commuting
c Other
45 Do you (or your spouse) have another vehicle available for personal use?
46 Was your vehicle available for personal use during off-duty hours?
47a Do you have evidence to support your deduction?
b If "Yes," is the evidence written?

Part V Other Expenses. List below business expenses not included on lines B-26 or line 30.
48 Total other expenses. Enter here and on page 1, line 27

Schedule C (Form 1040) 2004

Part III Cost of Goods Sold (see page C-6)

33 Methods used to value closing inventory
a Cost
b Lower of cost or market
c Other (attach explanation)
34 Was there any change in determining quantities, costs or valuations between opening and closing inventory? If "Yes," attach explanation.
35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation.
36 Purchases less cost of items withdrawn for personal use
37 Cost of labor. Do not include any amounts paid to yourself.
38 Materials and supplies
39 Other costs
40 Add lines 35 through 39
41 Inventory at end of year
42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4

Part IV Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-4 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year)
44 Of the total number of miles you drove your vehicle during 2004, enter the number of miles you used your vehicle for:
a Business
b Commuting
c Other
45 Do you (or your spouse) have another vehicle available for personal use?
46 Was your vehicle available for personal use during off-duty hours?
47a Do you have evidence to support your deduction?
b If "Yes," is the evidence written?

Part V Other Expenses. List below business expenses not included on lines B-26 or line 30.

48 Total other expenses. Enter here and on page 1, line 27

SCHEDULE C-EZ (Form 1040)

Department of the Treasury Internal Revenue Service

Net Profit From Business (Sole Proprietorship)

- Partnerships, joint ventures, etc., must file Form 1065 or 1065-B. Attach to Form 1040 or 1041. See instructions on back.

44b No. 1542 09/04

004

Attachment Sequence No. 09A Social security number (SSN)

Part I General Information

You May Use Schedule C-EZ Instead of Schedule C Only if You:

- Had business expenses of \$5,000 or less
Use the cash method of accounting
Did not have an inventory at any time during the year
Did not have a net loss from your business
Had only one business as a sole proprietor

And You:

- Had no employees during the year
Are not required to file Form 4562, Depreciation and Amortization, for the business (see the instructions on page C-4 to find out if you must file)
Do not deduct expenses for business use of your home
Do not have prior year unallowed passive activity losses from this business

A Principal business or profession, including product or service
C Business name
E Business address (including suite or room no.)

Part II Figure Your Net Profit

1 Gross receipts, Caution. If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see Statutory Employees in the instructions for Schedule C, line 1, on page C-3 and check here
2 Total expenses (see instructions)
3 Net profit

Part III Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 2.

4 When did you place your vehicle in service for business purposes?
5 Of the total number of miles you drove your vehicle during 2004 enter the number of miles you used your vehicle for
a Business b Commuting c Other
6 Do you (or your spouse) have another vehicle available for personal use?
7 Was your vehicle available for personal use during off-duty hours?
8a Do you have evidence to support your deduction?
b If "Yes," is the evidence written?

For Paperwork Reduction Act Notice, see Form 1040 Instructions. Cat. No. 1437-0 Schedule C-EZ (Form 1040) 2004

Schedule C-EZ (Form 1040) 2004

Page 2

Instructions

You can use Schedule C-EZ instead of Schedule C if you operated a business or practiced a profession as a sole proprietorship and you have met all the requirements listed in Schedule C-EZ, Part I.

Line A

Describe the business or professional activity that provided your principal source of income reported on line 1. Give the general field or activity and the type of product or service.

Line B

Enter the six-digit code that identifies your principal business or professional activity. See pages C-7 through C-9 of the instructions for Schedule C for the list of codes.

Line D

You need an employer identification number (EIN) only if you had a qualified retirement plan or were required to file an employment, excise, estate, trust, or alcohol, tobacco, and firearms tax return. If you need an EIN, see the instructions for Form SS-4. If you do not have an EIN, leave line D blank. Do not enter your SSN.

Line E

Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any.

Line 1

Enter gross receipts from your trade or business. Include amounts you received in your trade or business that were properly shown on Forms 1099-MISC. If the total amounts that were reported in box 7 of Forms 1099-MISC are more than the total you are reporting on line 1, attach a statement explaining the difference. You must show all items of taxable income actually or constructively received during the year (in cash, property, or services). Income is constructively received when it is credited to your account or set aside for you to use. Do not offset this amount by any losses.

Line 2

Enter the total amount of all deductible business expenses you actually paid during the year. Examples of these expenses include advertising, car and truck expenses, commissions and fees, insurance, interest, legal and professional services, office expense, rent or lease expense, repairs and maintenance, supplies, taxes, travel, the allowable percentage of business meals and entertainment, and utilities (including telephone). For details, see the instructions for Schedule C, Parts II and V, on pages C-3 through C-7. If you wish, you can use the optional worksheet below to record your expenses.

If you claim car or truck expenses, be sure to complete Schedule G-EZ, Part III.

Optional Worksheet for Line 2 (keep a copy for your records)

Table with columns a-f and rows for Business meals and entertainment, Non-deductible amount, and Deductible business meals and entertainment.

Schedule C-EZ (Form 1040) 2004

SCHEDULE D (Form 1040) Capital Gains and Losses

Attach to Form 1040. See instructions for Schedule D (Form 1040) on page 109. Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 1545-0074 2004 Schedule D (Form 1040) 2004

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

Table with 6 columns: (a) Description of property, (b) Date acquired, (c) Date sold, (d) Sales price, (e) Cost or other basis, (f) Gain or (loss). Includes instructions for entering short-term totals and specific line items.

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

Table with 6 columns: (a) Description of property, (b) Date acquired, (c) Date sold, (d) Sales price, (e) Cost or other basis, (f) Gain or (loss). Includes instructions for entering long-term totals and specific line items.

Part III Summary

- 18 Combine lines 7 and 15 and enter the result. If line 18 is a loss, skip lines 17 through 20 and go to line 21. If a gain, enter the gain on Form 1040, line 13, and then go to line 17 below.
19 Are lines 15 and 16 both gains?
20 Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet on page D-7 of the instructions.
21 Are lines 18 and 19 both zero or blank?
22 Do you have qualified dividends on Form 1040, line 9b?

**SCHEDULE E**  
**(Form 1040)**  
OMB No. 1545-0074  
2004  
Attachment Sequence No. 13  
Your social security number

**Supplemental Income and Loss**  
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)  
▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule E (Form 1040).

**Part I** **Income or Loss From Rental Real Estate and Royalties** Note: If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). Report farm rental income or loss from Form 4835 on page 2, line 40.

1 List the type and location of each rental real estate property.  
2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:  
• 14 days or  
• 10% of the total days rented at fair rental value? (See page E-3)

	Properties			Totals (Add column A, B, and C)
	A	B	C	
3				3
4				4
5				
6				
7				
8				
9				
10				
11				
12				12
13				
14				
15				
16				
17				
18				
19				19
20				20
21				
22				
23				23
24				24
25				25
26				26

**Income:**  
3 Rents received  
4 Royalties received

**Expenses:**  
5 Advertising  
6 Auto and travel (see page E-4)  
7 Cleaning and maintenance  
8 Commissions  
9 Insurance  
10 Legal and other professional fees  
11 Management fees  
12 Mortgage interest paid to banks, etc. (see page E-4)  
13 Other interest  
14 Repairs  
15 Supplies  
16 Taxes  
17 Utilities  
18 Other (list) ▶

19 Depreciation expense or depletion (see page E-4)  
20 Total expenses. Add lines 19 and 20  
21 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-4 to find out if you must file Form 6199.

22 Deductible rental real estate loss. **Caution.** Your rental real estate loss on line 22 may be limited. See page E-4 to find out if you must file Form 8562. Real estate professionals must complete line 43 on page 2.

23 **Income.** Add positive amounts shown on line 22. Do not include any losses.  
24 **Losses.** Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here.

25 **Total rental real estate and royalty income or (loss).** Combine lines 24 and 25. Enter the result here (if Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17). Otherwise, include this amount in the total on line 41 on page 2.

For Paperwork Reduction Act Notices, see Form 1040 Instructions. Cat. No. 11344L Schedule E (Form 1040) 2004

Schedule E (Form 1040) 2004  
Attachment Sequence No. 13  
Page 2  
Your social security number

**Part II** **Income or Loss From Partnerships and S Corporations** Note: If you report a loss from an at-risk activity for which any amount is not at risk, you must check column (e) on line 28 and attach Form 6199. See page E-1.

27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582) or unreimbursed partnership expenses? If you answered "Yes," see page E-6 before completing this section.

	(a) Name	(b) Enter P for partnership or S corporation	(c) Check if limited partner	(d) Check if employee or partner	(e) Check if not at risk	Yes	No
28							
A							
B							
C							
D							

**Part III** **Income or Loss From Estates and Trusts**

	(a) Name	(b) Enter P for partnership or S corporation	(c) Check if limited partner	(d) Check if employee or partner	(e) Check if not at risk
29					
A					
B					
C					
D					

30 Add columns (g) and (h) of line 29a  
31 Add columns (i), (h), and (j) of line 29b  
32 **Total partnership and S corporation income or (loss).** Combine lines 30 and 31. Enter the result here and include in the total on line 41 below.

**Part IV** **Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)—Residual Holder**

	(a) Name	(b) Enter P for partnership or S corporation	(c) Check if limited partner	(d) Check if employee or partner	(e) Check if not at risk
33					
A					
B					

34 **Totals**  
34a Totals  
34b Totals

35 Add columns (d) and (f) of line 34a  
36 Add columns (c) and (e) of line 34b  
37 **Total estate and trust income or (loss).** Combine lines 35 and 36. Enter the result here and include in the total on line 41 below.

**Part V** **Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)—Residual Holder**

	(a) Name	(b) Enter P for partnership or S corporation	(c) Check if limited partner	(d) Check if employee or partner	(e) Check if not at risk
38					
A					
B					

39 Combine columns (c) and (e) only. Enter the result here and include in the total on line 41 below.  
40 **Net farm rental income or (loss)** from Form 4835. Also, complete line 42 below.  
41 **Total income or (loss).** Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17.

**Part VI** **Reconciliation of farming and fishing income.** Enter your gross farming and fishing income reported on Form 4835, line 7, Schedule K-1 (Form 1065) box 14, code B, Schedule K-1 (Form 1120S), box 17, code N, and Schedule K-1 (Form 1041), line 14 (see page E-6).  
42 **Reconciliation for real estate professionals.** If you were a real estate professional (see page E-1), enter the net income or (loss) you reported anywhere on Form 1040 from all rental real estate activities in which you materially participated under the passive activity loss rules.

43 **Summary**  
43a Totals  
43b Totals

44 **Income from Schedule E, line 3b**  
45 **Income from Schedule E, line 3c**  
46 **Income from Schedule E, line 3d**  
47 **Income from Schedule E, line 3e**  
48 **Income from Schedule E, line 3f**  
49 **Income from Schedule E, line 3g**  
50 **Income from Schedule E, line 3h**  
51 **Income from Schedule E, line 3i**  
52 **Income from Schedule E, line 3j**  
53 **Income from Schedule E, line 3k**  
54 **Income from Schedule E, line 3l**  
55 **Income from Schedule E, line 3m**  
56 **Income from Schedule E, line 3n**  
57 **Income from Schedule E, line 3o**  
58 **Income from Schedule E, line 3p**  
59 **Income from Schedule E, line 3q**  
60 **Income from Schedule E, line 3r**  
61 **Income from Schedule E, line 3s**  
62 **Income from Schedule E, line 3t**  
63 **Income from Schedule E, line 3u**  
64 **Income from Schedule E, line 3v**  
65 **Income from Schedule E, line 3w**  
66 **Income from Schedule E, line 3x**  
67 **Income from Schedule E, line 3y**  
68 **Income from Schedule E, line 3z**

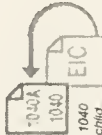
Schedule E (Form 1040) 2004

SCHEDULE EIC (Form 1040A or 1040)

Department of the Treasury Internal Revenue Service

Earned Income Credit Qualifying Child Information

Complete and attach to Form 1040A or 1040 only if you have a qualifying child.



OMB No. 1545-0074

2004

Attachment Sequence No. 43

Your social security number

Before you begin: See the instructions for Form 1040A, lines 41a and 41b, or Form 1040, lines 65a and 65b, to make sure that (a) you can take the EIC and (b) you have a qualifying child.



- If you take the EIC even though you are not eligible, you may not be allowed to take the credit for up to 10 years. See back of schedule for details.
It will take us longer to process your return and issue your refund if you do not fill in all lines that apply for each qualifying child.
Be sure the child's name on line 1 and social security number (SSN) on line 2 agree with the child's social security card. Otherwise, at the time we process your return, we may reduce or disallow your EIC, if the name or SSN on the child's social security card is not correct. Call the Social Security Administration at 1-800-772-1213.

Qualifying Child Information

Table with 2 columns: Child 1, Child 2. Rows include: 1 Child's name, 2 Child's SSN, 3 Child's year of birth, 4 If the child was born before 1986, 5 Child's relationship to you, 6 Number of months child lived with you in the United States during 2004.

Purpose of Schedule

The purpose of this schedule is to give the IRS information about your qualifying child after you have figured your earned income credit (EIC). To figure the amount of your credit or to have the IRS figure it for you, see the instructions for Form 1040A, lines 41a and 41b, or Form 1040, lines 65a and 65b.

Taking the EIC when not eligible. If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. You may also have to pay penalties.

Qualifying Child

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

Son, daughter, adopted child, stepchild, or a descendant of any of them (for example, your grandchild) or

Brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew), whom you cared for as you would your own child or

Foster child (any child placed with you by an authorized placement agency whom you cared for as you would your own child).



was at the end of 2004...

Under age 19 or

Under age 24 and a student or

Any age and permanently and totally disabled.



who...

Lived with you in the United States for more than half of 2004. If the child did not live with you for the required time, see Exception to "time lived with you" condition on page 41 of the Form 1040A instructions or page 44 of the Form 1040 instructions.



If the child was married or meets the conditions to be a qualifying child of another person (other than your spouse if filing a joint return), special rules apply. For details, see page 42 of the Form 1040A instructions or page 44 of the Form 1040 instructions.



