

Note. This booklet does not contain any tax forms.



20011040

Instructions

Taxpayer News

So Easy, No Wonder 40 Million People Use It.



Delete the Paperwork. Hit **SEND**

For details, see page 3 or go to www.irs.gov.

Tax Rates Reduced!

Most of the tax rates have been reduced. Some people may also be able to claim the rate reduction credit. See page 14.

More Student Loan Interest Deductible!

You may be able to deduct up to \$2,500. See page 14.

Larger Child Tax Credits!

You may be able to claim credits of up to \$600 for each child under 17. Also, more people may now claim the additional child tax credit. See page 14.

You May Choose Someone Else To Deal Directly With the IRS!

You can now check a box on your return and provide certain identifying information if you want to allow another person to resolve certain issues with the IRS. See page 14.

The Internal Revenue Service • Working to put service first

A Message From the Commissioner

Dear Taxpayer:

We know that preparing your tax return is not always an easy task. We at the IRS are working as hard as we can, within the limits of the law, to make filing simpler and easier for you.

Here are some of the things we have done that may help you file and pay your taxes more easily.

- If you have capital gains, we have made the tax computation on Schedule D easier for most taxpayers by removing 14 lines.
- You can designate another person (such as your preparer, relative, or friend) to discuss your return with the IRS to resolve questions that may arise in processing your return. Just fill out the Third Party Designee section on your return.
- If you have questions about how to fill out your return, you can get many of the answers 24 hours a day from our Frequently Asked Questions section on our popular web site at www.irs.gov/tax_edu/faq/index.html.
- If you need a form, you can download it directly from the IRS Web Site at www.irs.gov.
- In most cases, you can now file your return and pay your taxes electronically without any paper forms required. Just visit our web site and it will provide you a choice of many web sites on which you can prepare your return and file it with the IRS. You can use a credit or debit card to pay any balance due. Last year, over 40 million people filed electronically—and got the benefits of much faster refunds, much less chance of receiving an error notice from the IRS, and positive confirmation that their returns were received.
- If you cannot file by April 15 and need an extension to file, you can get one automatically by telephone by calling 1-888-796-1074. Remember, even if you get an extension, you still have to pay any taxes due by April 15 and you can do this by phone as well.

We know there is a lot more for us to do to serve you better and we plan many more improvements in the future. If you have specific suggestions how we can make it easier for you to file and pay your taxes, please e-mail them to us through the IRS Web Site at www.irs.gov/help/email2.html.

Sincerely,



Charles O. Rossotti

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.



So Easy, No Wonder 40 Million People Love It.

- **Accuracy!** Your chance of getting an error notice from the IRS is significantly reduced.
- **Security!** Your privacy and security are assured.
- **Electronic Signatures!** Create your own Personal Identification Number (PIN) and file a completely paperless return through your tax preparation software or tax professional. There is nothing to mail!
- **Proof of Acceptance!** You receive an electronic acknowledgement within 48 hours that the IRS has accepted your return for processing.
- **Fast Refunds!** You get your refund in half the time, even faster and safer with Direct Deposit—in as few as 10 days.
- **FREE/Low-Cost Filing!** Check out the IRS Web Site at www.irs.gov for IRS *e-file* partners offering free or low-cost filing options to taxpayers who qualify.
- **Electronic Payment Options!** Convenient, safe, and secure electronic payment options are available. *e-file* and pay in a single step. Schedule an electronic funds withdrawal from your bank account (up to and including April 15, 2002) or pay by credit card.
- **Federal/State *e-file*!** Prepare and file your Federal and state returns together and double the benefits you get from *e-file*.

Get all the details on page 55 or
check out the IRS Web Site at www.irs.gov.



Delete the Paperwork. Hit



Tax Return Page Reference

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

Label (19) (See instructions on page 19.) Use the IRS label. Otherwise, please print or type. Presidential Election Campaign (See page 19.)	L A B E L H E R E	For the year Jan. 1–Dec. 31, 2001, or other tax year beginning _____, 2001, ending _____, 20____	OMB No. 1545-0074
	Your first name and initial _____ Last name _____	Your social security number _____ (19)	
	If a joint return, spouse's first name and initial _____ Last name _____ FOR REFERENCE ONLY—DO NOT FILE	Spouse's social security number _____ (19)	
	Home address (number and street). If you have a P.O. box, see page 19. _____ Apt. no. _____ City, town or post office, state, and ZIP code. If you have a foreign address, see page 19. _____	▲ Important! ▲ You must enter your SSN(s) above.	

Note. Checking "Yes" will not change your tax or reduce your refund.
 Do you, or your spouse if filing a joint return, want \$3 to go to this fund? Yes No Yes No

Filing Status (19)

1	<input type="checkbox"/> Single
2	<input type="checkbox"/> Married filing joint return (even if only one had income)
3	<input type="checkbox"/> Married filing separate return. Enter spouse's social security no. above and full name here. ▶ _____
4	<input type="checkbox"/> Head of household (with qualifying person). (See page 19.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ _____
5	<input type="checkbox"/> Qualifying widow(er) with dependent child (year spouse died ▶ _____). (See page 19.)

Check only one box.

Exemptions (19)

6a **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a

b **Spouse**

c Dependents:	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see page 20)	
(1) First name Last name				
	(20)		<input type="checkbox"/> (20)	
			<input type="checkbox"/>	
			<input type="checkbox"/>	
			<input type="checkbox"/>	
			<input type="checkbox"/>	
			<input type="checkbox"/>	
d Total number of exemptions claimed				(20)

If more than six dependents, see page 20.

No. of boxes checked on 6a and 6b _____
 No. of your children on 6c who:
 • lived with you _____
 • did not live with you due to divorce or separation (see page 20) _____ (20)
 Dependents on 6c not entered above _____
 Add numbers entered on lines above ▶

Income (53)

7 Wages, salaries, tips, etc. Attach Form(s) W-2			7 (21)	
8a Taxable interest. Attach Schedule B if required			(21)	
b Tax-exempt interest. Do not include on line 8a	8b	(21)		
9 Ordinary dividends. Attach Schedule B if required			(21)	
10 Taxable refunds, credits, or offsets of state and local income taxes (see page 22)			(22)	
11 Alimony received			(23)	
12 Business income or (loss). Attach Schedule C or C-EZ			(23)	
13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>			(23)	
14 Other gains or (losses). Attach Form 4797			(23)	
15a Total IRA distributions 15a (23)		b Taxable amount (see page 23)	(23)	
16a Total pensions and annuities 16a (23)		b Taxable amount (see page 23)	(23)	
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E				
18 Farm income or (loss). Attach Schedule F				
19 Unemployment compensation			(25)	
20a Social security benefits 20a (25)		b Taxable amount (see page 25)	(25)	
21 Other income. List type and amount (see page 27)			(27)	
22 Add the amounts in the far right column for lines 7 through 21. This is your total income ▶				

Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld.
 If you did not get a W-2, see page 21.
 Enclose, but do not attach, any payment. Also, please use Form 1040-V (52)

Adjusted Gross Income

23 IRA deduction (see page 27)	23	(27)		
24 Student loan interest deduction (see page 28)	24	(28)		
25 Archer MSA deduction. Attach Form 8853	25	(29)		
26 Moving expenses. Attach Form 3903	26	(29)		
27 One-half of self-employment tax. Attach Schedule SE	27	(30)		
28 Self-employed health insurance deduction (see page 30)	28	(30)		
29 Self-employed SEP, SIMPLE, and qualified plans	29	(30)		
30 Penalty on early withdrawal of savings	30	(30)		
31a Alimony paid b Recipient's SSN ▶ _____	31a	(30)		
32 Add lines 23 through 31a	32		(30)	
33 Subtract line 32 from line 22. This is your adjusted gross income ▶	33		(31)	

IRS Customer Service Standards

At the IRS, our goal is to continually improve the quality of our services. To achieve that goal, we have developed customer service standards in the following areas:

- **Easier filing and payment options**
- **Access to information**
- **Accuracy**

- **Prompt refunds**
- **Initial contact resolution**
- **Canceling penalties**
- **Resolving problems**
- **Simpler forms**

If you would like information about the IRS standards and a report of our accomplishments, see **Pub. 2183**.

Help With Unresolved Tax Issues

Office of the Taxpayer Advocate

Contacting Your Taxpayer Advocate

If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels.

While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

Handling Your Tax Problems

Your assigned personal advocate will listen to your point of view and will work with you to address your concerns. You can expect the advocate to provide you with:

- A “fresh look” at your new or on-going problem
- Timely acknowledgment
- The name and phone number of the individual assigned to your case
- Updates on progress
- Timeframes for action
- Speedy resolution
- Courteous service

Information You Should Be Prepared To Provide

- Your name, address, and social security number (or employer identification number)
- Your telephone number and hours you can be reached
- The type of tax return and year(s) involved
- A detailed description of your problem
- Your previous attempts to solve the problem and the office you contacted, and
- Description of the hardship you are facing (if applicable)

How To Contact Your Taxpayer Advocate

- Call the Taxpayer Advocate’s toll-free number: **1-877-777-4778**
- Call, write, or fax the Taxpayer Advocate office in your area (see **Pub. 1546** for addresses and phone numbers)
- TTY/TDD help is available by calling 1-800-829-4059

Quick and Easy Access to Tax Help and Forms

Note. If you live outside the United States, see **Pub. 54** to find out how to get help and forms.



Personal Computer

You can access the IRS Web Site 24 hours a day, 7 days a week, at www.irs.gov to:

- Download forms, instructions, and publications
- See answers to frequently asked tax questions
- Search publications on-line by topic or keyword
- Figure your withholding allowances using our W-4 calculator
- Send us comments or request help by e-mail
- Sign up to receive local and national tax news by e-mail

You can also reach us using File Transfer Protocol at [ftp.irs.gov](ftp://ftp.irs.gov)



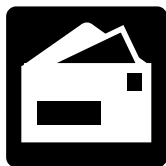
Fax

You can get over 100 of the most requested forms and instructions 24 hours a day, 7 days a week, by fax. Just call **703-368-9694** from the telephone connected to the fax machine.

See pages 8 and 9 for a list of the items available.

For help with transmission problems, call the FedWorld Help Desk at **703-487-4608**.

Long-distance charges may apply.



Mail

You can order forms, instructions, and publications by completing the order blank on page 57. You should receive your order within 10 days after we receive your request.



Phone

You can order forms and publications and receive automated information 24 hours a day, 7 days a week, by phone.

Forms and Publications

Call **1-800-TAX-FORM** (1-800-829-3676) 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** to listen to pre-recorded messages covering about 150 tax topics. See pages 11 and 12 for a list of the topics.

Refund Information

You can check the status of your 2001 refund using TeleTax's Refund Information service. See page 11.



Walk-In

You can pick up some of the most requested forms, instructions, and publications at many IRS offices, post offices, and libraries. Some IRS offices, libraries, city and county government

offices, credit unions, grocery stores, office supply stores, and copy centers have an extensive collection of products available to photocopy or print from a CD-ROM.



CD-ROM

Order **Pub. 1796**, 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 may be filled in electronically, printed out for submission, and saved for recordkeeping
- The Internal Revenue Bulletin

Buy the CD-ROM on the Internet at www.irs.gov/cdorders from the National Technical Information Service (NTIS) for \$21 (no handling fee) or call **1-877-CDFORMS** (1-877-233-6767) toll free to buy the CD-ROM for \$21 (plus a \$5 handling fee).

You can also get help in other ways—See page 56 for information.

Forms by Fax

The following forms and instructions are available through our **Tax Fax** service 24 hours a day, 7 days a week. Just call **703-368-9694** from the telephone connected to the fax machine. Long-distance charges may apply. When you call, you will hear instructions on how to use the service. Select the option for getting forms. Then, enter the **Catalog Number** (Cat. No.) shown below for each item you want. When you hang up the phone, the fax will begin.

Name of Form or Instructions	Title of Form or Instructions	Cat. No.	No. of Pages	Name of Form or Instructions	Title of Form or Instructions	Cat. No.	No. of Pages
Form SS-4	Application for Employer Identification Number	16055	2	Schedule A (Form 990 or 990-EZ)	Organization Exempt Under Section 501(c)(3)	11285	6
Instr. SS-4		62736	6	Instr. Sch. A		11294	14
Form SS-8	Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding	16106	5	Form 990-EZ	Short Form Return of Organization Exempt From Income Tax	10642	2
Form W-2c	Corrected Wage and Tax Statement	61437	8	Instr. 990-EZ	Specific Instructions for Form 990-EZ	50003	9
Form W-3c	Transmittal of Corrected Wage and Tax Statements	10164	2	Form 1040	U.S. Individual Income Tax Return	11320	2
Instr. W-2c and W-3c		25978	4	Instr. 1040	Line Instructions for Form 1040	11325	34
Form W-4	Employee's Withholding Allowance Certificate	10220	2	Instr. 1040	General Information for Form 1040	24811	26
Form W-4P	Withholding Certificate for Pension or Annuity Payments	10225	4	Tax Table and Tax Rate Sch.	Tax Table and Tax Rate Schedules (Form 1040)	24327	13
Form W-5	Earned Income Credit Advance Payment Certificate	10227	3	Schedules A&B (Form 1040)	Itemized Deductions & Interest and Ordinary Dividends	11330	2
Form W-7	Application for IRS Individual Taxpayer Identification Number	10229	3	Instr. Sch. A&B		24328	8
Form W-7A	Application for Taxpayer Identification Number for Pending U.S. Adoptions	24309	2	Schedule C (Form 1040)	Profit or Loss From Business (Sole Proprietorship)	11334	2
Form W-7P	Application for Preparer Tax Identification Number	26781	1	Instr. Sch. C		24329	8
Form W-9	Request for Taxpayer Identification Number and Certification	10231	2	Schedule C-EZ (Form 1040)	Net Profit From Business (Sole Proprietorship)	14374	2
Instr. W-9		20479	2	Schedule D (Form 1040)	Capital Gains and Losses	11338	2
Form W-9S	Request for Student's or Borrower's Taxpayer Identification Number and Certification	25240	2	Instr. Sch. D		24331	9
Form W-10	Dependent Care Provider's Identification and Certification	10437	1	Schedule D-1 (Form 1040)	Continuation Sheet for Schedule D	10424	2
Form 709	U.S. Gift (and Generation-Skipping Transfer) Tax Return	16783	4	Schedule E (Form 1040)	Supplemental Income and Loss	11344	2
Instr. 709		16784	12	Instr. Sch. E		24332	6
Form 709A	U.S. Short Form Gift Tax Return	10171	3	Schedule EIC (Form 1040A or 1040)	Earned Income Credit	13339	2
Form 843	Claim for Refund and Request for Abatement	10180	1	Schedule F (Form 1040)	Profit or Loss From Farming	11346	2
Instr. 843		11200	2	Instr. Sch. F		24333	6
Form 940	Employer's Annual Federal Unemployment (FUTA) Tax Return	11234	2	Schedule H (Form 1040)	Household Employment Taxes	12187	2
Instr. 940		13660	6	Instr. Sch. H		21451	8
Form 940-EZ	Employer's Annual Federal Unemployment (FUTA) Tax Return	10983	2	Schedule J (Form 1040)	Farm Income Averaging	25513	1
Instr. 940-EZ		25947	5	Instr. Sch. J		25514	7
Form 941	Employer's Quarterly Federal Tax Return	17001	4	Schedule R (Form 1040)	Credit for the Elderly or the Disabled	11359	2
Instr. 941		14625	4	Instr. Sch. R		11357	4
Form 941c	Supporting Statement To Correct Information	11242	4	Schedule SE (Form 1040)	Self-Employment Tax	11358	2
Form 990	Return of Organization Exempt From Income Tax	11282	6	Instr. Sch. SE		24334	4
Instr. 990 & 990-EZ	General Instructions for Forms 990 and 990-EZ	22386	14	Form 1040A	U.S. Individual Income Tax Return	11327	2
Instr. 990	Specific Instructions for Form 990	50002	18	Schedule 1 (Form 1040A)	Interest and Ordinary Dividends for Form 1040A Filers	12075	1
				Schedule 2 (Form 1040A)	Child and Dependent Care Expenses for Form 1040A Filers	10749	2
				Instr. Sch. 2		30139	3
				Schedule 3 (Form 1040A)	Credit for the Elderly or the Disabled for Form 1040A Filers	12064	2
				Instr. Sch. 3		12059	4
				Form 1040-ES	Estimated Tax for Individuals	11340	7
				Form 1040EZ	Income Tax Return for Single and Joint Filers With No Dependents	11329	2