If you want part of the EIC added to your take-home pay in 2005, to see if you qualify, get Form W-5 from your employer, call the IRS at 1-800-TAX-FORM (1-800-829-3878), or go to www.irs.gov.

For Paperwork Reduction Act Notice, see Form 1040A or 1040 instructions.

Schedule EIC (Form 1040A or 1040) 2004

Cat No 13359M



You may also be able to take the additional child tax credit if your child (a) was under age 17 at the end of 2004, (b) is claimed as your dependent on line rc of Form 1040A or Form 1040, and (c) is a U.S. citizen or resident alien. For more details, see the instructions for line 42 of Form 1040A or line 67 of Form 1040.

SCHEDULE F (Form 1040) Profit or Loss From Farming

OMB No. 1545-0074 2004 Attachment Sequencer No. 14 Social security number (SSN) Enter code from Part IV Employer ID number (EIN), if any

Principal product Describe in one or two words your principal crop or activity for the current tax year

Accounting method (1) Cash (2) Accrual

Did you "materially participate" in the operation of this business during 2004? If "No," see page F-2 for limit on passive losses. If "Yes," see page F-2 for instructions for Schedule F (Form 1040).

Part I Farm Income—Cash Method. Complete Parts I and II if accrual method taxpayers complete Parts II and III, and line 11 of Part I. Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797.

Table with 11 rows and 2 columns: Description and Amount. Rows include sales of livestock, cooperative distributions, agricultural program payments, CCC loans, crop insurance proceeds, and gross income.

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses such as taxes, insurance, repairs, etc., on your home.

Table with 36 rows and 2 columns: Description and Amount. Rows include car and truck expenses, chemicals, conservation expenses, depreciation, freight and trucking, insurance, interest, and total expenses.

Part III Farm Income—Accrual Method (see page F-6). Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797, and do not include this livestock on line 46 below.

Table with 13 rows and 4 columns: Description, 39a, 40a, 41a, 42. Rows include sales of livestock, cooperative distributions, agricultural program payments, CCC loans, crop insurance proceeds, and gross income.

Part IV Principal Agricultural Activity Codes

Table with 13 rows and 2 columns: Code and Description. Codes range from 111300 to 113000, covering various agricultural activities like fruit and nut farming, animal production, and forestry.



- A** Did you pay **any** household employee cash wages of \$1,400 or more in 2004? If any household employee was your spouse, your child under age 21, your parent, or anyone under age 18, see the line A instructions on page H-3 before you answer this question?
- Yes. Skip lines B and C and go to line 1  
 No. Go to line B
- B** Did you withhold Federal income tax during 2004 for any household employee?
- Yes. Skip line C and go to line 5  
 No. Go to line C
- C** Did you pay **total** cash wages of \$1,000 or more in **any** calendar **quarter** of 2003 or 2004 to **all** household employees? (Do **not** count cash wages paid in 2003 or 2004 to your spouse, your child under age 21, or your parent.)
- No. **Stop.** Do not file this schedule  
 Yes. Skip lines 1-9 and go to line 10 on the back (Calendar year taxpayers having no household employees in 2004 do not have to complete this form for 2004.)

**Part I Social Security, Medicare, and Income Taxes**

1	Total cash wages subject to social security taxes (see page H-3)	1
2	Social security taxes. Multiply line 1 by 12.4% (124)	2
3	Total cash wages subject to Medicare taxes (see page H-3)	3
4	Medicare taxes. Multiply line 3 by 2.9% (029)	4
5	Federal income tax withheld, if any	5
6	<b>Total social security, Medicare, and income taxes</b> (add lines 2, 4, and 5)	6
7	Advance earned income credit (EIC) payments, if any	7
8	<b>Net taxes</b> (subtract line 7 from line 6)	8

**9** Did you pay **total** cash wages of \$1,000 or more in **any** calendar **quarter** of 2003 or 2004 to household employees? (Do **not** count cash wages paid in 2003 or 2004 to your spouse, your child under age 21, or your parent.)

No. **Stop.** Enter the amount from line 8 above on Form 1040, line 61. If you are not required to file Form 1040, see the line 9 instructions on page H-4

Yes. Go to line 10 on the back

**Part II Federal Unemployment (FUTA) Tax**

- 10** Did you pay unemployment contributions to only one state? (If you paid contributions to New York State, check "No.")
- |     |    |
|-----|----|
| Yes | No |
| 10  | 11 |
| 11  | 12 |
- 11** Did you pay all state unemployment contributions for 2004 by April 15, 2005? Fiscal year filers, see page H-4
- 12** Were all wages that are taxable for FUTA tax also taxable for your state's unemployment tax?
- Next:** If you checked the "Yes" box on all the lines above, complete Section A  
 If you checked the "No" box on any of the lines above, skip Section A and complete Section B

**Section A**

- 13** Name of the state where you paid unemployment contributions
- 14** State reporting number as shown on state unemployment tax return
- 15** Contributions paid to your state unemployment fund (see page H-4)
- 16** Total cash wages subject to FUTA tax (see page H-4)
- 17** FUTA tax. Multiply line 16 by .008. Enter the result here, skip Section B, and go to line 26

**Section B**

Complete all columns below that apply (if you need more space, see page H-4)

(e) Name of state	(b) State reporting number as shown on state unemployment tax return	(c) Taxable wages (see defined in state act)	(d) State's unemployment rate	(f) State's unemployment rate	(g) State's unemployment rate	(h) State's unemployment rate	(i) State's unemployment rate	(j) State's unemployment rate

- 19** Totals
- 20** Add columns (h) and (i) of line 19
- 21** Total cash wages subject to FUTA tax (see the line 16 instructions on page H-4)
- 22** Multiply line 21 by 6.2% (.062)
- 23** Multiply line 21 by 5.4% (.054)
- 24** Enter the **smaller** of line 20 or line 23 (New York State employers must use the worksheet in the separate instructions and check here)
- 25** FUTA tax. Subtract line 24 from line 22. Enter the result here and go to line 26

**Part III Total Household Employment Taxes**

- 26** Enter the amount from line 8
- 27** Add line 17 (for line 25) and line 26
- 28** Are you required to file Form 1040?
- Yes. **Stop.** Enter the amount from line 27 above on Form 1040, line 61. Do not complete Part IV below
- No. You may have to complete Part IV. See page H-4 for details

**Part IV Address and Signature—Complete this part only if required. See the line 28 instructions on page H-4.**

Address (number and street or P.O. box, if mail is not delivered to street address) \_\_\_\_\_ Apt., room, or suite no. \_\_\_\_\_  
 City, town or post office, state, and ZIP code \_\_\_\_\_  
 Under penalty of perjury, I declare that I have examined this schedule, including accompanying statements and to the best of my knowledge and belief, it is true, correct, and complete. No part of any payment made to a state unemployment fund claimed as a credit was or is to be deducted from the payments to employee

Employer's signature \_\_\_\_\_ Date \_\_\_\_\_

Schedule R (Form 1040)

OMB No. 1545-0074  
2004  
Attachment  
Sequence No. 16  
Name(s) shown on Form 1040

Credit for the Elderly or the Disabled

▶ Attach to Form 1040. ▶ See instructions for Schedule R (Form 1040).  
Your social security number

You may be able to take this credit and reduce your tax if by the end of 2004:

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

But you must also meet other tests. See page R-1.

**Tip** In most cases, the IRS can figure the credit for you. See page R-1.

Part I Check the Box for Your Filing Status and Age

If your filing status is: And by the end of 2004: Check only one box:

- 1 You were 65 or older
- 2 You were under 65 and you retired on permanent and total disability
- 3 Both spouses were 65 or older
- 4 Both spouses were under 65, but only one spouse retired on permanent and total disability
- 5 Both spouses were under 65, and both retired on permanent and total disability
- 6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability
- 7 One spouse was 65 or older, and the other spouse was under 65 and not retired on permanent and total disability
- 8 You were 65 or older and you lived apart from your spouse for all of 2004
- 9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 2004

Did you check box 1, 3, 7, or 8?

Yes  No

Part II Statement of Permanent and Total Disability

Complete only if you checked box 2, 4, 5, 6, or 9 above.)

- 1 You filed a physician's statement for this disability for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed line B on the statement, and
- 2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 2004. Check this box
- If you checked this box, you do not have to get another statement for 2004.
- If you did not check this box, have your physician complete the statement on page R-4. You must keep the statement for your records.

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat No. 11534K

Schedule R (Form 1040) 2004

Schedule R (Form 1040) 2004

Page 2

Part III Figure Your Credit

10 If you checked (in Part I):

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

Did you check box 2, 4, 5, 6, or 9 in Part I? Yes  No

You must complete line 11. Enter the amount from line 10 on line 12 and go to line 13

11 If you checked (in Part I):

- Box 6, add \$5,000 to the taxable disability income of the spouse who was under age 65. Enter the total.
- Box 2, 4, or 9, enter your taxable disability income.
- Box 5, add your taxable disability income to your spouse's taxable disability income. Enter the total.

For more details on what to include on line 11, see page R-3

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

13 Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 2004:

13a Nontaxable part of railroad retirement benefits treated as social security (see page R-3)

13b Nontaxable veterans' pensions and any other pension, annuity, or disability benefit that is excluded from income under any other provision of law (see page R-3)

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

14 Enter the amount from Form 1040, line 37

15 If you checked (in Part I):

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

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

17 Enter one-half of line 16

18 Add lines 13c and 17

19 Subtract line 18 from line 12. If zero or less, stop; you cannot take the credit. Otherwise, go to line 20

20 Multiply line 19 by 15% (.15)

21 Enter the amount from Form 1040, line 45

22 Add the amounts from Form 1040, lines 46 and 47, and enter the total

23 Subtract line 22 from line 21

24 Credit for the elderly or the disabled. Enter the smaller of line 20 or line 23 here and on Form 1040, line 48

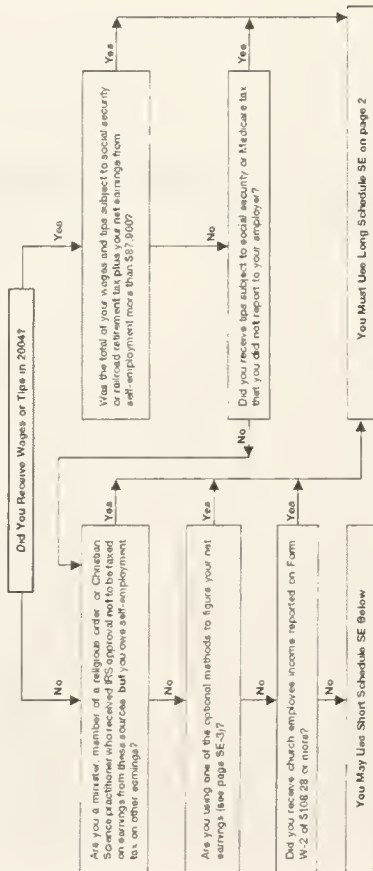
Schedule R (Form 1040) 2004

**Self-Employment Tax**

**Who Must File Schedule SE**

- You must file Schedule SE if you had net earnings from self-employment from other than church employee income (line 4 of Short Schedule SE or line 4c of Long Schedule SE) of \$400 or more or
  - You had church employee income of \$108.28 or more income from services you performed as a minister or a member of a religious order is not church employee income (see page SE-1)
- Note.** Even if you had a loss or a small amount of income from self-employment, it may be to your benefit to file Schedule SE and use either "optional method" in Part II of Long Schedule SE (see page SE-3)
- Exception.** If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361 and received IRS approval not to be taxed on those earnings, do not file Schedule SE. Instead write "Exempt-Form 4361" on Form 1040, line 57

**May I Use Short Schedule SE or Must I Use Long Schedule SE?**



**Section A—Short Schedule SE. Caution.** Read above to see if you can use Short Schedule SE.

1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1
2	Net profit or (loss) from Schedule C, line 31, Schedule C-EZ, line 3, Schedule K-1 (Form 1065) box 14, code A (other than farming), and Schedule K-1 (Form 1065-B), box 9. Ministers and members of religious orders see page SE-1 for amounts to report on this line. See page SE-2 for other income to report	2
3	Combine lines 1 and 2	3
4	Net earnings from self-employment. Multiply line 3 by 92.35% (.9235). If less than \$400 do not file this schedule, you do not owe self-employment tax	4
5	Self-employment tax. If the amount on line 4 is \$87,900 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 57. More than \$87,900, multiply line 4 by 2.9% (.029). Then, add \$10,599.60 to the result. Enter the total here and on Form 1040, line 57.	5
6	Deduction for one-half of self-employment tax. Multiply line 5 by 50% (.5). Enter the result here and on Form 1040, line 30	6

**Section B—Long Schedule SE**

**Part I Self-Employment Tax**

**Note.** If your only income subject to self-employment tax is church employee income, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is not church employee income. See page SE-1

- If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I
- 1 Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A. **Note.** Skip this line if you use the farm optional method (see page SE-4)
- 2 Net profit or (loss) from Schedule C, line 31, Schedule C-EZ, line 3, Schedule K-1 (Form 1065) box 14, code A (other than farming), and Schedule K-1 (Form 1065-B), box 9. Ministers and members of religious orders see page SE-1 for amounts to report on this line. See page SE-2 for other income to report. **Note.** Skip this line if you use the nonfarm optional method (see page SE-4)
- 3 Combine lines 1 and 2
- 4a If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise enter amount from line 3
- 4b If you elect one or both of the optional methods, enter the total of lines 15 and 17 here
- 4c Combine lines 4a and 4b. If less than \$400, stop you do not owe self-employment tax. **Exception.** If less than \$400 and you had church employee income, enter -0- and continue

- 5a Enter your church employee income from Form W-2. See page SE-1 for definition of church employee income
- 5b Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-
- 6 Net earnings from self-employment. Add lines 4c and 5b
- 7 Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2004
- 8a Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$97,900 or more skip lines 8b through 10, and go to line 11
- 8b Unreported tips subject to social security or Medicare tax. Add lines 8a and 8b
- 8c Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11
- 9 Multiply line 8c by 2.9% (.029)
- 10 Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 57
- 11 Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 30
- 12
- 13

**Part II Optional Methods to Figure Net Earnings** (see page SE-3)

**Farm Optional Method.** You may use this method only if (a) your gross farm income was not more than \$2,400 or (b) your net farm profits were less than \$1,733

14 Maximum income for optional methods include this amount on line 4b above

15 Enter the smaller of two-thirds (1/3) of gross farm income (not less than zero) or \$1,600. Also include this amount on line 4b above

**Nonfarm Optional Method.** You may use this method only if (a) your net nonfarm profits were less than \$1,733 and also less than 72.165% of your gross nonfarm income and (b) you had net earnings from self-employment of at least \$400 in 2 of the prior 3 years

**Caution.** You may use this method no more than five times

16 Subtract line 15 from line 14

17 Enter the smaller of two-thirds (2/3) of gross nonfarm income (not less than zero) or the amount on line 16. Also include this amount on line 4b above

<sup>1</sup>From Sch. F, line 11, and Sch. K-1 (Form 1065), box 9

<sup>2</sup>From Sch. C, line 31, Sch. C-EZ, line 3, Sch. K-1 (Form 1065), box 14, code A

<sup>3</sup>From Sch. F, line 36, and Sch. K-1 (Form 1065), box 14, code A

**Part I** Employee Business Expenses and Reimbursements

Step 1 Enter Your Expenses	Column A Other Than Meals and Entertainment	Column B Meals and Entertainment
1 Vehicle expense from line 22 or line 29 (Rural mail carriers. See instructions.)		
2 Parking fees, tolls, and transportation including train, bus, etc. that did not involve overnight travel or commuting to and from work		
3 Travel expense while away from home overnight including lodging, airplane, car rental, etc. Do not include meals and entertainment.		
4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment.		
5 Meals and entertainment expenses (see instructions).		
6 Total expenses. In Column A, add lines 1 through 4, and enter the result. In Column B, enter the amount from line 5.		