Name of Form or Instructions	Title of Form or Instructions	Cat. No.	No. of Pages	Name of Form or Instructions	Title of Form or Instructions	Cat. No.	No. of Pages
Form 1040NR	U.S. Nonresident Alien Income Tax Return	11364	5	Form 6198	At-Risk Limitations	50012	1
Instr. 1040NR		11368	40	Instr. 6198		50013	8
Form 1040NR-EZ	U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents	21534	2	Form 6251	Alternative Minimum Tax—Individuals	13600	2
Instr. 1040NR-EZ		21718	16	Instr. 6251		64277	8
Form 1040-V	Payment Voucher	20975	2	Form 6252	Installment Sale Income	13601	4
Form 1040X	Amended U.S. Individual Income Tax Return	11360	2	Form 6781	Gains and Losses From Section 1256 Contracts and Straddles	13715	3
Instr. 1040X		11362	6	Form 8271	Investor Reporting of Tax Shelter Registration Number	61924	2
Form 1116	Foreign Tax Credit	11440	2	Form 8283	Noncash Charitable Contributions	62299	2
Instr. 1116		11441	12	Instr. 8283		62730	4
Form 1310	Statement of Person Claiming Refund Due a Deceased Taxpayer	11566	2	Form 8300	Report of Cash Payments Over \$10,000 Received in a Trade or Business	62133	4
Form 2106	Employee Business Expenses	11700	2	Form 8332	Release of Claim to Exemption for Child of Divorced or Separated Parents	13910	1
Instr. 2106		64188	4	Form 8379	Injured Spouse Claim and Allocation	62474	2
Form 2106-EZ	Unreimbursed Employee Business Expenses	20604	2	Form 8582	Passive Activity Loss Limitations	63704	3
Form 2120	Multiple Support Declaration	11712	1	Instr. 8582		64294	12
Form 2210	Underpayment of Estimated Tax by Individuals, Estates, and Trusts	11744	3	Form 8586	Low-Income Housing Credit	63987	2
Instr. 2210		63610	6	Form 8606	Nondeductible IRAs and Coverdell ESAs	63966	2
Form 2290	Heavy Highway Vehicle Use Tax Return	11250	3	Instr. 8606		25399	8
Instr. 2290		27231	8	Form 8615	Tax for Children Under Age 14 With Investment Income of More Than \$1,500	64113	1
Form 2441	Child and Dependent Care Expenses	11862	2	Instr. 8615		28914	2
Instr. 2441		10842	3	Form 8718	User Fee for Exempt Organization Determination Letter Request	64728	1
Form 2553	Election by a Small Business Corporation	18629	2	Form 8801	Credit for Prior Year Minimum Tax—Individuals, Estates, and Trusts	10002	4
Instr. 2553		49978	4	Form 8809	Request for Extension of Time To File Information Returns	10322	2
Form 2555	Foreign Earned Income	11900	3	Form 8812	Additional Child Tax Credit	10644	2
Instr. 2555		11901	4	Form 8814	Parents' Election To Report Child's Interest and Dividends	10750	2
Form 2555-EZ	Foreign Earned Income Exclusion	13272	2	Form 8815	Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued After 1989	10822	2
Instr. 2555-EZ		14623	3	Form 8822	Change of Address	12081	2
Form 2688	Application for Additional Extension of Time To File U.S. Individual Income Tax Return	11958	2	Form 8824	Like-Kind Exchanges	12311	4
Form 2848	Power of Attorney and Declaration of Representative	11980	2	Form 8829	Expenses for Business Use of Your Home	13232	1
Instr. 2848		11981	4	Instr. 8829		15683	4
Form 3903	Moving Expenses	12490	2	Form 8839	Qualified Adoption Expenses	22843	2
Form 4136	Credit for Federal Tax Paid on Fuels	12625	4	Instr. 8839		23077	4
Form 4137	Social Security and Medicare Tax on Unreported Tip Income	12626	2	Form 8850	Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits	22851	2
Form 4506	Request for Copy or Transcript of Tax Form	41721	2	Instr. 8850		24833	2
Form 4562	Depreciation and Amortization	12906	2	Form 8853	Archer MSAs and Long-Term Care Insurance Contracts	24091	2
Instr. 4562		12907	12	Instr. 8853		24188	8
Form 4684	Casualties and Thefts	12997	2	Form 8857	Request for Innocent Spouse Relief	24647	4
Instr. 4684		12998	4	Form 8859	District of Columbia First-Time Homebuyer Credit	24779	2
Form 4797	Sales of Business Property	13086	2	Form 8862	Information To Claim Earned Income Credit After Disallowance	25145	2
Instr. 4797		13087	7	Instr. 8862		25343	2
Form 4835	Farm Rental Income and Expenses	13117	2	Form 8863	Education Credits	25379	3
Form 4868	Application for Automatic Extension of Time To File U.S. Individual Income Tax Return	13141	4	Form 9465	Installment Agreement Request	14842	2
Form 4952	Investment Interest Expense Deduction	13177	2				
Form 4972	Tax on Lump-Sum Distributions	13187	4				
Form 5329	Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts	13329	2				
Instr. 5329		13330	4				

Partial List of Publications

The following publications are available through the IRS Web Site 24 hours a day, 7 days a week, at www.irs.gov. You can also order publications by calling **1-800-TAX-FORM** (1-800-829-3676) or by completing the order blank on page 57. You should receive your order within 10 days after we receive your request. For a complete list of available publications, see **Pub. 910**.