**Note:** If you were not reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.

**Step 2 Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1**

7 Enter reimbursements received from your employer that were not reported to you in box 1 of Form W-2. Include any reimbursements reported under code "L" in box 12 of your Form W-2 (see instructions).		
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**Step 3 Figure Expenses To Deduct on Schedule A (Form 1040)**

8 Subtract line 7 from line 6. If zero or less, enter -0-. However, if line 7 is greater than line 6 in Column A, report the excess as income on Form 1040, line 7.		
<b>Note:</b> If both columns of line 8 are zero, you cannot deduct employee business expenses. Stop here and attach Form 2106 to your return.		
9 In Column A, enter the amount from line 8. In Column B, multiply line 8 by 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits. Multiply meal expenses incurred while away from home on business by 70% (.70) instead of 50%. For details, see instructions.)		

**10 Add the amounts on line 9 of both columns and enter the total here. Also, enter the total on Schedule A (Form 1040), line 20. (Reservists, qualified performing artists, fee-basis state or local government officials, and individuals with disabilities. See the instructions for special rules on where to enter the total.)**

		<b>10</b>
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**Part II Vehicle Expenses**

**Section A—General Information** (You must complete this section if you are claiming vehicle expenses.)

	(a) Vehicle 1	(b) Vehicle 2
11 Enter the date the vehicle was placed in service	11 / /	11 / /
12 Total miles the vehicle was driven during 2004	miles /	miles /
13 Business miles included on line 12	miles /	miles /
14 Percent of business use. Divide line 13 by line 12	% /	% /
15 Average daily roundtrip commuting distance	miles /	miles /
16 Commuting miles included on line 12	miles /	miles /
17 Other miles. Add lines 13 and 16, and subtract the total from line 12.	miles /	miles /
18 Do you (or your spouse) have another vehicle available for personal use?	Yes / No	Yes / No
19 Was your vehicle available for personal use during off-duty hours?	Yes / No	Yes / No
20 Do you have evidence to support your deduction?	Yes / No	Yes / No
21 If "Yes," is the evidence written?	Yes / No	Yes / No

**Section B—Standard Mileage Rate** (See the instructions for Part II to find out whether to complete this section or Section C.)

22 Multiply line 13 by 37.5¢ (.375)

(a) Vehicle 1	(b) Vehicle 2
22	22

**Section C—Actual Expenses**

23 Gasoline, oil, repairs, vehicle insurance, etc.

24a Vehicle rentals

24b Inclusion amount (see instructions)

24c Subtract line 24b from line 24a

25 Value of employer-provided vehicle (applies only if 100% of annual lease value was included on Form W-2—see instructions)

26 Add lines 23, 24c, and 25

27 Multiply line 26 by the percentage on line 14

28 Depreciation (see instructions)

29 Add lines 27 and 28. Enter total here and on line 1.

**Section D—Depreciation of Vehicles** (Use this section only if you owned the vehicle and are completing Section C for the vehicle.)

	(a) Vehicle 1	(b) Vehicle 2
30 Enter cost or other basis (see instructions)		
31 Enter section 179 deduction and special allowance (see instructions)		
32 Multiply line 30 by line 14 (see instructions if you claimed the section 179 deduction or special allowance)		
33 Enter depreciation method and percentage (see instructions)		
34 Multiply line 32 by the percentage on line 33 (see instructions)		
35 Add lines 31 and 34		
36 Enter the applicable limit explained in the line 35 instructions		
37 Multiply line 36 by the percentage on line 14		
38 Enter the smaller of line 35 or line 37. Also enter this amount on line 28 above.		

Form 2441

Child and Dependent Care Expenses

OMB No. 1545-0048

Attachment Sequence No. 21

Name(s) shown on Form 1040, (Last, first, middle initial, if any) (00) Your social security number

2004

Before you begin: You need to understand the following terms. See Definitions on page 1 of the instructions.

• Dependent Care Benefits • Qualifying Person(s) • Qualified Expenses

Part I Persons or Organizations Who Provided the Care—You must complete this part.

(If you need more space, use the bottom of page 2.)

Table with 4 columns: (a) Care provider's name, (b) Address, (c) Identifying number (SSN or EIN), (d) Amount paid (see instructions)

Did you receive dependent care benefits? No Yes

Caution. If the care was provided in your home, you may owe employment taxes. See the instructions for Form 1040, line 61.

Part II Credit for Child and Dependent Care Expenses

2 Information about your qualifying person(s). If you have more than two qualifying persons, see the instructions

Table with 4 columns: (a) Qualifying person's name, (b) Qualifying person's social security number, (c) Qualified expenses you incurred and paid in 2004 for the person listed in column (a), (d) First, Last

3 Add the amounts in column (c) of line 2. Do not enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 32.

4 Enter your earned income. See instructions.

5 If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions), all others, enter the amount from line 4.

6 Enter the smallest of line 3, 4, or 5.

7 Enter the amount from Form 1040, line 37.

8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7.

Table with 3 columns: Over, But not over, Decimal amount is

9 Multiply line 6 by the decimal amount on line 8. If you paid 2003 expenses in 2004, see the instructions.

10 Enter the amount from Form 1040, line 45, minus any amount on Form 1040, line 46.

11 Credit for child and dependent care expenses. Enter the smaller of line 9 or line 10 here and on Form 1040, line 47.

For Paperwork Reduction Act Notice, see page 4 of the instructions. Form 2441 (2004)

Part III Dependent Care Benefits

12 Enter the total amount of dependent care benefits you received in 2004. Amounts you received as an employee should be shown in box 10 of your Form(s) W-2. Do not include amounts reported as wages in box 1 of Form(s) W-2. If you were self-employed or a partner, include amounts you received under a dependent care assistance program from your sole proprietorship or partnership.

13 Enter the amount forfeited, if any (see the instructions).

14 Subtract line 13 from line 12.

15 Enter the total amount of qualified expenses incurred in 2004 for the care of this qualifying person(s).

16 Enter the smaller of line 14 or 15.

17 Enter your earned income. See instructions.

18 Enter the amount shown below that applies to you.

- If married, filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions for line 5).
• If married, filing separately, see the instructions for the amount to enter.
• All others, enter the amount from line 17.

19 Enter the smallest of line 16, 17, or 18.

20 Enter the amount from line 12 that you received from your sole proprietorship or partnership. If you did not receive any such amounts, enter -0-.

21 Subtract line 20 from line 14.

22 Enter \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 18).

23 Deductible benefits. Enter the smallest of line 19, 20, or 22. Also include this amount on the appropriate line(s) of your return (see the instructions).

24 Enter the smaller of line 19 or 22.

25 Enter the amount from line 23.

26 Excluded benefits. Subtract line 25 from line 24. If zero or less, enter -0-.

27 Taxable benefits. Subtract line 26 from line 21. If zero or less, enter -0-. Also include this amount on Form 1040, line 7. Enter DGB.

28 Enter \$3,000 (\$6,000 if two or more qualifying persons).

29 Add lines 23 and 26.

30 Subtract line 28 from line 29. If zero or less, stop. You cannot take the credit.

Exception. If you paid 2003 expenses in 2004, see the instructions for line 9.

31 Complete line 2 on the front of this form. Do not include in column (c) any benefits shown on line 29 above. Then, add the amounts in column (c) and enter the total here.

32 Enter the smaller of line 30 or 31. Also, enter this amount on line 3 on the front of this form and complete lines 4-11.

Form 3800

General Business Credit

- ▶ See instructions on pages 3 and 4
- ▶ Attach to your tax return.

OMB No 1545-0045

2004

Attachment Sequence No 22

Identifying number

Part I Current Year Credit

- 1a Current year investment credit (Form 3468)
  - b Current year work opportunity credit (Form 5684)
  - c Current year welfare-to-work credit (Form 8861)
  - d Current year credit for alcohol used as fuel (Form 6478)
  - e Current year credit for increasing research activities (Form 6755)
  - f Current year low-income housing credit (Form 8865)
  - g Current year enhanced oil recovery credit (Form 8830)
  - h Current year disabled access credit (Form 8826)
  - i Current year renewable electricity production credit (Form 8835, Section A only)
  - j Current year Indian employment credit (Form 8845)
  - k Current year credit for employer social security and Medicare taxes paid on certain employees tips (Form 8846)
  - l Current year orphan drug credit (Form 8820)
  - m Current year new markets credit (Form 8874)
  - n Current year credit for small employer pension plan startup costs (Form 8861)
  - o Current year credit for employer-provided child care facilities and services (Form 8882)
  - p Current year biodiesel fuels credit (Form 8954)
  - q Current year low sulfur diesel fuel production credit (Form 8896)
  - r Current year credit for contributions to selected community development corporations (Form 8847)
  - s Current year trans-Alaska pipeline liability fund credit (see instructions)
  - t Current year general credits from an electing land partnership (Schedule K-1 (Form 1065-B))
- 2 Current year credit.** Add lines 1a through 1t
- 3 Passive activity credits included on line 2 (see instructions)
- 4 Subtract line 3 from line 2
- 5 Passive activity credits allowed for 2004 (see instructions)
- 6 Carryforward of general business credit to 2004. See instructions for the schedule to attach
- 7 Carryback of general business credit from 2005 (see instructions)
- 8 Current year credit.** Add lines 4 through 7

Part II Allowable Credit

- 9 Regular tax before credits (see instructions)
- 10 Alternative minimum tax (see instructions)
- 11 Add lines 9 and 10
- 12a Foreign tax credit
- b Credits from Form 1040, lines 47 through 53
- c Possessions tax credit (Form 5735, line 17 or 27)
- d Credit for fuel from a nonconventional source
- e Qualified electric vehicle credit (Form 8834, line 20)
- f Add lines 12a through 12e
- 13 Net income tax. Subtract line 12f from line 11. If zero, skip lines 14 through 17 and enter -0- on line 18
- 14 Net regular tax. Subtract line 12f from line 9. If zero or less, enter -0-
- 15 Enter 25% (25) of the excess, if any, of line 14 over \$25,000 (see instructions)
- 16 Tentative minimum tax (see instructions)
- 17 Enter the greater of line 15 or line 16
- 18 Subtract line 17 from line 13. If zero or less, enter -0-
- 19 **Credit allowed for the current year.** Enter the smaller of line 8 or line 18 here and on Form 1040, line 54. Form 1120, Schedule J, line 6d. Form 1120-A, Part I, line 2. Form 1041, Schedule G, line 2c, or the applicable line of your return. If line 19 is smaller than line 8, see instructions **Individuals, estates, and trusts:** See instructions if claiming the research credit. **C corporations:** See Schedule A if claiming any regular investment credit carryforward and the line 19 instructions if there has been an ownership change, acquisition, or reorganization

For Paperwork Reduction Act Notice, see page 2.

Cat. No 12392F

Form 3800 (2004)

Page 2

Schedule A—Additional General Business Credit Allowed by Internal Revenue Code Section 38(c)(2) (Before Repeal by the Revenue Reconciliation Act of 1990)—Only Applicable to C Corporations

A corporation (other than an S corporation) may be entitled to a larger general business credit or additional credit against the AMT if: (a) it is claiming a regular investment credit carryforward on line 6 attributable, in whole or in part, to the regular investment credit under section 46 (before amendment by the Revenue Reconciliation Act of 1990), (b) some of that investment credit cannot be used because line 18 is smaller than line 8, and (c) it is required to file Form 4626, Alternative Minimum Tax—Corporations. Complete Schedule A to see if the corporation is entitled to an additional credit.

20	Enter the portion of the credit shown on line 6 that is attributable to the regular investment credit under section 48 (before amendment by the Revenue Reconciliation Act of 1990)	20
21	Tentative minimum tax (from line 16)	21
22	Multiply line 21 by 25% (.25)	22
23	Enter the amount from line 18	23
24	Enter the portion of the credit shown on line 8 that is not attributable to the regular investment credit under section 46 (before amendment by the Revenue Reconciliation Act of 1990)	24
25	Subtract line 24 from line 23. If zero or less, enter -0-	25
26	Subtract line 25 from line 20. If zero or less, enter -0-	26
27	For purposes of this line only, refigure the amount on Form 4626, line 10, by using zero on Form 4626, line 6, and enter the result here	27
28	Multiply line 27 by 10% (.10)	28
29	Net income tax (from line 13)	29
30	Enter the amount from line 19	30
31	Subtract line 30 from line 29	31
32	Subtract line 28 from line 31	32
33	Enter the smallest of line 22, line 26, or line 32	33
34	Subtract line 33 from line 21	34
35	Enter the greater of line 15 or line 34	35
36	Subtract line 35 from line 29. Also enter this amount on line 19 instead of the amount previously figured on that line. Write "Sec 38(c)(2)" next to your entry on line 19	36

**Paperwork Reduction Act Notice.** We ask for the information on this form to determine your tax liability. We will use the information you provide to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as they contain information of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on your individual circumstances. The estimated average time is:

**Learning about the law or the form** 16 hr. 15 min  
**Preparing and sending the form to the IRS** 1 hr. 23 min  
 If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Form 3800 (2004)

Section references are to the Internal Revenue Code.