Pub. No.	Title	Pub. No.	Title
1	Your Rights as a Taxpayer	570	Tax Guide for Individuals With Income From U.S. Possessions
3	Armed Forces' Tax Guide	575	Pension and Annuity Income
17	Your Federal Income Tax (For Individuals)	584	Casualty, Disaster, and Theft Loss Workbook (Personal-Use Property)
225	Farmer's Tax Guide	587	Business Use of Your Home (Including Use by Day-Care Providers)
334	Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ)	590	Individual Retirement Arrangements (IRAs)
378	Fuel Tax Credits and Refunds	593	Tax Highlights for U.S. Citizens and Residents Going Abroad
463	Travel, Entertainment, Gift, and Car Expenses	594	The IRS Collection Process
501	Exemptions, Standard Deduction, and Filing Information	595	Tax Highlights for Commercial Fishermen
502	Medical and Dental Expenses	596	Earned Income Credit (EIC)
503	Child and Dependent Care Expenses	721	Tax Guide to U.S. Civil Service Retirement Benefits
504	Divorced or Separated Individuals	901	U.S. Tax Treaties
505	Tax Withholding and Estimated Tax	907	Tax Highlights for Persons With Disabilities
508	Tax Benefits for Work-Related Education	908	Bankruptcy Tax Guide
509	Tax Calendars for 2002	910	Guide To Free Tax Services
514	Foreign Tax Credit for Individuals	911	Direct Sellers
516	U.S. Government Civilian Employees Stationed Abroad	915	Social Security and Equivalent Railroad Retirement Benefits
517	Social Security and Other Information for Members of the Clergy and Religious Workers	919	How Do I Adjust My Tax Withholding?
519	U.S. Tax Guide for Aliens	925	Passive Activity and At-Risk Rules
520	Scholarships and Fellowships	926	Household Employer's Tax Guide
521	Moving Expenses	929	Tax Rules for Children and Dependents
523	Selling Your Home	936	Home Mortgage Interest Deduction
524	Credit for the Elderly or the Disabled	946	How To Depreciate Property
525	Taxable and Nontaxable Income	947	Practice Before the IRS and Power of Attorney
526	Charitable Contributions	950	Introduction to Estate and Gift Taxes
527	Residential Rental Property	967	The IRS Will Figure Your Tax
529	Miscellaneous Deductions	968	Tax Benefits for Adoption
530	Tax Information for First-Time Homeowners	970	Tax Benefits for Higher Education
531	Reporting Tip Income	971	Innocent Spouse Relief
533	Self-Employment Tax	972	Child Tax Credit
534	Depreciating Property Placed in Service Before 1987	1542	Per Diem Rates
535	Business Expenses	1544	Reporting Cash Payments of Over \$10,000
537	Installment Sales	1546	The Taxpayer Advocate Service of the IRS
541	Partnerships	3920	Tax Relief for Victims of Terrorist Attacks
544	Sales and Other Dispositions of Assets		
547	Casualties, Disasters, and Thefts		
550	Investment Income and Expenses		
551	Basis of Assets		
552	Recordkeeping for Individuals		
553	Highlights of 2001 Tax Changes		
554	Older Americans' Tax Guide		
555	Community Property		
556	Examination of Returns, Appeal Rights, and Claims for Refund		
559	Survivors, Executors, and Administrators		
561	Determining the Value of Donated Property		
564	Mutual Fund Distributions		
		Spanish Language Publications	
		1SP	Your Rights as a Taxpayer
		579SP	How To Prepare Your Federal Income Tax Return
		594SP	The IRS Collection Process
		596SP	Earned Income Credit
		850	English-Spanish Glossary of Words and Phrases Used in Publications Issued by the Internal Revenue Service
		1544SP	Reporting Cash Payments of Over \$10,000

What Is TeleTax?

Call TeleTax at **1-800-829-4477** for:

- **Refund information.** Check the status of your **2001** refund.
- **Recorded tax information.** There are about 150 topics that answer many Federal tax questions.
- **2001 advance payment (rebate) information.** Find out the amount of your advance payment (before offset). You may need this information to complete the Rate Reduction Credit Worksheet on page 36.

How Do You Use TeleTax?

Refund Information

Refund information is not available until at least 4 weeks after you file your return (3 weeks if you file electronically), and sometimes is not available for up to 6 weeks. Please wait at least 4 weeks from the date you filed before calling to check the status of your refund. Do not send in a copy of your return unless asked to do so.

Be sure to have a copy of your 2001 tax return available because you will need to know the first social security number shown on your return, the filing status, and the **exact** whole-dollar amount of your refund. Then, call **1-800-829-4477** and follow the recorded instructions.



Refunds are sent out weekly on Fridays. If you call to check the status of your refund and are not given the date it will be issued, please wait until the next week before calling back.

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 Personal Computer

TeleTax topics are also available using a personal computer and modem (go to www.irs.gov).

TeleTax Topics

All topics are available in Spanish.

Topic No.	Subject
IRS Help Available	
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	Intro. to Federal taxes for small businesses/self-employed
104	Taxpayer Advocate program—Help for problem situations
105	Public libraries—Tax information tapes and reproducible tax forms
IRS Procedures	
151	Your appeal rights
152	Refunds—How long they should take
153	What to do if you haven't filed your tax return (Nonfilers)
154	Form W-2—What to do if not received
155	Forms and Publications—How to order
156	Copy of your tax return—How to get one
157	Change of address—How to notify IRS
158	Ensuring proper credit of payments

Topic No.	Subject
Collection	
201	The collection process
202	What to do if you can't pay your tax
203	Failure to pay child support and Federal nontax and state income tax obligations
204	Offers in compromise
205	Innocent spouse relief
Alternative Filing Methods	
251	Signing your return with a self-select PIN
252	Electronic filing
253	Substitute tax forms
254	How to choose a paid tax preparer
255	TeleFile
General Information	
301	When, where, and how to file
302	Highlights of tax changes
303	Checklist of common errors when preparing your tax return
304	Extensions of time to file your tax return
305	Recordkeeping
306	Penalty for underpayment of estimated tax
307	Backup withholding
308	Amended returns
309	Roth IRA contributions
310	Coverdell education savings accounts
311	Power of attorney information

Topic No.	Subject
Filing Requirements, Filing Status, and Exemptions	
351	Who must file?
352	Which form—1040, 1040A, or 1040EZ?
353	What is your filing status?
354	Dependents
355	Estimated tax
356	Decedents
Types of Income	
401	Wages and salaries
402	Tips
403	Interest received
404	Dividends
405	Refunds of state and local taxes
406	Alimony received
407	Business income
408	Sole proprietorship
409	Capital gains and losses
410	Pensions and annuities
411	Pensions—The general rule and the simplified method
412	Lump-sum distributions
413	Rollovers from retirement plans
414	Rental income and expenses
415	Renting vacation property and renting to relatives
416	Farming and fishing income
417	Earnings for clergy
418	Unemployment compensation
419	Gambling income and expenses
420	Bartering income

(Continued on page 12)

TeleTax Topics

(Continued)

Topic No.	Subject
421	Scholarship and fellowship grants
422	Nontaxable income
423	Social security and equivalent railroad retirement benefits
424	401(k) plans
425	Passive activities—Losses and credits
426	Other income
427	Stock options
428	Roth IRA distributions
429	Traders
430	Demutualization
431	Sale of assets held for more than 5 years
Adjustments to Income	
451	Individual retirement arrangements (IRAs)
452	Alimony paid
453	Bad debt deduction
454	Tax shelters
455	Moving expenses
456	Student loan interest deduction
457	Deduction for higher education expenses (for 2002)
Itemized Deductions	
501	Should I itemize?
502	Medical and dental expenses
503	Deductible taxes
504	Home mortgage points
505	Interest expense
506	Contributions
507	Casualty and theft losses
508	Miscellaneous expenses
509	Business use of home
510	Business use of car
511	Business travel expenses
512	Business entertainment expenses
513	Educational expenses
514	Employee business expenses
515	Disaster area losses
Tax Computation	
551	Standard deduction
552	Tax and credits figured by the IRS
553	Tax on a child's investment income
554	Self-employment tax
555	Ten-year tax option for lump-sum distributions
556	Alternative minimum tax
557	Tax on early distributions from traditional and Roth IRAs
558	Tax on early distributions from retirement plans