General Instructions What's New

The American Jobs Creation Act of 2004 created two new general business credits...

1. The biodiesel fuels credit, effective for fuel sold or used after 2004...

2. The credit for alternative fuel production credit, effective for expenses paid or incurred after 2002...

See new Forms 8864 and 8895 respectively for information on how to claim these credits.

Also, the new law expanded the credit for the use of certain qualifying resources at certain qualifying facilities...

Who Must File

You must file Form 3800 if any of the following apply:

- 1. You have more than one of the credits listed on lines 1a through 1f.
2. Any of those credits (other than the low-income housing credit) is from a passive activity...

The general business credit includes the following:

- 1. The credits listed on lines 1a through 1f.
2. The empowerment zone and renewal community employment credit (Form 8844).
3. The New York Liberty Zone business employee credit (Form 8884)...

The credits associated with items 2, 4 have special tax liability limits, and are not reported on Form 3800...

Carryback and Carryforward of Unused Credit

If you cannot use part or all of the credit because of the tax liability limit (line 19 is less than line 8), carry the unused credit back one tax year...

Unless you have an agreement or clear evidence of each spouse's contribution toward the portion of the joint liability...

1. The tax year following the last tax year of the 20-year carryforward period...

2. The tax year in which the individual taxpayer dies or other taxpayer ceases to exist.

For purposes of this special deduction, only half of the following credits may be taken into account...

48(q)(3) applies as in effect prior to repeal by the Revenue Reconciliation Act of 1990...

Change in Filing or Marital Status

Your general business credit is limited to your tax liability. Therefore, if you filed a joint return in a carryback or carryforward year...

1. Figure your tax for the carryback or carryforward year as though you were married filing a separate return.

2. Figure your spouse's tax in that year as though he or she was married filing a separate return.

3. Add the amounts in steps 1 and 2.

4. Divide the amount in step 1 by the amount in step 3.

5. Multiply the decimal in step 4 by the total tax shown on your joint return for the carryback or carryforward year.

6. Biodiesel fuels credit.

7. Low sulfur diesel fuel production credit.

8. Community development corporations.

9. Trans-Alaska pipeline liability fund credit.

10. General credits from an electing large partnership.

11. Although these credits are aggregated on Form 3800, keep a separate record of each credit to ensure that no credits or deductions are squandered or duplicated.

Specific Instructions Part I—Current Year Credit

Complete only Part I of the appropriate credit forms to figure your current year credit. Enter the current year credit on the applicable entry spaces and attach the credit forms to your return.

Line 1a Attach a statement showing how you figured the section 4612(e) credit.

Line 1b Enter the total of the amounts shown in box 7 of the Schedules K-1 (Form 1065-B) you received from electing large partnerships.

Line 3 Enter the credits included on line 2 that are from passive activities. Generally, a passive activity is a trade or business in which you did not materially participate.

Line 5 Enter the passive activity credit allowed from Form 8582-CR or Form 8870. See the instructions for the applicable form for details.

Line 8 Add all carryforwards to 2004 of unused credits that are reported on Form 3800.

Line 10 For each credit, attach a detailed computation showing (a) the tax year the credit originated, the amount of the credit, and the amount allowed for that year.

Line 11 Enter the carryback and carryforward amounts of the credit allowed after you applied the credit allowed after you applied the carryforward.

Line 12 See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, estate investment trusts, and estates and trusts.

Line 16 Although you may not owe AMT, you generally must still compute the tentative minimum tax (TMT) to figure your credit for a small corporation exempt from the AMT under section 5301.

because line 18 is less than line 8, carry forward to your next tax year the following carryforward period the unused portion of the credit and a corresponding portion of the 35% reduction. For example, if you are able to use only half of the credit in 2004, carry forward the other half of the credit and half of the 35% reduction.

Line 7 Use line 7 only when you amend your 2004 return to carry back unused credits from 2005.

Line 8 If the line is zero, skip Part II.

Part II—Allowable Credit

Line 9 Enter the regular tax before credits from the appropriate form or schedule.

Line 10 Enter the alternative minimum tax (AMT) plus the general business credit from Form 3800.

Line 11 Enter the carryback and carryforward amounts of the credit allowed after you applied the credit allowed after you applied the carryforward.

Line 12 See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, estate investment trusts, and estates and trusts.

Line 16 Although you may not owe AMT, you generally must still compute the tentative minimum tax (TMT) to figure your credit for a small corporation exempt from the AMT under section 5301.

appropriate AMT form or schedule and enter on line 16 the TMT from the following line of that form or schedule.

- Individuals Form 6251, line 33.
Corporations Form 4626, line 12.
Estates and trusts Form 1041, Schedule I, line 54.

Line 19 If line 19 is smaller than line 8, use Carryback and Carryforward of Unused Credit on page 3.

Individuals, estates, and trusts. The amount of the research credit that may be included on line 19 is limited to the amount of tax attributable to your taxable income for the year in which the credit is claimed.

Enter the regular tax before credits from the appropriate form or schedule.

Enter the alternative minimum tax (AMT) plus the general business credit from Form 3800.

Enter the carryback and carryforward amounts of the credit allowed after you applied the credit allowed after you applied the carryforward.

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, estate investment trusts, and estates and trusts.

Although you may not owe AMT, you generally must still compute the tentative minimum tax (TMT) to figure your credit for a small corporation exempt from the AMT under section 5301.

Enter the carryback and carryforward amounts of the credit allowed after you applied the credit allowed after you applied the carryforward.

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Form 6251

OMB No. 1545-0227  
2004  
Attachment  
Sequence No. 32

Alternative Minimum Tax—Individuals

- ▶ See separate instructions.
- ▶ Attach to Form 1040 or Form 1040NR.

Your social security number

Part I Alternative Minimum Taxable Income (See instructions for how to complete each line.)

- If filing Schedule A (Form 1040), enter the amount from Form 1040, line 40, and go to line 2. Otherwise, enter the amount from Form 1040, line 37, and go to line 7. If less than zero, enter as a negative amount.
- Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4, or 2% of Form 1040, line 37.
- Taxes from Schedule A (Form 1040), line 9.
- Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet on page 2 of the instructions.
- Miscellaneous deductions from Schedule A (Form 1040), line 26.
- If Form 1040, line 37, is over \$142,700 (over \$71,350 if married filing separately), enter the amount from line 9 of the **Itemized Deductions Worksheet** on page B-1 of the instructions for Schedules A & B (Form 1040).
- Tax refund from Form 1040, line 10 or line 21.
- Investment interest expense (difference between regular tax and AMT).
- Depletion (difference between regular tax and AMT).
- Interest from specified private activity bonds exempt from the regular tax.
- Qualified small business stock (7% of gain excluded under section 1202).
- Exercise of incentive stock options (excess of AMT income over regular tax income).
- Estates and trusts (amount from Schedule K-1 (Form 1041), line 9).
- Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6).
- Depreciation on assets placed in service after 1986 (difference between regular tax and AMT).
- Passive activities (difference between AMT and regular tax income or loss).
- Loss limitations (difference between AMT and regular tax income or loss).
- Circulation costs (difference between regular tax and AMT).
- Long-term contracts (difference between AMT and regular tax income).
- Mining costs (difference between regular tax and AMT).
- Research and experimental costs (difference between regular tax and AMT).
- Income from certain installment sales before January 1, 1987.
- Intangible drilling costs preference.
- Other adjustments, including income-based related adjustments.
- Alternative tax net operating loss deduction.
- Alternative minimum taxable income.** Combine lines 1 through 27. (If married filing separately, and line 28 is more than \$191,000, see page 6 of the instructions.)

Part II Alternative Minimum Tax

- Exemption. (If this form is for a child under age 14, see page 6 of the instructions.)
 

IF your filing status is . . . . .	AND line 28 is not over . . . . .	THEN enter on line 29 . . . . .
Single or head of household . . . . .	\$112,500 . . . . .	\$40,250
Married filing jointly or qualifying widow(er) . . . . .	150,000 . . . . .	58,000
Married filing separately . . . . .	75,000 . . . . .	29,000
- If line 28 is over the amount shown above for your filing status, see page 6 of the instructions.
- Subtract line 29 from line 28. If zero or less, enter -0-, and on lines 33 and 35, and stop here.
  - If you reported capital gain distributions directly on Form 1040, line 13, you reported qualified dividends on Form 1040, line 9b, or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as required by the AMT), if necessary, complete Part III on the back and enter the amount from line 55 here.
  - At the end of lines 30-31, 33, 35, 50, or 52, if necessary, complete Part III on the back and enter the amount from line 55 here.
  - Otherwise, if line 30 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 30 by 25% (26% if married filing jointly).
  - Otherwise, multiply line 30 by 28% (28% and subtract \$3,500 (\$1,750 if married filing separately) from the result.
- Alternative minimum tax foreign tax credit (see page 7 of the instructions).
- Alternative minimum tax. Subtract line 32 from line 31.
- Tentative minimum tax. Subtract line 32 from line 31.
- Tax from Form 1040, line 43 (minus any tax from Form 4972) and any foreign tax credit from Form 1040, line 46. If you used Schedule J to figure your tax, the amounts for lines 43 and 46 of Form 1040 must be refigured without using Schedule J (see page 6 of the instructions).
- Alternative minimum tax.** Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 44.

For Paperwork Reduction Act Notice, see page 8 of the instructions. Cat No. 15990G

Form 6251 (2004)

Form 6251 (2004)

Part III Tax Computation Using Maximum Capital Gains Rates

- Enter the amount from Form 6251, line 30.
- Enter the amount from line 6 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 43, or the amount from line 13 of the Schedule D Tax Worksheet on page D-9 of the instructions for Schedule D (Form 1040) whichever applies (as required for the AMT, if necessary) (see page 8 of the instructions).
- Enter the amount from Schedule D (Form 1040), line 19 (as required for the AMT, if necessary) (see page 8 of the instructions).
- If you did not complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 37. Otherwise, add lines 37 and 38, and enter the smaller of that result or the amount from line 10 of the Schedule D Tax Worksheet (as required for the AMT, if necessary).
- Enter the smaller of line 36 or line 39.
- Subtract line 40 from line 36.
- If line 41 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 41 by 26% (26% if married filing jointly or qualifying widow(er)). Otherwise, multiply line 41 by 28% (28% and subtract \$3,500 (\$1,750 if married filing separately) from the result.
- Enter:
  - \$58,100 if married filing jointly or qualifying widow(er).
  - \$29,050 if single or married filing separately, or
  - \$38,900 if head of household.
- Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 43, or the amount from line 14 of the Schedule D Tax Worksheet on page D-9 of the instructions for Schedule D (Form 1040) whichever applies (as required for the regular tax) if you did not complete either worksheet for the regular tax, enter -0-.
- Subtract line 44 from line 43. If zero or less, enter -0-.
- Enter the smaller of line 36 or line 37.
- Enter the smaller of line 45 or line 46.
- Multiply line 47 by 5% (05).
- Subtract line 47 from line 46.
- Multiply line 49 by 15% (15).
- If line 38 is zero or blank, skip lines 51 and 52, and go to line 53. Otherwise, go to line 51.
- Subtract line 46 from line 40.
- Multiply line 51 by 25% (25).
- Add lines 42, 48, 50, and 52.
- If line 36 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 36 by 26% (26%). Otherwise, multiply line 36 by 28% (28%) and subtract \$3,500 (\$1,750 if married filing separately) from the result.
- Enter the smaller of line 53 or line 54 here and on line 31.

Form 6251 (2004)



Form 8582  
Passive Activity Loss Limitations

Part I 2004 Passive Activity Loss

Caution: See the instructions for Worksheets 1, 2, and 3 on pages 7 and 8 before completing Part I.  
Special Allowance for Rental Real Estate Activities (For the definition of active participation see page 3 of the instructions.)

Table with 4 columns: 1a, 1b, 1c, 1d. Rows include: Activities with net income, Activities with net loss, Prior years unallowed losses, Commercial revitalization deductions, Commercial revitalization deductions from Rental Real Estate Activities, All Other Passive Activities.

Caution: If your filing status is married filing separately and you lived with your spouse at any time during the year, do not complete Part II or Part III. Instead, go to line 15.

Part II Special Allowance for Rental Real Estate With Active Participation

Table with 5 rows: 5, 6, 7, 8, 9. Includes instructions for married filing separately and net income calculations.

Part III Special Allowance for Commercial Revitalization Deductions From Rental Real Estate Activities

Table with 4 rows: 11, 12, 13, 14. Includes instructions for net income and loss calculations.

Part IV Total Losses Allowed

Table with 2 rows: 15, 16. Includes instructions for total income and total losses allowed.

Table with 5 columns: Name of activity, Current year (a) Net income, (b) Net loss, (c) Unallowed loss, Overall gain or loss. Includes instructions for Worksheet 2 and Worksheet 3.

Table with 5 columns: Name of activity, Current year (a) Net income, (b) Net loss, (c) Unallowed loss, Overall gain or loss. Includes instructions for Worksheet 4.

Table with 5 columns: Name of activity, Current year (a) Net income, (b) Net loss, (c) Unallowed loss, Overall gain or loss. Includes instructions for Worksheet 5.