Topic No.	Subject
Tax Credits	
601	Earned income credit (EIC)
602	Child and dependent care credit
603	Credit for the elderly or the disabled
604	Advance earned income credit
605	Education credits
606	Child tax credits
607	Adoption credit
608	Excess social security and RRTA tax withheld
609	Rate reduction credit
IRS Notices	
651	Notices—What to do
652	Notice of underreported income—CP 2000
653	IRS notices and bills, penalties, and interest charges
Basis of Assets, Depreciation, and Sale of Assets	
701	Sale of your home
703	Basis of assets
704	Depreciation
705	Installment sales
Employer Tax Information	
751	Social security and Medicare withholding rates
752	Form W-2—Where, when, and how to file
753	Form W-4—Employee's Withholding Allowance Certificate
754	Form W-5—Advance earned income credit
755	Employer identification number (EIN)—How to apply
756	Employment taxes for household employees
757	Form 941—Deposit requirements
758	Form 941—Employer's Quarterly Federal Tax Return
759	Form 940 and 940-EZ—Deposit requirements
760	Form 940 and Form 940-EZ—Employer's Annual Federal Unemployment Tax Returns
761	Tips—Withholding and reporting
762	Independent contractor vs. employee

Topic No.	Subject
Magnetic Media Filers—1099 Series and Related Information Returns	
801	Who must file magnetically
802	Applications, forms, and information
803	Waivers and extensions
804	Test files and combined Federal and state filing
805	Electronic filing of information returns
Tax Information for Aliens and U.S. Citizens Living Abroad	
851	Resident and nonresident aliens
852	Dual-status alien
853	Foreign earned income exclusion—General
854	Foreign earned income exclusion—Who qualifies?
855	Foreign earned income exclusion—What qualifies?
856	Foreign tax credit
857	Individual Taxpayer Identification Number—Form W-7
858	Alien tax clearance
Tax Information for Puerto Rico Residents (in Spanish only)	
901	Who must file a U.S. income tax return in Puerto Rico
902	Deductions and credits for Puerto Rico filers
903	Federal employment taxes in Puerto Rico
904	Tax assistance for Puerto Rico residents

Topic numbers are effective
January 1, 2002.

Calling the IRS

If you cannot answer your question by using one of the methods listed on page 7, please call us for assistance at **1-800-829-1040**. You will not be charged for the call unless your phone company charges you for local calls. Our normal hours of operation are Monday through Friday from 7:00 a.m. to 10:00 p.m. local time. Beginning December 31, 2001, through April 16, 2002, assistance will also be available on Saturday from 9:00 a.m. to 5:00 p.m. local time. Assistance provided to callers from Alaska and Hawaii will be based on the hours of operation in the Pacific Time zone.



If you want to check the status of your **2001 refund**, call **TeleTax** at **1-800-829-4477** (see page 11 for instructions).

Employee Plans. If you own a business and have questions about starting a pension or other employee plan, an existing plan, or filing **Form 5500**, 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 9:30 p.m. EST. If you have questions about an individual retirement arrangement (IRA), call **1-800-829-1040**.

Exempt Organizations. If you have questions about exempt organizations, including the types of tax-exempt organizations, or you want to verify an organization's charitable status, 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 9:30 p.m. EST.

Before You Call

IRS representatives care about the quality of the service we provide to you, our customer. You can help us provide accurate, complete answers to your questions by having the following information available.

- The tax form, schedule, or notice to which your question relates.
- The facts about your particular situation. The answer to the same question often varies from one taxpayer to another because of differences in their age, income, whether they can be claimed as a dependent, etc.
- The name of any IRS publication or other source of information that you used to look for the answer.

To maintain your account security, you may be asked for the following information, which you should also have available.

- Your social security number.
- The amount of refund and filing status shown on your tax return.
- The "Caller ID Number" shown at the top of any notice you received.
- Your personal identification number (PIN) if you have one.
- Your date of birth.
- The numbers in your street address.
- Your ZIP code.

If you are asking for an installment agreement to pay your tax, you will be asked for the highest amount you can pay each month and the date on which you can pay it.

Evaluation of Services Provided. The IRS uses several methods to evaluate the quality of this telephone service. One method is for a second IRS representative to sometimes listen in on or record telephone calls. Another is to ask some callers to complete a short survey at the end of the call.

Making the Call

Call **1-800-829-1040** (for TTY/TDD help, call 1-800-829-4059). We have redesigned our menus to allow callers with pulse or rotary dial telephones to speak their responses when requested to do so. First, you will be provided a series of options that will request touch-tone responses. If a touch-tone response is not received, you will then hear a series of options and be asked to speak your selections. After your touch-tone or spoken response is received, the system will direct your call to the appropriate assistance. You can do the following within the system.

- Order tax forms and publications.
- Find out the status of your refund or what you owe.
- Determine if we have adjusted your account or received payments you made.
- Request a transcript of your account.
- Find out where to send your tax return or payment.
- Request more time to pay or set up a monthly installment agreement.

Before You Hang Up

If you do not fully understand the answer you receive, or you feel our representative may not fully understand your question, our representative needs to know this. He or she will be happy to take additional time to be sure your question is answered fully.

By law, you are responsible for paying your share of Federal income tax. If we should make an error in answering your question, you are still responsible for the payment of the correct tax. Should this occur, however, you will not be charged any penalty.

Before You Fill In Form 1040

See **How To Avoid Common Mistakes** on page 54.

If you were in the Kosovo or Persian Gulf area (for example, you supported operations in a qualified hazardous duty area), see **Pub. 3**.



For details on the changes for 2001 and 2002, see **Pub. 553**.

What's New for 2001?

Tax Rates Reduced. Most of the tax rates have been reduced and are reflected in the Tax Table that begins on page 59 and the Tax Rate Schedules on page 71. In addition, a new 10% tax rate applies to certain dependents. **Dependents** may be able to use the **Tax Computation Worksheet for Certain Dependents** to figure their tax. This worksheet gives the benefit of a new 10% rate. See the instructions for line 40 that begin on page 33. Dependents cannot take the rate reduction credit mentioned below.

Rate Reduction Credit. You may be able to take a new credit of up to the amount shown below for your 2001 filing status. But you cannot take this credit if you received (before offset) an advance payment of your 2001 taxes that was equal to or more than the amount shown below. See the worksheet on page 36.

- Single or married filing separately—\$300
- Head of household—\$500
- Married filing jointly or qualifying widow(er)—\$600

Advance Payment Not Taxable. Any amount you received as an advance payment of your 2001 taxes is not taxable and should not be reported on your return.

Larger Child Tax Credits. If you have at least one child who was under age 17 at the end of 2001, you may be able to take a credit on line 48 of up to \$600 for each qualifying child. You may also be able to take the additional child tax credit on line 63 if your credit on line 48 is less than \$600 for each qualifying child. See the instructions for line 48 that begin on page 37 and the instructions for line 63 on page 51.

Student Loan Interest Deduction. If you paid interest on a qualified student loan, you may be able to deduct up to \$2,500 of the interest. See the instructions for line 24 that begin on page 28.

Third Party Designee. If you want to allow the IRS to discuss your 2001 tax return with a family member, friend, or any other person you choose, check the "Yes" box in the Third Party Designee area of your return and

enter the requested information. See page 53 for details.

Schedule D Tax Computation Simplified. To make the tax computation easier for most people with capital gains, 14 lines have been removed from Part IV of Schedule D.