**Worksheet 6—Allowed Losses** (See pages 9 and 10 of the instructions.)

Name of activity	(a) Form or schedule and line number to be reported on (see instructions)	(b)	(c) Ratio	(d) Unallowed losses	(e) Allowed loss
<b>Total</b>					
<b>Worksheet 7—Activities With Losses Reported on Two or More Different Forms or Schedules</b> (See page 10)					
Form or schedule and line number to be reported on (see instructions):					
1a Net loss plus prior year unallowed loss from form or schedule					
b Net income from form or schedule					
c Subtract line 1b from line 1a. If zero or less, enter -0-					
<b>Total</b>			1.00		

**Tax for Children Under Age 14 With Investment Income of More Than \$1,600**

Attach only to the child's Form 1040, Form 1040A, or Form 1040NR. See separate instructions.

**Before you begin:** If the child, the parent, or any of the parent's other children under age 14 must use the Schedule D Tax Worksheet or has income from farming or fishing, see Pub. 929, Tax Rules for Children and Dependents. It explains how to figure the child's tax using the Schedule D Tax Worksheet or Schedule J (Form 1040).

- A Parent's name (first, initial, and last). **Caution:** See instructions before completing.
- B Parent's social security number.
- C Parent's filing status (check one): Single, Married (filing jointly), Married (filing separately), Head of household, Qualifying widow(er).

**Part I Child's Net Investment Income**

- Enter the child's investment income (see instructions).
- If the child **did not** itemize deductions on Schedule A (Form 1040) or Form 1040NR, enter \$1,600. Otherwise, see instructions.
- Subtract line 2 from line 1. If zero or less, **stop**; do not complete the rest of this form but do attach it to the child's return.
- Enter the child's **taxable income** from Form 1040, line 42; Form 1040A, line 27; or Form 1040NR, line 39.
- Enter the **smaller** of line 3 or line 4. If zero, **stop**; do not complete the rest of this form but do attach it to the child's return.

**Part II Tentative Tax Based on the Tax Rate of the Parent**

- Enter the parent's **taxable income** from Form 1040, line 42; Form 1040A, line 27; Form 1040EZ, line 8; TeleFile Tax Record, line K(1); Form 1040NR, line 39; or Form 1040NR-EZ, line 14. If zero or less, enter -0-.
- Enter the total, if any, from Forms 8815, line 5, of **all other** children of the parent named above. **Do not** include the amount from line 5 above.
- Add lines 5, 6, and 7 (see instructions).
- Enter the tax on the amount on line 8 based on the parent's filing status above (see instructions) if the Qualified Dividends and Capital Gain Tax Worksheet, Schedule D Tax Worksheet, or Schedule J (Form 1040) is used to figure the tax. Check here.
- Enter the parent's tax from Form 1040, line 43; Form 1040A, line 28, minus any alternative minimum tax; Form 1040EZ, line 10; TeleFile Tax Record, line K(2); Form 1040NR, line 40; or Form 1040NR-EZ, line 15. **Do not** include any tax from Form 4972 or 8814. If the Qualified Dividends and Capital Gain Tax Worksheet, Schedule D Tax Worksheet, or Schedule J (Form 1040) was used to figure the tax, check here.
- Subtract line 10 from line 9 and enter the result. If line 7 is blank, also enter this amount on line 13 and go to **Part III**.

- 12a Add lines 5 and 7.
- b Divide line 5 by line 12a. Enter the result as a decimal (rounded to at least three places).

- 13 Multiply line 11 by line 12b.

**Part III Child's Tax**—If lines 4 and 5 above are the same, enter -0- on line 15 and go to line 16.

- Subtract line 5 from line 4.
- Enter the tax on the amount on line 14 based on the child's filing status (see instructions). If the Qualified Dividends and Capital Gain Tax Worksheet, Schedule D Tax Worksheet, or Schedule J (Form 1040) is used to figure the tax, check here.
- Add lines 13 and 15.
- Enter the tax on the amount on line 4 based on the child's filing status (see instructions). If the Qualified Dividends and Capital Gain Tax Worksheet, Schedule D Tax Worksheet, or Schedule J (Form 1040) is used to figure the tax, check here.
- Enter the **larger** of line 16 or line 17 here and on the child's Form 1040, line 43; Form 1040A, line 28; or Form 1040NR, line 40.

Credit for Prior Year Minimum Tax—Individuals, Estates, and Trusts

OMB No. 1545-1073 2004 Attachment Sequence No. 74

Form 8801 (2004) (Mandatory for Taxpayers With Adjusted Gross Income) (Mandatory for Estates)

Part I Not Minimum Tax on Exclusion Items

- 1 Combine lines 1, 6, and 10 of your 2003 Form 6251. Estates and trusts, see instructions.
2 Enter adjustments and preferences treated as exclusion items (see instructions).
3 Minimum tax credit net operating loss deduction (see instructions).
4 Combine lines 1, 2, and 3. If zero or less, enter -0- here and on line 15 and go to Part II. If more than \$191,000 and you were married filing separately for 2003, see instructions.
5 Enter \$56,000 if married filing jointly or qualifying widow(er) for 2003; \$40,250 if single or head of household for 2003; or \$29,000 if married filing separately for 2003. Estates and trusts, enter \$22,500.
6 Enter \$160,000 if married filing jointly or qualifying widow(er) for 2003; \$112,500 if single or head of household for 2003; or \$76,000 if married filing separately for 2003. Estates and trusts, enter \$75,000.
7 Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9.
8 Multiply line 7 by 25% (.25).
9 Subtract line 8 from line 5. If zero or less, enter -0-. If this form is for a child under age 14, see instructions.
10 Subtract line 9 from line 4. If zero or less, enter -0- here and on line 15 and go to Part II. Form 1040NR filers, see instructions.
11 If for 2003 you reported capital gain distributions directly on Form 1040, line 13a, you reported qualified dividends on Form 1040, line 9b (Form 1041 line 2b(2)), or you had a gain on both lines 16 and 17 of Schedule D (Form 1040) (lines 15a and 15a, column (2), of Schedule D (Form 1041)), complete Part III of Form 8801 and enter the amount from line 58 here.
All others: If line 10 is \$175,000 or less (\$87,500 or less if married filing separately for 2003), multiply line 10 by 26% (.26). Otherwise, multiply line 10 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2003) from the result.
12 Minimum tax foreign tax credit on exclusion items (see instructions).
13 Tentative minimum tax on exclusion items. Subtract line 12 from line 11.
14 Enter the amount from your 2003 Form 6251, line 34, or 2003 Form 1041, Schedule I, line 55.
15 Net minimum tax on exclusion items. Subtract line 14 from line 13. If zero or less, enter -0-.

Part II Minimum Tax Credit and Carryforward to 2005

- 16 Enter the amount from your 2003 Form 6251, line 35, or 2003 Form 1041, Schedule I, line 56.
17 Enter the amount from line 15 above.
18 Subtract line 17 from line 16. If less than zero, enter as a negative amount.
19 2003 minimum tax credit carryforward. Enter the amount from your 2003 Form 8801, line 26.
20 Enter the total of your 2003 unallowed nonconventional source fuel credit and 2003 unallowed qualified electric vehicle credit (see instructions).
21 Combine lines 18, 19, and 20. If zero or less, stop here and see instructions.
22 Enter your 2004 regular income tax liability minus allowable credits (see instructions).
23 Enter the amount from your 2004 Form 6251, line 33, or 2004 Form 1041, Schedule I, line 54.
24 Subtract line 23 from line 22. If zero or less, enter -0-.
25 Minimum tax credit. Enter the smaller of line 21 or line 24. Also enter this amount on your 2004 Form 1040, line 54. Form 1040NR, line 49, or Form 1041, Schedule G, line 2d.
26 Minimum tax credit carryforward to 2005. Subtract line 25 from line 21. Keep a record of this amount. Because you may use it in future years.

For Paperwork Reduction Act Notice, see page 4. Cat. No. 100025 Form 8801 (2004)

Part III Tax Computation Using Maximum Capital Gains Rates

Caution: If you did not complete Part IV of the 2003 Schedule D (Form 1040) for Part V of the 2003 Schedule D (Form 1041) or the 2003 Schedule D Tax Worksheet, see the instructions before completing this part.

- 27 Enter the amount from Form 8801, line 10.
28 Enter the amount from line 26 of your 2003 Schedule D (Form 1040) (line 23 of the 2003 Schedule D (Form 1041)) or line 13 of your 2003 Schedule D Tax Worksheet.
29 Enter the amount from line 19 of your 2003 Schedule D (Form 1040) or line 15d, column (2), of the 2003 Schedule D (Form 1041).
30 If you did not complete the 2003 Schedule D Tax Worksheet, enter the amount from line 28. Otherwise, add lines 28 and 29, and enter the smaller of that result or the amount from line 10 of your 2003 Schedule D Tax Worksheet.
31 Enter the smaller of line 27 or line 30.
32 Subtract line 31 from line 27.
33 If line 32 is \$175,000 or less (\$87,500 or less if married filing separately for 2003), multiply line 32 by 26% (.26). Otherwise, multiply line 32 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2003) from the result.
34 Enter:
- \$58,800 if married filing jointly or qualifying widow(er) for 2003
- \$28,400 if single or married filing separately for 2003
- \$38,050 if head of household for 2003, or
- \$1,500 for an estate or trust
35 Enter the amount from line 27 of your 2003 Schedule D (Form 1040) (line 24 of the 2003 Schedule D (Form 1041)) or line 14 of the 2003 Schedule D Tax Worksheet, whichever applies. If you did not complete either Part IV of the 2003 Schedule D (Form 1040) (or Part V of the 2003 Schedule D (Form 1041)) or the 2003 Schedule D Tax Worksheet, enter -0-.
36 Subtract line 35 from line 34. If zero or less, enter -0-.
37 Enter the smaller of line 27 or line 28.
38 Enter the smaller of line 36 or line 37.
39 If you did not complete the 2003 Schedule D Tax Worksheet, enter the amount from your 2003 Schedule D (Form 1040) (line 43 or 2003 Schedule D (Form 1041), line 40) (or if that line is blank, the amount from your 2003 Schedule D (Form 1040), line 31 or 2003 Schedule D (Form 1041), line 25). Otherwise, enter the amount from line 32 of the Schedule D Tax Worksheet (or if that line is blank, the amount from line 20 of that worksheet).
40 Enter the smaller of line 38 or line 39. If line 38 is zero, go to line 48.
41 Multiply line 40 by 5% (.05).
42 Subtract line 40 from line 38. If zero or less, enter -0- and go to line 48.
43 Enter your qualified 5-year gain, if any, from your 2003 Schedule D (Form 1040), line 35 (2003 Schedule D (Form 1041), line 32).
44 Enter the smaller of line 42 or line 43.
45 Multiply line 44 by 8% (.08).
46 Subtract line 44 from line 42.
47 Multiply line 46 by 10% (.10).
48 Subtract line 40 from line 39.
49 Subtract line 38 from line 37.
50 Enter the smaller of line 48 or line 49.
51 Multiply line 50 by 15% (.15).
52 Subtract line 50 from line 49.
53 Multiply line 52 by 20% (.20).
54 Subtract line 37 from line 31.
55 Multiply line 54 by 25% (.25).
56 Add lines 33, 41, 45, 47, 51, 53, and 55.
57 If line 27 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 27 by 26% (.26). Otherwise, multiply line 27 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result.
58 Enter the smaller of line 56 or line 57 here and on line 11.

The 2003 Schedule D Tax Worksheet is on page D-11 of the 2003 Instructions for Schedule D (Form 1040) (page 27 of the 2003 Instructions for Form 1041). Form 8801 (2004)

General Instructions

Section references are to the Internal Revenue Code

Purpose of Form

Use Form 8801 if you are an individual, estate, or trust to figure the minimum tax credit if any for alternative minimum tax (AMT) you incurred in prior tax years and to figure any minimum tax credit carryforward

Who Should File

Complete Form 8801 if you are an individual, estate, or trust that for 2003 had

- An AMT liability and adjustments or preferences other than exclusion items.
A minimum tax credit carryforward to 2004 or
An unallowed nonconventional source fuel credit or qualified electric vehicle credit (see the instructions for line 20).

File Form 8801 only if line 21 is more than zero

Specific Instructions

The AMT is attributable to two types of adjustments and preferences—deferral items and exclusion items. Deferral items (for example, depreciation) generally do not take a permanent difference in taxable income over time. Exclusion items (for example, the standard deduction) on the other hand do cause a permanent difference. The minimum tax credit is allowed only for the AMT attributable to deferral items

Line 1—Estates and Trusts

Swp lines 1 through 3 of Form 8801 Complete Parts I and II of another 2003 Form 1041 Schedule I For Part I of Schedule I, take into account only exclusion items (the amount you entered on lines 2 through 6, 8, and 9, and any other adjustments related to exclusion items included on line 23 of Schedule I). On line 24 of Schedule I, use the minimum tax credit net operating loss deduction (MTCNOLD). However, do not limit the MTCNOLD to 90% of the total of lines 1 through 23 of Schedule I. (See the instructions for line 3 on this page for how to figure the MTCNOLD.) In Part I of Schedule I, complete lines 35 and 36 without taking into account any basis adjustments arising from deferral items (the amount on Schedule I, line 29, is zero or less enter -0- on Form 8801 line 4. Otherwise, enter on Form 8801 line 4 the amount from Schedule I, line 29, adjusted for exclusion items that were allocated to the beneficiary

Line 2

Enter on this line the adjustments and preferences treated as exclusion items (except the standard deduction). Exclusion items are only the following AMT adjustments and preferences itemized deductions (including any investment interest expense reported on Schedule E), certain tax-exempt interest, depletion, or other adjustments related to exclusion items. Do not include the standard deduction. It has already been included on line 1. Combine lines 2 through 5, 7 through 9, 11, and 12 of your 2003 Form 8801. Do not include any amount from line 14 of the 2003 Form 8801. Instead, include the exclusion item amount from line 12d of the Schedule(s) K-1 (Form 1041) you received for 2003. If you included on line 26 of the 2003 Form 8801 any adjustments related to exclusion items, also include those adjustments in the amount you enter on line 2. Enter the total on line 2.

Exclusion items on other lines.

If you included any exclusion item on a line not listed above include that item in the amount you enter on line 2. For example, if depletion was included on Form 8801 as an adjustment on line 9 (passive activities), instead of on line 9 (depletion), include it as an exclusion item in the amount you enter on line 2.