IRA Deduction. You may be able to take an IRA deduction if you were covered by a retirement plan and your modified adjusted gross income is less than \$43,000 (\$63,000 if married filing jointly or qualifying widow(er)). See the instructions for line 23 that begin on page 27.

Education (Ed) IRAs. Ed IRAs are now called Coverdell education savings accounts (ESAs).

Earned Income Credit (EIC). You may be able to take this credit if you earned less than \$32,121 (less than \$10,710 if you do not have any qualifying children). See the instructions for lines 61a and 61b that begin on page 41.

Alternative Minimum Tax (AMT). The AMT exemption amounts have been increased. See the instructions for line 41 that begin on page 34.

Standard Mileage Rates. The rate for business use of your vehicle is 34½ cents a mile. The rate for use of your vehicle to get medical care is 12 cents a mile.

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 it. Otherwise, see **Where Do You File?** on the back cover.

Tax Relief for Victims of Terrorist Attacks. See **Pub. 3920**.

Other Information

Did You Convert an IRA to a Roth IRA in 1998? If you did, see **1998 Roth IRA Conversions** on page 23 to find out the taxable amount you must report in 2001 on line 15b.

Parent of a Kidnapped Child. The parent of a child who is presumed by law enforcement authorities to have been kidnapped by someone who is not a family member may be able to take the child into account in determining his or her eligibility for the head of household or qualifying widow(er) filing status, deduction for dependents, child tax

credit, and the earned income credit (EIC). For details, see **Pub. 501 (Pub. 596 for the EIC)**.

Payments to Holocaust Victims. Restitution payments received by holocaust victims or their heirs after 1999 (and certain interest earned on the payments) are not taxable. If you reported these amounts on your 2000 return or used them to compute any amount affecting your 2000 tax liability, you may need to file **Form 1040X** to amend your 2000 return. For more details, see **Pub. 525**.

What To Look for in 2002

Reduced Tax Rates. Most of the tax rates will decrease by ½% and a new 10% tax rate will apply to all filers.

New Deduction for Higher Education Expenses. You may be able to deduct up to \$3,000 of the qualified education expenses you pay for yourself, your spouse, or your dependents if your 2002 modified AGI is \$130,000 or less.

New Credit for Elective Deferrals and IRA Contributions. You may be able to take a credit of up to \$1,000 for qualified retirement savings contributions if your 2002 modified AGI is \$50,000 or less.

IRA Deduction Expanded. You, and your spouse if filing jointly, may be able to take an IRA deduction of up to \$3,000 (\$3,500 if you will be age 50 or older at the end of 2002). If you are covered by a retirement plan, you may be able to take an IRA deduction if your 2002 modified AGI is less than \$44,000 (\$64,000 if married filing jointly or qualifying widow(er)).

Student Loan Interest Deduction. The 60-month limit will no longer apply and the modified AGI limit will increase.

Self-Employed Health Insurance Deduction. You may be able to deduct up to 70% of your health insurance expenses.

Adoption Credit. You may be able to take a credit of up to \$10,000 for the qualified adoption expenses you pay to adopt a child.

EIC Computation Simplified. Nontaxable earned income and modified AGI will not be taken into account in determining if you are eligible for the credit or the amount of your credit.

Coverdell ESAs. You may be able to contribute up to \$2,000 to a Coverdell ESA.

Filing Requirements

These rules apply to all U.S. citizens, regardless of where they live, and resident aliens.

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 see **Pub. 570**. Residents of Puerto Rico can use TeleTax topic 901 (see page 11) to see if they must file.



Even if you do not otherwise have to file a return, you should 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 or the additional child tax credit.

Exception for Children Under Age 14. If you are planning to file a return for your child who was under age 14 on January 1, 2002, and certain other conditions apply, you may elect to report your child's income on your return. But you must use **Form 8814** to do so. If you make this election, your child does not have to file a return. For details, use TeleTax topic 553 (see page 11) or see Form 8814.

Nonresident Aliens and Dual-Status Aliens. These rules also apply to nonresident aliens and dual-status aliens who were married to U.S. citizens or residents at the

end of 2001 and who have elected to be taxed as resident aliens. Other nonresident aliens and dual-status aliens have different filing requirements. They may have to file **Form 1040NR** or **Form 1040NR-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, 2002**. If you file after this date, you may have to pay interest and penalties. See page 56.

What if You Cannot File on Time?

You can get an automatic 4-month extension if, by April 15, 2002, you **either**:

- File **Form 4868** or
- File for an extension by phone, using tax software, or through a tax professional. If you expect to owe tax with your return, you can even pay part or all of it by electronic funds withdrawal or credit card (American Express® Card, Discover® Card, or MasterCard® card). See Form 4868 for details.



An automatic 4-month extension to file does not extend the time to pay your tax. See Form 4868.

If you are a U.S. citizen or resident, you may qualify for an automatic extension of time to file without filing Form 4868 or filing for an extension by phone, using tax software, or through a tax professional. You qualify if, 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 of duty 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 18.

Chart A—For Most People

IF your filing status is . . .	AND at the end of 2001 you were* . . .	THEN file a return if your gross income** was at least . . .
Single	under 65 65 or older	\$7,450 8,550
Married filing jointly***	under 65 (both spouses)	\$13,400
	65 or older (one spouse)	14,300
	65 or older (both spouses)	15,200
Married filing separately	any age	\$2,900
Head of household (see page 19)	under 65	\$9,550
	65 or older	10,650
Qualifying widow(er) with dependent child (see page 19)	under 65	\$10,500
	65 or older	11,400

* If you turned 65 on January 1, 2002, you are considered to be age 65 at the end of 2001.

** **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 2001.

*** If you did not live with your spouse at the end of 2001 (or on the date your spouse died) and your gross income was at least \$2,900, you must file a return regardless of your age.

Chart B—For Children and Other Dependents (See the instructions for line 6c on page 20 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.

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 your unearned and earned income.



If your gross income was \$2,900 or more, you usually cannot be claimed as a dependent unless you were under age 19 or a student under age 24. For details, see **Pub. 501**.

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 \$750.
- Your **earned income** was over \$4,550.
- Your **gross income** was more than the **larger** of—
 - \$750 **or**
 - Your earned income (up to \$4,300) plus \$250.

Yes. You must file a return if **any** of the following apply.

- Your unearned income was over \$1,850 (\$2,950 if 65 or older **and** blind).
- Your earned income was over \$5,650 (\$6,750 if 65 or older **and** blind).
- Your gross income was more than—

The larger of:	Plus	This amount:
<ul style="list-style-type: none"> ● \$750 or ● Your earned income (up to \$4,300) plus \$250 	}	\$1,100 (\$2,200 if 65 or older and blind)

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 \$750.
- Your earned income was over \$3,800.
- Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
- Your gross income was more than the **larger** of—
 - \$750 **or**
 - Your earned income (up to \$3,550) plus \$250.

Yes. You must file a return if **any** of the following apply.

- Your unearned income was over \$1,650 (\$2,550 if 65 or older **and** blind).
- Your earned income was over \$4,700 (\$5,600 if 65 or older **and** blind).
- Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
- Your gross income was more than—

The larger of:	Plus	This amount:
<ul style="list-style-type: none"> ● \$750 or ● Your earned income (up to \$3,550) plus \$250 	}	\$900 (\$1,800 if 65 or older and blind)

Chart C—Other Situations When You Must File

You must file a return if any of the four conditions below apply for 2001.

1. You owe any special taxes, such as:

- Social security and Medicare tax on tips you did not report to your employer,
- Uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on group-term life insurance,
- Alternative minimum tax,
- Recapture taxes (see the instructions for lines 40 and 58 that begin on pages 33 and 39), or
- 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 this tax, you can file **Form 5329** by itself.

2. You received any advance earned income credit (EIC) payments from your employer. These payments are shown in box 9 of your W-2 form.

3. You had net earnings from self-employment of at least \$400.

4. You had wages of \$108.28 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 2001 Forms W-2, 1098, and 1099

Report on Form 1040, line 59, any amounts shown on these forms as **Federal income tax withheld**. If you itemize your deductions, report on Schedule A, line 5, any amounts shown on these forms as **state or local income tax withheld**.

Form	Item and Box in Which it Should Appear	Where To Report if Filing Form 1040
W-2	Wages, salaries, tips, etc. (box 1)	Form 1040, line 7
	Allocated tips (box 8)	See Tip income on page 21
	Advance EIC payment (box 9)	Form 1040, line 56
	Dependent care benefits (box 10)	Form 2441, line 10
	Adoption benefits (box 12, code T)	Form 8839, line 18
	Employer contributions to an MSA (box 12, code R)*	Form 8853, line 3b
W-2G	Gambling winnings (box 1)	Form 1040, line 21 (Schedule C or C-EZ for professional gamblers)
1098	Mortgage interest (box 1)	Schedule A, line 10**
	Points (box 2)	
	Refund of overpaid interest (box 3)	Form 1040, line 21, but first see the instructions on Form 1098**
1098-E	Student loan interest (box 1)	See the instructions for Form 1040, line 24, that begin on page 28**
1099-A	Acquisition or abandonment of secured property	See Pub. 544
1099-B	Stocks, bonds, etc. (box 2)	Schedule D
	Bartering (box 3)	See Pub. 525
	Aggregate profit or (loss) on futures contracts (box 9)	Form 6781
1099-C	Canceled debt (box 2)	Form 1040, line 21, but first see the instructions on Form 1099-C**
1099-DIV	Ordinary dividends (box 1)	Form 1040, line 9
	Total capital gain distributions (box 2a)	Form 1040, line 13, or, if required, Schedule D, line 13, column (f)
	28% rate gain (box 2b)	Schedule D, line 13, column (g)
	Qualified 5-year gain (box 2c)	See the worksheet for Schedule D, line 29, on page D-8
	Unrecaptured section 1250 gain (box 2d)	See the worksheet for Schedule D, line 19, on page D-7
	Section 1202 gain (box 2e)	See the instructions for Schedule D
	Nontaxable distributions (box 3)	See the instructions for Form 1040, line 9, that begin on page 21
	Investment expenses (box 5)	Schedule A, line 22
Foreign tax paid (box 6)	Form 1040, line 43, or Schedule A, line 8	
1099-G	Unemployment compensation (box 1)	Form 1040, line 19. But if you repaid any unemployment compensation in 2001, see the instructions for line 19 on page 25
	State or local income tax refunds (box 2)	See the instructions for Form 1040, line 10, that begin on page 22**
	Qualified state tuition program earnings (box 5)	Form 1040, line 21
	Taxable grants (box 6)	Form 1040, line 21**
	Agriculture payments (box 7)	See the Schedule F instructions or Pub. 225

* MSAs were renamed Archer MSAs after Form W-2 was released for print.

** If the item relates to an activity for which you are required to file Schedule C, C-EZ, E, or F or Form 4835, report the taxable or deductible amount allocable to the activity on that schedule or form instead.

(Continued on page 18)

Form	Item and Box in Which it Should Appear	Where To Report if Filing Form 1040
1099-INT	Interest income (box 1)	Form 1040, line 8a
	Early withdrawal penalty (box 2)	Form 1040, line 30
	Interest on U.S. savings bonds and Treasury obligations (box 3)	See the instructions for Form 1040, line 8a, on page 21
	Investment expenses (box 5)	Schedule A, line 22
	Foreign tax paid (box 6)	Form 1040, line 43, or Schedule A, line 8
1099-LTC	Long-term care and accelerated death benefits	See Pub. 502 and the instructions for Form 8853
1099-MISC	Rents (box 1)	See the instructions for Schedule E
	Royalties (box 2)	Schedule E, line 4 (timber, coal, iron ore royalties, see Pub. 544)
	Other income (box 3)	Form 1040, line 21*
	Nonemployee compensation (box 7)	Schedule C, C-EZ, or F. But if you were not self-employed, see the instructions on Form 1099-MISC.
	Other (boxes 5, 6, 8, 9, 10, 13, and 14)	See the instructions on Form 1099-MISC
1099-MSA	Distributions from MSAs**	Form 8853
1099-OID	Original issue discount (box 1)	} See the instructions on Form 1099-OID
	Other periodic interest (box 2)	
	Early withdrawal penalty (box 3)	Form 1040, line 30
1099-PATR	Patronage dividends and other distributions from a cooperative (boxes 1, 2, 3, and 5)	Schedule C, C-EZ, or F or Form 4835, but first see the instructions on Form 1099-PATR
	Credits (boxes 7 and 8)	Form 3468 or Form 5884
	Patron's AMT adjustment (box 9)	Form 6251, line 14j
1099-R	Distributions from IRAs***	See the instructions for Form 1040, lines 15a and 15b, on page 23
	Distributions from pensions, annuities, etc.	See the instructions for Form 1040, lines 16a and 16b, that begin on page 23
	Capital gain (box 3)	See the instructions on Form 1099-R
1099-S	Gross proceeds from real estate transactions (box 2)	Form 4797, Form 6252, or Schedule D. But if the property was your home, see the instructions for Schedule D to find out if you must report the sale or exchange.
	Buyer's part of real estate tax (box 5)	See the instructions for Schedule A, line 6, on page A-2*
* If the item relates to an activity for which you are required to file Schedule C, C-EZ, E, or F or Form 4835, report the taxable or deductible amount allocable to the activity on that schedule or form instead.		
** This includes distributions from Archer and Medicare+Choice MSAs.		
*** This includes distributions from Roth, SEP, and SIMPLE IRAs; and Coverdell education savings accounts (ESAs).		

Private Delivery Services

You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. The most recent list of designated private delivery services was published by the IRS in October 2001. The list includes only the following:

- Airborne Express (Airborne): Overnight Air Express Service, Next Afternoon Service, and Second Day Service.

- DHL Worldwide Express (DHL): DHL "Same Day" Service, and DHL USA Overnight.

- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, and FedEx 2Day.

- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.



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.

Line Instructions for Form 1040

Name and Address

Use the Peel-Off Label

Using your peel-off name and address label in 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 errors 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, see page 54.

Name Change

If you changed your name, be sure to report the change to your local Social Security Administration office **before** filing your return. This prevents delays in processing your return and issuing refunds. It also safeguards your future social security benefits. See page 54 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.



If you filed a joint return for 2000 and you are filing a joint return for 2001 with the same spouse, be sure to enter your names and SSNs in the same order as on your 2000 return.

P.O. Box

Enter your box number **only** if your post office does not deliver mail to your home.

Foreign Address

Enter the information in 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 55.

Social Security Number (SSN)

An incorrect or missing SSN may increase your tax or reduce your refund. **To apply for an SSN**, get **Form SS-5** from your local Social Security Administration (SSA) office or call the SSA at 1-800-772-1213. Fill in Form SS-5 and return it to the SSA. It usually takes about 2 weeks to get an SSN.

Check that your SSN is correct on your Forms W-2 and 1099. If not, see page 54 for more details.

IRS Individual Taxpayer Identification Numbers (ITINs) for Aliens

The IRS will issue you an ITIN if you are a nonresident or resident alien and you do not have and are not eligible to get an SSN. **To apply for an ITIN**, file **Form W-7** with the IRS. It usually takes about 4-6 weeks to get an ITIN. **Enter your ITIN wherever 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.