Line 3

Your minimum tax credit net operating loss deduction (MTCNOLD) is the aggregate of the MTCNOLD carryovers and operating loss (MTCNOLD) carryovers and figured as follows: Your MTCNOLD is the excess of the deductions (excluding the MTCNOLD) over the income used to figure alternative minimum taxable income (AMTI) taking into account only exclusion items. Figure this excess with the modifications in section 172(d) taking into account only exclusion items (that is, the section 172(d) modifications must be figured separately for the MTCNOLD).

For example, the limitation of nonbusiness deductions to the amount of nonbusiness income must be figured separately for the MTCNOLD, using only nonbusiness income and deductions but taking into account only exclusion items. However, ignore the disallowance of the deduction for personal exemptions under section 172(d)(3) because it has already been taken into account to figure AMTI attributable only to exclusion items

Line 4

If your filing status was married filing separately for 2003 and line 4 is more than \$191,000, you must include an additional amount on line 4. If line 4 is \$207,000 or more, include an additional \$29,000 on line 4. Otherwise, include 25% of the excess of the amount on line 4 over \$191,000. For example, if the amount on line 4 is \$211,000, enter \$215,000 instead—the additional \$5,000 is 25% of \$20,000 (\$211,000 minus \$191,000)

Line 9

If this form is for a child who was under age 14 at the end of 2003 and at least one of the child's parents was alive at the end of 2003, the child never more than the sum of the child's 2003 earned income plus \$5,600

A child born on January 1, 1990, is considered to be age 14 at the end of 2003 and is therefore not subject to this limitation

Line 10

If you filed Form 1041NR for 2003 and had a net gain on the disposition of U.S. real property interests, line 10 cannot be less than the smaller of that net gain or line 4

Line 12

The minimum tax foreign tax credit on exclusion items (MTFCE) is your 2003 AMT foreign tax credit (AMTFTC) refigured using only exclusion items. Follow these steps to figure your MTFCE: 1 Use a separate 2003 Form 1116 for the MTFCE for each separate limitation category specified at the top of Form 1116

When applying the separate limitation categories, use the applicable AMT rate instead of the regular tax rate to determine if any income is "high-taxed." 2 If you figured your 2003 AMTFTC using the simplified limitation election, skip Part I and enter on the MTFCE Swp Part I, line 16, the same amount you entered on that line for the 2003 AMT Form 1116. Otherwise, complete Part I using only taxable income and exclusion items that are attributable to sources outside the United States. If required by the instructions for Form 1116 (based on your MTFCE

Schedule D), complete Worksheet A or Worksheet B for the MTFCE. (But if you required make adjustments to your foreign source capital gains and losses using the instructions in Pub. 514, Foreign Tax Credit for Individuals, instead of completing Worksheet A or Worksheet B.) If you are required to complete an MTFCE Worksheet for Line 17, follow the instructions under item 3 below.

3 Complete lines 9 through 13 of the MTFCE Form 1116. For line 9, use the same amount you entered on that line for 2003 for the regular tax. Use your MTFCE carryover, if any, on line 10.

AMTFTC using the simplified limitation election. Complete Part III of the MTFCE Form 1116.

5 If you did not complete Part III of Form 8801, line 4, enter the amount from Form 1116, line 4, on line 7 of the MTFCE Form 1116 and go to item 6 below. Otherwise, follow these steps to complete the MTFCE Form 1116: a Enter the amount from Form 8801, line 4, on line 1 of the MTFCE Worksheet for Line 17.

b Complete the Schedule D Tax Worksheet (in the 2003 Instructions for Schedule D (Form 1041)) or the 2003 MTFCE Worksheet (Form 1041) for the MTFCE as follows: Enter the amount from Form 8801, line 10, on line 1 of the worksheet and skip lines 2, 26, 28, 38, 44, and 47 through 51. Use the amounts from Parts I, II, and III of your 2003 regular tax, Schedule D (Form 1041) (Parts I through IV of Schedule D (Form 1041)), to complete the rest of the MTFCE Schedule D Tax Worksheet. If you figured your 2003 tax using the Qualified Dividends and Capital Gains Tax Worksheet in the 2003 Instructions for Form 1041, complete an MTFCE Qualified Dividends and Capital Gains Tax Worksheet as follows: Enter the amount from Form 8801, line 10, on line 1 of the MTFCE worksheet, enter the amounts from lines 6, 11, and 19 of the 2003 regular tax worksheet on the same lines of the MTFCE worksheet, and complete the rest of the MTFCE worksheet, skipping lines 2 through 5, 13, 15, 23, and 25 through 29. If you figured your 2003 tax using the Qualified Dividends Tax Worksheet in the 2003 Instructions for Form 1041, complete an MTFCE Qualified Dividends Tax Worksheet as follows: Enter the amount from Form 8801, line 10, on line 1 of the MTFCE worksheet, enter the amount from line 4 of the 2003 regular tax worksheet on the same line of the MTFCE worksheet, and complete the rest of the MTFCE worksheet, skipping lines 2, 3, 9, and 13 through 17.

Line 20

Enter the total of any nonconventional source fuel credit and qualified electric vehicle credit not allowed for 2003 solely because of the limitations under sections 25(b)(6)(B) and 30(b)(3)(B)

Line 21

If line 21 is zero or less, you do not have a minimum tax credit or a minimum tax credit carryforward. Do not complete the rest of this form and do not file it.

Line 22

Follow the instructions below and refer to your 2004 income tax return to figure the amount to enter on line 22: Form 1040. Subtract from the amount on line 43 the total of any credits on lines 43 through 49 (not including any credit for prior year minimum tax). If the result is zero or less, enter -0-.

Form 1041NR. Subtract from the amount on line 40 the total of any credits on lines 43 through 49 (not including any credit for prior year minimum tax). If the result is zero or less, enter -0-.

Form 1041, Schedule G. Subtract the amount on line 25 through 29 from the result is zero or less, enter -0-.

Part III—Tax Computation Using Maximum Capital Gains Rates. If you did not complete Schedule D (Form 1040) for 2003 because you

figured your tax using the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for line 41 of Form 1040, then: Enter the amount from line 6 of that worksheet on Form 8801, lines 28 and 30. Skip Form 8801, line 29. Enter on Form 8801, line 35, the amount, if any, from line 7 of that worksheet, and: Enter on Form 8801, line 39, the amount from line 11 of that worksheet (or if that line is blank, the amount from line 19 of that worksheet).

If your 2003 taxable income was zero or less, complete lines 13, 15 through 17b, 19, 22 through 28, 35, and 43 of your 2003 Schedule D (Form 1040) (lines 19 through 23, 32, and 40 of the 2003 Schedule D (Form 1041)), or lines 2 through 13, 24, and 32 of the 2003 Schedule D Tax Worksheet. If applicable before completing Part III: Estates and trusts. If you figured your 2003 tax using the Qualified Dividends Tax Worksheet in the Form 1041 instructions, enter the amount from line 4 of that worksheet on Form 8801, lines 28, 30, and 38; skip Form 8801, line 29, and enter on Form 8801, line 35, the amount from line 5 of that worksheet.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recording, 2 hr. 4 min.; Learning about the law or the form, 2 hr.; 6 min.; Preparing the form, 1 hr.; 54 min.; Copying, attaching, and sending the form to the IRS, 34 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Form 8814

Parents' Election To Report Child's Interest and Dividends

OMB No. 1545-1178 2004 Attachment Sequence No. 40

Name(s) shown on your return Your social security number Child's social security number

Caution: The Federal income tax on your child's income, including qualified dividends and capital gain distributions, may be less if you file a separate tax return for the child instead of making this election. This is because you cannot take certain tax benefits that your child could take on his or her own return. For details, see Tax benefits you may not take on page 2.

Part I Child's Interest and Dividends To Report on Your Return

- 1a Enter your child's taxable interest... 1b. If more than one Form 8814 is attached, check here. 2 Enter your child's ordinary dividends... 3 Enter your child's capital gain distributions... 4 Add lines 1a, 2, and 3... 5 Base amount... 6 Subtract line 5 from line 4...

Part II Tax on the First \$1,600 of Child's Interest and Dividends

- 7 Amount not taxed 8 Subtract line 7 from line 4... 9 Tax. Is the amount on line 8 less than \$300? No, Enter \$80 here and see the Note below. Yes, Multiply line 8 by 10% (10). Enter the result here and see the Note below.

Note: If you checked the box on line C above, see the instructions. Otherwise, include the amount from line 9 in the tax you enter on Form 1040, line 43, or Form 1040NR, line 40. Be sure to check box a on Form 1040, line 43, or Form 1040NR, line 40.

General Instructions

Purpose of form. Use this form if you elect to report your child's income on your return. If you do, your child will not have to file a return. You can make this election if your child meets all of the following conditions:

- The child was under age 14 at the end of 2004. A child born on January 1, 1991, is considered to be age 14 at the end of 2004. The child is only income was from interest and dividends, including capital gain distributions and Alaska Permanent Fund dividends. The child's gross income for 2004 was less than \$8,000. The child is required to file a 2004 return.

There were no estimated tax payments for the child for 2004 (including any overpayment of tax from his or her 2003 return applied to 2004 estimated tax).

There was no federal income tax withheld from the child's income. You must also qualify. See Parents who qualify to make the election below.

How to make the election. To make the election, complete and attach Form(s) 8814 to your tax return and file your return by the due date (including extensions). A separate Form 8814 must be filed for each child whose income you choose to report.

Parents who qualify to make this election. You qualify to make this election if you file Form 1040 or Form 1040NR and any of the following apply: You are filing a joint return for 2004 with the child's other parent. You and the child's other parent were married to each other but file separate returns for 2004, and you had the higher taxable income.

You were unmarried, treated as unmarried for federal income tax purposes, or separated from the child's other parent by a divorce or separate maintenance decree. You must have had custody of your child for most of the year (you were the custodial parent) if you were the custodial parent and you remained. You may make the election on a joint return with your new spouse. But if you and your new spouse do not file a separate return, you must file a higher taxable income than your new spouse.

Notes. You end the child's other parent's election only by filing a separate return for the year with the child. You qualify to make the election only if you are the parent with the higher taxable income. Tax benefits you may not take. If you elect to report your child's income on

your return, you may not take any of the following deductions that your child could take on his or her own return: Standard deduction of \$2,000 for a blind child. Penalty on early withdrawal of child's savings. Itemized deductions, such as child's contributions, investment expenses or charitable contributions.

If your child received qualified dividends or capital gain distributions, you may pay up to \$400 more tax if you make this election instead of filing a separate tax return for the child. This is because the tax rate on the child's income between \$800 and \$1,600 is 10%. If you make this election, however, if you file a separate return for the child, the tax rate may be as low as 5% because of the preferential tax rates for qualified dividends and capital gain distributions.

If any of the above apply to your child, first figure the tax on your child's income as if he or she is filing a return. Next, figure the tax as if you are electing to report your child's income on your return. Then, compare the methods to determine which results in the lower tax.

Alternative minimum tax. If your child received tax-exempt interest for regulated investment company from certain private activity bonds, you must take these into account in determining if your child is an alternative minimum tax taxpayer. See Form 8851, Alternative Minimum Tax—Individuals, and its instructions for details.

Investment interest expense. Your child's investment interest expense (qualified dividends and capital gain distributions) that you report on your return is considered to be your investment income for purposes of figuring your investment interest expense deduction if your child received qualified dividends or Alaska Permanent Fund dividends or capital gain distributions, see Pub 550, Investment Income and Expenses to figure the amount you may treat as your investment income.

Foreign accounts and trusts. Complete Schedule B (Form 1040), Part III, for your child if he or she (a) had a foreign financial account or (b) received a distribution from, or was the grantor of, or transferor to, a foreign trust. If you answer "Yes" to either question, you must file this Schedule B with your return. Enter "Form 8814" next to line 7a or line 8, whichever applies. Also, complete line 7b if applicable.

Change of address. If your child filed a return for a previous year and the address shown on the last return filed is not your child's current address, be sure

to notify the IRS, in writing, of the new address. To do this, you may use Form 8922, Change of Address.

Additional information. See Pub 924, Tax Rules for Children and Dependents for more details.

Line Instructions

Name and social security number. If filing a joint return, include your spouse's name but enter the social security number of the person whose name is shown first on the return.

Line 1a. Enter all taxable interest income received by your child in 2004. If your child received a Form 1099-INT for tax-exempt interest, such as from municipal bonds, enter the amount and "Tax-exempt interest" on the dotted line next to line 1a. Do not include this interest in the total for line 1a but be sure to include it on line 1b.

If your child received as a nominee interest that actually belongs to another person, enter the amount and "ND" for nominee distribution on the dotted line next to line 1a. Do not include amounts received as a nominee in the total for line 1a.

If your child had accrued interest that was paid to the seller of a bond amortizable bond premium (ABP) allowed as a reduction to interest income or if any original issue discount (OID) is less than the amount shown on your child's Form 1099-OID, enter the OID amount on the dotted line next to line 1a. Do not include "ABP adjustment" or "OID adjustment," whichever applies. Do not include any nontaxable amounts in the total for line 1a.

Line 1b. If your child received any tax-exempt interest income, such as from certain state and municipal bonds, report it on line 1b. Also, include any exempt-interest dividends your child received as a shareholder in a mutual fund or other regulated investment company.

Note. If line 1b includes tax-exempt interest or regulated investment company dividends, include the amount of dividends from private activity bonds, see Alternative minimum tax on this page.

Line 2. Enter the ordinary dividends received by your child in 2004. Ordinary dividends should be shown in box 1a of Form 1099-DIV. Also, include ordinary dividends your child received through a partnership, an S corporation, or an estate or trust.

If your child received as a nominee ordinary dividends that actually belong to another person, enter the amount and "ND" on the dotted line next to line 2. Do not include amounts received as a nominee in the total for line 2.

Form 8814 (2004)

(continued)

**Line 3.** Enter the capital gain distributions received by your child in 2004. Capital gain distributions should be shown in box 2a of Form 1099-DIV. If your child received, as a nominee, capital gain distributions that actually belong to another person, enter the amount and "ND" on the dotted line next to line 3. Do not include amounts received as a nominee in the total for line 3.

**Line 6.** If qualified dividends are included in the amount on line 2 or if you entered an amount on line 3, use the worksheet below to figure the amount to enter on line 6 and the amount to add to your income as qualified dividends on Form 1040, lines 9a and 9b, or Form 1040NR, lines 10a and 10b, or

• Capital gain distributions on Schedule D, line 13 or if you are not required to file Schedule D, on Form 1040, line 13 or Form 1040NR, line 14.  
The worksheet is needed to divide the \$1,600 base amount on line 5 among your child's qualified dividends, capital gain distributions, and other interest and dividend income.

If any of the child's capital gain distributions were reported on Form 1099-DIV as unreaptured section 1250 gain, section 1202 gain, or collectibles (28%) gain, see Pub 929 for details on the amount to report on Schedule D. If you checked the box on line C, add the amounts from line 6 of all your Forms 8814. Include this amount on Form 1040, line 21, or Form 1040NR, line 21, whichever applies. Be sure to enter "Form 8814" and the total of the line 6 amounts in the space next to line 21.

**Line 9.** If you checked the box on line C, add the amounts from line 9 of all your Forms 8814. Include the total on Form 1040, line 43, or Form 1040NR, line 40. Be sure to check box a on that line.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103. The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is **Recordkeeping, 26 min.** **Learning about the law or the form, 11 min.** **Preparing the form, 40 min.** **and Copying, assembling, and sending the form to the IRS, 16 min.**

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

**Child's Qualified Dividends and Capital Gain Distributions Worksheet—Line 6**

(Keep for your records)

1. Enter the amount of qualified dividends included on Form 8814, line 2
2. Enter the amount from Form 8814, line 3
3. Enter the amount from Form 8814, line 4
4. Divide line 1 by line 3. Enter the result as a decimal (rounded to at least three places)
5. Divide line 2 by line 3. Enter the result as a decimal (rounded to at least three places)
6. Base amount
7. Subtract line 6 from line 3
8. Multiply line 7 by line 4. Include this amount on Form 1040, lines 9a and 9b, or Form 1040NR, lines 10a and 10b. On the dotted lines next to those lines, enter "Form 8814" and this amount (unless you file Schedule B (Form 1040), in that case, follow the instructions in the **Note** on this line). Also, enter "QD" (for "qualified dividends") and this amount on the dotted line next to line 6 of Form 8814. **Note.** If this amount plus the parents' dividends is more than \$1,500, report this amount on Schedule B (Form 1040). Show it as from "Form 8814."
9. Multiply line 7 by line 5. Include this amount on Schedule D, line 13, Form 1040, line 13, or Form 1040NR, line 14. Enter "Form 8814" and this amount on the dotted line next to line 13 of Schedule D or in the space to the left of line 13 of Form 1040 or line 14 of Form 1040NR. Also, enter "CGD" for "capital gain distribution" and this amount on the dotted line next to line 6 of Form 8814
10. Add lines 8 and 9
11. Subtract line 10 from line 7. Enter the result here and on Form 8814, line 6

# Section 6

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**Health savings account deduction**

Change in law.....	pg 12
Classified by:	
Marital status .....	1.3
Definition .....	pg 128

**Home mortgage interest deduction**

(See also Interest paid deduction)

Reported on returns with itemized	
Deductions .....	2.1

**Household employment tax**

Classified by:	
Size of adjusted gross income .....	3.3
Definition.....	pg 128

**I****Income subject to tax**

(See Modified taxable income)

**Income tax after credits**

As a percentage of adjusted gross income	
and modified taxable income .....	3.4
Classified by:	
Accumulated size of adjusted gross	
income .....	1.1
Marginal tax rate .....	3.4
Marital status .....	1.2, 1.3
Size of adjusted gross income .....	1.2, 3.3
Definition .....	pg 128
Reported on:	
Returns with modified taxable income ...	3.1
Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2
Time series, 2000-2004 .....	A

**Income tax before credits**

Classified by:	
Size of adjusted gross income .....	1.4
Definition .....	pg 128
Reported on:	
Returns with modified taxable income ...	3.1
Returns with itemized deductions .....	2.1
Time series, 2000-2004 .....	A

**Income tax less credits**

Time series, 2000-2004 .....	A
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**Income tax withheld**

- Classified by:
  - Marital status ..... 1.3
  - Size of adjusted gross income ..... 3.3
- Definition ..... pg 129
- Reported on:
  - Returns with itemized deductions
    - Classified by marital status ..... 2.2
  - Time series, 2000-2004 ..... A

**Individual retirement arrangement (IRA) deductible payments, adjustment**

- (See also Primary and secondary IRA payments)
- Changes in law ..... pg 12
- Classified by:
  - Marital status ..... 1.3
  - Size of adjusted gross income ..... 1.4
- Definition ..... pg 129
- Reported on:
  - Returns with itemized deductions
    - Classified by marital status ..... 2.2
  - Time series, 2000-2004 ..... A

**Individual retirement arrangement (IRA) taxable distributions**

- Classified by:
  - Marital status ..... 1.3
  - Size of adjusted gross income ..... 1.4
- Definition ..... pg 129
- Reported on:
  - Returns with itemized deductions ..... 2.1
    - Classified by marital status ..... 2.2
  - Time series, 2000-2004 ..... A

**Interest paid deduction**

- Classified by marital status ..... 1.3
- Definition ..... pg 130
- Reported on:
  - Returns with itemized deductions ..... 2.1
    - Classified by marital status ..... 2.2
  - Type of interest paid deduction ..... 2.1

**Interest received**

(See Taxable interest received)

**Interest, tax-exempt**

(See Tax-exempt interest)

**Investment interest expense deduction**

(See Interest paid deduction)

**Itemized deductions**

- (See Total itemized deductions and also specific type)
- Changes in law ..... pg 13

**Itemized deduction limitation**

- Classified by:
  - Marital status ..... 2.2
- Reported on:
  - Returns with itemized deductions ..... 2.1

**J****Joint returns of married persons**

(See also Marital filing status)

- Classified by:
  - Each rate at which tax was computed .... 3.6
  - Marginal tax rate ..... 3.4
  - Size of adjusted gross income ..... 1.2
  - Sources of income ..... 1.3
  - Type of exemption ..... 2.4
- Reported on:
  - Returns with itemized deductions
    - Classified by marital status ..... 2.2
  - Returns with total income tax ..... 3.2

**K****Keogh retirement plan**

(See Payments to a Keogh plan)

- Time series, 2000-2004 ..... A

**L****Long-term capital gain or loss**

(See also Sales of capital assets, net gain or loss)

- Classified by:
  - Size of adjusted gross income ..... 1.4

**Long-term gain or loss from other forms**

(See also Sales of capital assets, net gain or loss)

- Classified by:
  - Size of adjusted gross income ..... 1.4

**Long-term loss carryover**

(See also Sales of capital assets, net gain or loss)

Classified by:

Size of adjusted gross income ..... 1.4

**M****Marginal tax rates**

(See also Tax generated)

Definition .....pg 131

Reported on returns with modified

taxable income ..... 3.4, 3.6

**Marital filing status**

Classified by:

Each rate at which tax was computed ..... 3.6

Marginal tax rate ..... 3.4

Size of adjusted gross income ..... 1.2

Sources of income ..... 1.3

Definition .....pg 131

Reported on returns with itemized

deductions ..... 2.2

Type of exemption ..... 2.4

**Medical and dental expenses deduction**

Classified by marital status ..... 1.3

Definition ..... pg 131

Limitation ..... 2.1

Reported on:

Returns with itemized deductions ..... 2.1

Classified by marital status ..... 2.2

**Method of estimation**

Description ..... pg 21

**Minimum tax credit**

Classified by:

Marital status ..... 1.3

Size of adjusted gross income ..... 3.3

Definition ..... pg 131

Reported on returns with itemized

deductions ..... 2.2

Time series, 2000-2004 ..... A

**Miscellaneous deductions other than gambling**

Definition ..... pg 131

Returns with itemized deductions ..... 2.1

**Miscellaneous itemized deductions**

Classified by marital status ..... 1.3

Definition ..... pg 131

Reported on:

Returns with itemized deductions ..... 2.1

Classified by marital status ..... 2.2

**Miscellaneous medical expenses**

(See Medical and dental expenses deduction)

**Modified taxable income**

Classified by:

Marginal tax rate ..... 3.4

Size of adjusted gross income ..... 3.1, 3.5

Tax generated at each rate ..... 3.6

Tax generated at specific rate ..... 3.5

Definition ..... pg 132

**Moving expenses adjustment**

Classified by:

Marital status ..... 1.3

Size of adjusted gross income ..... 1.4

Definition ..... pg 132

Reported on:

Classified by marital status ..... 2.2

**N****Net capital gain in AGI less loss**

Definition ..... pg 132

Time series, 2000-2004 ..... A

**Net operating loss**

Classified by size of adjusted gross

Income ..... 1.4

Definition ..... pg 132

Time series, 2000-2004 ..... A

**New York liberty zone credit**

Classified by:

Marital status ..... 1.3

Reported on:

Returns with itemized deductions

Classified by marital status ..... 2.2

Definition .....pg 132

**Nonconventional source fuel credit**

Classified by:

Marital status ..... 1.3

Size of adjusted gross income..... 3.3	<b>Other contributions</b>
Definition ..... pg 132	(See Contributions deduction)
<b>Nondeductible passive losses</b>	<b>Other dependents</b>
(See also Rent and royalty net income or loss)	(See Exemptions)
Classified by 1979 income concept ..... B	<b>Other income or loss</b>
Definition ..... pg 133	Classified by:
<b>Nontaxable returns</b>	Marital status ..... 1.3
(See also Taxable returns)	Size of adjusted gross income ..... 1.4
Classified by size of AGI ..... 1.2,1.4,2.3,3.3	Definition ..... pg 133
Reported on:	Reported on:
Returns with itemized deductions ..... 2.1	Returns with itemized deductions ..... 2.1
<b>Nontaxable combat pay amount</b>	Classified by marital status ..... 2.2
Changes in law..... pg 13	Time series, 2000-2004 ..... A
Definition ..... pg 133	<b>Other payments</b>
Reported on:	Definition .....pg 133
Returns with earned income credit ..... 2.5	Time series, 2000-2004 ..... A
<b>Number of exemptions</b>	<b>Other tax credits</b>
Classified by:	Classified by:
Size of adjusted gross income ..... 1.4	Size of adjusted gross income ..... 3.3
Type of exemption and size of	Definition ..... pg 133
Adjusted gross income ..... 2.3	<b>Other taxes deduction</b>
Type of exemption and marital status ..... 2.4	(See also Taxes paid deduction)
Reported on:	Definition .....pg 133
Returns with itemized deductions ..... 2.1	Reported on returns with itemized
Time series, 2000-2004 ..... A	Deductions ..... 2.1
	<b>Other than cash contributions deduction</b>
<b>O</b>	(See Contributions deduction)
<b>Ordinary dividends</b>	<b>Overpayment</b>
Classified by:	(See also Credit to 2004 estimated tax)
Marital status ..... 1.3	Credited to 2004 estimated tax:
Size of adjusted gross income ..... 1.4	Classified by:
1979 income concept ..... B	Size of adjusted gross income ..... 3.3
Definition .....pg 133	Definition ..... pg 134
Reported on:	Refunded:
Returns with itemized deductions ..... 2.1	Classified by:
Classified by marital status ..... 2.2	Marital status ..... 1.3
Time series, 2000-2004 ..... A	Size of adjusted gross income ..... 3.3
<b>Other adjustments</b>	Returns with itemized deductions
(See also Statutory adjustments)	classified by marital status ..... 2.2
Classified by:	Time series, 2000-2004 ..... A
Size of adjusted gross income ..... 1.4	Total ..... 3.3
Time series, 2000-2004 ..... A	

**P****Parent exemptions**  
(See Exemptions)**Parents' election to report child's interest and dividends**

- Definition ..... pg 134
- Reported on returns with modified Taxable income ..... 3.4,3.5,3.6
- Classified by:
  - Marital status ..... 3.4, 3.6
  - Size of adjusted gross income ..... 3.5

**Partnership and S Corporation net income or loss**

- Classified by:
  - Marital status ..... 1.3
  - Size of adjusted gross income ..... 1.4
  - 1979 income concept ..... B
- Definition ..... pg 134
- Reported on:
  - Returns with itemized deductions ..... 2.1
  - Classified by marital status ..... 2.2

**Passive activity losses**

- Definition .....pg 134

**Payment with request for extension of filing time**

- Classified by:
  - Size of adjusted gross income ..... 3.3
- Definition ..... pg 135
- Time series, 2000-2004 ..... A

**Payments to a Keogh plan**

- Classified by:
  - Marital status ..... 1.3
  - Size of adjusted gross income ..... 1.4
- Definition ..... pg 135
- Reported on:
  - Returns with itemized deductions
  - Classified by marital status ..... 2.2
  - Time series, 2000-2004 ..... A

**Penalty on early withdrawal of savings**

- Classified by:
  - Marital status ..... 1.3

Definition .....pg 135

Reported on:

- Returns with itemized deductions
- Classified by marital status ..... 2.2

**Penalty tax on qualified retirement plans**

- Classified by:
  - Size of adjusted gross income ..... 3.3
- Definition ..... pg 135
- Time series, 2000-2004 ..... A

**Pensions and annuities**

- Classified by:
  - Marital status ..... 1.3
  - Size of adjusted gross income ..... 1.4
  - 1979 income concept ..... B
- Definition ..... pg 135
- Reported on:
  - Returns with itemized deductions ..... 2.1
  - Classified by marital status ..... 2.2
  - Time series, 2000-2004 ..... A

**Personal exemption**

(See Exemptions)

**Personal interest deductions**

(See Interest paid deduction)

**Personal interest paid**

(See also Interest paid deduction)

**Personal property taxes deduction**

(See also Taxes paid deduction)

- Definition ..... pg 136
- Reported on returns with itemized Deductions ..... 2.1

**Population and sample**

- Reported on Forms 1040, 1040A, and 1040EZ ..... C

**Predetermined estimated tax penalty**

- Classified by:
  - Size of adjusted gross income ..... 3.3
- Definition ..... pg 136
- Time series, 2000-2004 ..... A

**Prescription medicine and drug expenses**

(See Medical and dental expenses deduction)



**Primary IRA Payments**

(See also Individual retirement arrangement deductible payments, adjustment)

Classified by:

Marital status ..... 1.3

Size of adjusted gross income ..... 1.4

Reported on:

Returns with itemized deductions

Classified by marital status ..... 2.2

Time series, 2000-2004 ..... A

**Q****Qualified dividends**

Classified by:

Marital status ..... 1.3

Size of adjusted gross income ..... 1.4

1979 income concept ..... B

Definition .....pg 136

Reported on:

Returns with itemized deductions ..... 2.1

Classified by marital status ..... 2.2

Time series, 2000-2004 ..... A

**R****Real estate taxes**

(See also Taxes paid deduction)

Definition ..... pg 136

Reported on returns with itemized

Deductions ..... 2.1

**Recapture taxes**

Time series, 2000-2004 ..... A

**Refund**

(See also Overpayment refunded)

Definition ..... pg 136

**Refund credited to next year**

(See also Credit to 2001 estimated tax)

Time series, 2000-2004 ..... A

**Regular tax computation**

Classified by:

Size of adjusted gross income ..... 3.1

Definition ..... pg 136

**Rent and royalty net income or loss**

Classified by:

Marital status ..... 1.3

Definition ..... pg 136

Reported on:

Returns with itemized deductions ..... 2.1

Classified by marital status ..... 2.2

**Rent net income or loss**

Classified by:

Size of adjusted gross income ..... 1.4

Definition ..... pg 137

**Retirement savings contribution credit**

Classified by:

Marital status .....1.3

Size of adjusted gross income..... 3.3

Reported on:

Returns with itemized deductions

Classified by marital status..... 2.2

Definition .....pg 137

Time series, 2000-2004 .....A

**Requirements for filing**

Description ..... pg 11

**Retrospective income concept**

Classified by size of adjusted gross

Income and 1979 concept ..... B

Description ..... pg 14

**Roth IRA**

Description ..... pg 137

**Royalty net income or loss**

Classified by:

Size of adjusted gross income ..... 1.4

Definition ..... pg 137

**S****S corporation**

(See partnership and S Corporation net income or loss)

**Salaries and wages**

Classified by:

Marital status ..... 1.3

Size of adjusted gross income .....	1.4	Reported on:	
1979 income concept .....	B	Returns with itemized deduction	
Definition .....	pg 138	Classified by marital status .....	2.2
Reported on:		Time series, 2000-2004 .....	A
Returns with itemized deductions .....	2.1		
Classified by marital status .....	2.2		
Time series, 2000-2004 .....	A		
<b>Sales of capital assets, net gain or loss</b>		<b>Self-employed health insurance deduction</b>	
Classified by:		Classified by:	
Marital status .....	1.3	Marital status .....	1.3
Size of adjusted gross income .....	1.4	Size of adjusted gross income .....	1.4
1979 income concept .....	B	Definition .....	pg 139
Definition .....	pg 138	Time series, 2000-2004 .....	A
Reported on:			
Returns with itemized deductions .....	2.1	<b>Self-employment tax</b>	
Classified by marital status .....	2.2	(See also Deduction of self-employment tax)	
		Changes in law .....	pg 13
<b>Sales of capital assets reported on Schedule D</b>		Classified by:	
Classified by:		Size of adjusted gross income .....	3.3
Size of adjusted gross income.....	1.4	Definition .....	pg 139
		Time series, 2000-2004 .....	A
<b>Sales of property other than capital assets, net gain or loss</b>		<b>Separate returns of married persons</b>	
Classified by:		(See also Marital filing status)	
Marital status .....	1.3	Classified by:	
Size of adjusted gross income .....	1.4	Each rate at which tax was computed ....	3.6
Definition .....	pg 139	Marginal tax rate .....	3.4
Reported on:		Size of adjusted gross income .....	1.2
Returns with itemized deductions .....	2.1	Sources of income .....	1.3
Classified by marital status .....	2.2	Type of exemption.....	2.4
Time series, 2000-2004 .....	A	Reported on returns with itemized deductions	
		Classified by marital status .....	2.2
<b>Sales tax deduction</b>		<b>Short-term capital gain or loss</b>	
Changes in law .....	pg 13	(See also Sales of capital assets, net gain or loss)	
Definition .....	pg 139	Classified by size of adjusted gross	
Reported on:		income .....	1.4
Returns with itemized deductions .....	2.1	Definition.....	pg 139
		<b>Short-term gain or loss from other forms</b>	
<b>Schedule D gain subject to 28% tax rate</b>		(See also Sales of capital assets, net gain or loss)	
Classified by:		Classified by size of adjusted gross	
Size of adjusted gross income .....	1.4	Income .....	1.4
		<b>Short-term loss carryover</b>	
<b>Secondary IRA payments</b>		(See also Sales of capital assets, net gain or loss)	
(See also Individual retirement arrangement		Classified by size of adjusted gross	
deductible payments, adjustment)		Income .....	1.4
Classified by:		Definition.....	pg 140
Marital status .....	1.3		
Size of gross adjusted income .....	1.4		

**Single persons, returns of**

(See also Marital filing status)

Classified by:

Each rate at which tax was computed .....	3.6
Marginal tax rate .....	3.4
Size of adjusted gross income .....	1.2
Sources of income .....	1.3
Type of exemption .....	2.4

Reported on returns with itemized deductions

Classified by marital status .....	2.2
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**Size of adjusted gross income**

Classified by:

Marital status .....	1.2
Selected income and tax items .....	1.1
Size of adjusted gross income .....	3.3
Sources of income .....	1.4
Type of tax computation .....	3.1
1979 income concept .....	B

Definition ..... pg 140

Reported on:

Returns with earned income credit .....	2.5
Returns with itemized deductions .....	2.1
Returns with modified taxable Income .....	3.1, 3.6
Returns with total income tax .....	3.2
Type of exemption .....	2.3

**Size of income**Classified by size of adjusted gross  
income and by 1979 concept .....
**Social security benefits**

Benefits in adjusted gross income:

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	1.4

Definition ..... pg 140

Reported on:

Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2

Time series, 2000-2004 ..... A

**Social security and Medicare tax on tip income**

Classified by:

Marital status .....	3.3
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Definition ..... pg 140

Time series, 2000-2004 ..... A

**Sources of income**

(See also specific type)

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	1.4

Reported on:

Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2

**Sources of data**

(See description of sample)

**Spouse IRA**

Time series, 2000-2004 ..... A

**Standard deduction**(See also Basic and additional standard  
deductions)

Changes in law ..... pg 13

Classified by:

Marital status .....	1.2
Size of adjusted gross income .....	1.2

Definition ..... pg 140

Time series, 2000-2004 ..... A

**State income tax refunds**

(See Taxes paid deduction)

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	1.4

Definition ..... pg 141

Reported on:

Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2

Time series, 2000-2004 ..... A

**State and local income taxes**

Definition ..... pg 141

Reported on returns with itemized

Deductions .....	2.1
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**Statutory adjustments**

(See also specific type)

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	1.4
1979 income concept .....	B

Definition ..... pg 141

Reported on:	
Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2
Time series, 2000-2004 .....	A
Type of adjustment .....	1.4

### Student loan interest deduction

Classified by:	
Marital status .....	1.3
Definition .....	pg 141
Reported on:	
Returns with itemized deductions	
Classified by marital status .....	2.2
Time series, 2000-2004 .....	A
Type of adjustment .....	1.4

### Surviving spouses, returns of

(See also Marital filing status)

Classified by:	
Each rate at which tax was computed ....	3.6
Marginal tax rate .....	3.4
Sources of income .....	1.3
Size of adjusted gross income .....	1.2
Type of exemption .....	2.4
Reported on returns with itemized	
deductions classified by marital status ....	2.2

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### Tax credits

(See also specific type)

Classified by:	
Marital status .....	1.3
Size of adjusted gross income .....	3.3
1979 income concept .....	B
Reported on:	
Returns with modified taxable income ...	3.1
Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2
Time series, 2000-2004 .....	A
Type of credit .....	3.3

### Tax due at time of filing

Classified by:	
Marital status .....	1.3
Size of adjusted gross income .....	3.3
Definition .....	pg 142

Reported on:	
Returns with itemized deductions	
Classified by marital status .....	2.2
Time series, 2000-2004 .....	A

### Tax generated

Classified by:	
Each rate at which tax was computed ....	3.6
Marginal tax rate .....	3.4
Marital status .....	3.4
Size of adjusted gross income .....	3.5
Tax generated at specified rate .....	3.5
Definition .....	pg 142
Reported on returns with modified	
taxable income .....	3.1

### Tax items

(See also specific type)

Classified by:	
Accumulated size of adjusted gross	
Income .....	1.1
Marital status .....	1.3
Size of adjusted gross income... ..	1.2, 1.4, 3.3
1979 income concept .....	B
Reported on:	
Returns with modified taxable income ...	3.1
Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2
Time series, 2000-2004 .....	A

### Tax liability

Classified by:	
Marital status .....	1.3
Size of adjusted gross income .....	3.3
Reported on:	
Returns with itemized deductions	
Classified by marital status .....	2.2
Time series, 2000-2004 .....	A

### Tax payments

(See also specific type)

Classified by:	
Marital status .....	1.3
Size of adjusted gross income .....	3.3
Definition .....	pg 143
Reported on:	
Returns with itemized deductions	
Classified by marital status .....	2.2
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**Tax penalty**

(See also Predetermined estimated tax penalty)  
 Definition ..... pg 143  
 Time series, 2000-2004 ..... A

**Tax preparation fee**

(See also Miscellaneous itemized deductions)  
 Definition ..... pg 143

**Tax rates**

(See Income tax withheld)

**Tax withheld**

(See Income tax withheld)

**Tax-exempt interest**

Classified by:  
 Marital status ..... 1.3  
 Size of adjusted gross income ..... 1.4  
 Definition ..... pg 143  
 Reported on:  
 Returns with itemized deductions ..... 2.1  
   Classified by marital status ..... 2.2  
 Time series, 2000-2004 ..... A

**Taxable income**

Classified by:  
 Accumulated size of adjusted gross  
   Income ..... 1.1  
   Marital status ..... 1.2,1.3  
   Size of AGI ..... 1.1, 1.2, 1.4,3.5  
   1979 income concept ..... B  
   Tax generated at specific rate ..... 3.5  
 Definition ..... pg 144  
 Reported on:  
 Returns with itemized deductions ..... 2.1  
   Classified by marital status ..... 2.2  
 Time series, 2000-2004 ..... A

**Taxable interest**

Classified by:  
 Marital status ..... 1.3  
 Size of adjusted gross income ..... 1.4  
 1979 income concept ..... B  
 Definition ..... pg 144  
 Reported on:  
 Returns with itemized deductions ..... 2.1  
   Classified by marital status ..... 2.2  
 Time series, 2000-2004 ..... A

**Taxable IRA**

(See Individual retirement arrangement (IRA) taxable distributions)

**Taxable pensions and annuities**

(See Pensions and annuities)  
 Time series, 2000-2004 ..... A

**Taxable returns**

(See also Nontaxable returns)  
 Classified by:  
   Accumulated size of AGI ..... 1.1  
   Size of adjusted gross  
     Income ..... 1.1,1.2,1.4,2.3,3.3  
 Reported on:  
   Returns with itemized deductions ..... 2.1

**Taxable social security**

Time series, 2000-2004 ..... A

**Taxes paid deduction**

Classified by marital status ..... 1.3  
 Definition ..... pg 144  
 Reported on:  
   Returns with itemized deductions ..... 2.1  
   Classified by marital status ..... 2.2  
 Type of taxes paid deduction ..... 2.1

**Total credits**

(See also Tax credits and total tax credits)  
 Time series, 2000-2004 ..... A

**Total income**

Definition ..... pg 144

**Total income, net gain less loss**

Time series, 2000-2004 ..... A

**Total income tax**

As percentage of adjusted gross income ... 3.2  
   Type of tax computation ..... 3.1  
 As percentage of taxable income..... 1.1  
 Average ..... 1.1  
   Type of tax computation ..... 3.1  
 Classified by:  
   Accumulated size of adjusted  
     gross income..... 1.1  
   Each rate at which tax was computed .... 3.6  
   Marital status ..... 1.2, 1.3

Number of exemptions .....	2.4
Size of adjusted gross income .....	1.1, 1.2, 2.1, 3.2, 3.3
1979 income concept .....	B
Type of exemption .....	2.3
Definition .....	pg 144
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Returns with modified taxable income ...	3.1

**Total itemized deductions**

Classified by:	
Marital status .....	1.2,1.3
Size of adjusted gross income .....	1.2, 1.4
1979 income concept .....	B
Definition .....	pg 144
Reported on:	
Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2
Limitation reported on:	
Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2
Time series, 2000-2004.....	A
Type of deduction .....	2.1

**Total miscellaneous deductions**

(See miscellaneous deductions)

**Total payments**

Time series, 2000-2004.....	A
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**Total rent and royalty income or loss**

Definition .....	pg 145
Classified by:	
Size of adjusted gross income.....	1.4

**Total standard deduction**

(See Standard deduction)

Time series, 2000-2004 .....	A
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**Total statutory adjustments**

(See Statutory adjustments)

Time series, 2000-2004 .....	A
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**Total tax credits**

(See Tax credits)

Definition .....	pg 145
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**Total tax liability**

(See Tax liability)

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**Tuition and fees deduction**

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Classified by:	
Marital status .....	1.3
Reported on:	
Returns with itemized deductions	
Classified by marital status.....	2.2
Size of adjusted gross income.....	1.4
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Time series, 2000-2004 .....	A

**Type of tax computation**

Classified by size of adjusted gross

Income .....	3.1
Definition .....	pg 146

**U****Unemployment compensation**

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	1.4
Definition .....	pg 146

Reported on:

Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2
Time series, 2000-2004 .....	A

**Unreimbursed employee business expense**

(See also Miscellaneous itemized deductions and employee business expense)

Definition .....	pg 146
Reported on returns with itemized	
Deductions .....	2.1