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.** This status is for unmarried people who paid over half the cost of keeping up a home for a qualifying person, such as a child who lived with you or your dependent parent. Certain married people who lived apart from their spouse for the last 6 months of 2001 may also be able to use this status.

• **Married filing jointly or Qualifying widow(er) with dependent child.** The **Qualifying widow(er)** status is for certain people whose spouse died in 1999 or 2000 and who had a child living with them whom they can claim as a dependent.

Joint and Several Tax Liability. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. However, see **Innocent Spouse Relief** on page 54.



More than one filing status may apply to you. Choose the one that will give you the lowest tax. If you are not sure about your filing status, use TeleTax topic 353 (see page 11) or see **Pub. 501**.

Exemptions

You usually can deduct \$2,900 on line 38 for each exemption you can take.

Line 6b

Spouse

Check the box on line 6b if you file either (a) a joint return or (b) a separate return and your spouse had no income and is not filing a return. However, **do not** check the box if your spouse can be claimed as a dependent on another person's return.

Line 6c

Dependents

You can take an exemption for each of your dependents. The following is a brief description of the five tests that must be met for a person to qualify as your dependent. If you have **more than six** dependents, attach a statement to your return with the required information.

Relationship Test. The person must be either your relative or have lived in your home as a family member all year. If the person is not your relative, the relationship must not violate local law.

Joint Return Test. If the person is married, he or she cannot file a joint return. But the person can file a joint return if the return is filed only as a claim for refund **and** no tax liability would exist for either spouse if they had filed separate returns.

Citizen or Resident Test. The person must be a U.S. citizen or resident alien, or a resident of Canada or Mexico. There is an exception for certain adopted children. To find out who is a **resident alien**, use TeleTax topic 851 (see page 11) or see **Pub. 519**.

Income Test. The person's gross income must be less than \$2,900. But your child's gross income can be \$2,900 or more if he or she was either **(a) under age 19** at the end of 2001 or **(b) under age 24** at the end of 2001 and was a **student**.

Support Test. You must have provided over half of the person's total support in 2001. But there are two exceptions to this test: One for children of divorced or separated parents 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 claimed for the dependent and reduce or disallow any other tax benefits (such as the child tax credit and the earned income credit) based on that dependent. If the name or SSN on the dependent's social security card is not correct, call the Social Security Administration at 1-800-772-1213.



For details on how your dependent can get an SSN, see page 19. If your dependent will not have a number by April 15, 2002, see **What if You Cannot File on Time?** on page 15.

If your dependent child was born and died in 2001 and you do not have an SSN for the child, you may attach a copy of the child's birth certificate instead and enter "Died" in column (2).

Adoption Taxpayer Identification Numbers (ATINs). If you have a dependent who was placed with you by an authorized placement agency and you do not know his or her SSN, you must get an ATIN for the dependent from the IRS. An authorized placement agency includes any person authorized by state law to place children for legal adoption. See **Form W-7A** for details.

Line 6c, Column (4)

Check the box in this column if your dependent is a qualifying child for the child tax credit (defined below). If you have at least one qualifying child, you may be able to take the child tax credit on line 48 and the additional child tax credit on line 63.

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, **and**
- Was **under age 17** at the end of 2001, **and**
- Is your son, daughter, adopted child, grandchild, stepchild, or foster child, **and**
- Is a U.S. citizen or resident alien.

Note. The above requirements are not the same as the requirements to be a qualifying child for the earned income credit.

A child placed with you by an authorized placement agency for legal adoption is an **adopted child** even if the adoption is not final. An authorized placement agency includes any person authorized by state law to place children for legal adoption.

A **grandchild** is any descendant of your son, daughter, or adopted child and includes your great-grandchild, great-great-grandchild, etc.

A **foster child** is any child you cared for as your own child and who:

- Is **(a)** your brother, sister, stepbrother, or stepsister; **(b)** a descendant (such as a child, including an adopted child) of your brother, sister, stepbrother, or stepsister; **or**

(c) a child placed with you by an authorized placement agency **and**

- Lived with you for all of 2001. A child who was born or died in 2001 is considered to have lived with you for all of 2001 if your home was the child's home for the entire time he or she was alive during 2001.

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 divorced or separated parents, attach **Form 8332** or similar statement to your return. But see **Exception** below. If your divorce decree or separation agreement went into effect after 1984 and it states you can claim the child as your dependent without regard to any condition, such as payment of support, you may attach a copy of the following pages from the decree or agreement instead.

- Cover page (put the other parent's SSN on that page),
- The page that states you can claim the child as your dependent, and
- Signature page with the other parent's signature and date of agreement.

Note. You must attach the required information even if you filed it 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 1985 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 2001.

Income

Foreign-Source Income

You must report unearned income, such as interest, dividends, and pensions, from sources outside the United States unless exempt by law or a tax treaty. You must also report earned income, such as wages and tips, from sources outside the United States.

If you worked abroad, you may be able to exclude part or all of your earned income. For details, see **Pub. 54** and **Form 2555** or **2555-EZ**.

Community Property States

Community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. If you and your spouse lived in a community property state, you must usually follow state law to determine what is community income and what is separate income. For details, see **Pub. 555**.

Rounding Off to Whole Dollars

To round off cents to the nearest whole dollar on your forms and schedules, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. If you do round off, do so for all amounts. But if you have to add two or more amounts to figure the amount to enter on a line, include cents when adding and only round off the total.

Line 7

Wages, Salaries, Tips, etc.

Enter the total of your wages, salaries, tips, etc. If a joint return, also include your spouse's income. For most people, the amount to enter on this line should be shown in box 1 of their **Form(s) W-2**. But the following types of income must also be included in the total on line 7.

- **Wages received as a household employee** for which you did not receive a **W-2** form because your employer paid you less than \$1,300 in 2001. Also, enter "HSH" and the amount not reported on a **W-2** form on the dotted line next to line 7.

- **Tip income** you did not report to your employer. Also include **allocated tips** shown on your **W-2** form(s) unless you can prove that you received less. Allocated tips should be shown in box 8 of your **W-2** form(s). They are not included as income in box 1. See **Pub. 531** for more details.



You may owe social security and Medicare tax on unreported or allocated tips. See the instructions for line 54 on page 39.

- **Dependent care benefits**, which should be shown in box 10 of your **W-2** form(s). But first complete **Form 2441** to see if you may exclude part or all of the benefits.

- **Employer-provided adoption benefits**, which should be shown in box 12 of your **W-2** form(s) with code **T**. But first complete **Form 8839** to see if you may exclude part or all of the benefits.

- **Scholarship and fellowship grants** not reported on a **W-2** form. Also, enter "SCH" and the amount on the dotted line next to line 7. **Exception.** If you were a degree candidate, include on line 7 **only** the amounts you used for expenses other than tuition and course-related expenses. For example, amounts used for room, board, and travel must be reported on line 7.

- **Excess salary deferrals.** The amount deferred should be shown in box 12 of your **W-2** form and the "Retirement plan" box in box 13 should be checked. If the total amount you (or your spouse if filing jointly) deferred for 2001 under **all** plans was more than \$10,500, include the excess on line 7. But a different limit may apply if amounts were deferred under a tax-sheltered annuity plan or an eligible plan of a state or local government or tax-exempt organization. See **Pub. 525** for details.



You may **not** deduct the amount deferred. It is not included as income in box 1 of your **W-2** form.

- **Disability pensions** shown on **Form 1099-R** if you have not reached the minimum retirement age set by your employer. Disability pensions received after you reach that age and other pensions shown on **Form 1099-R** (other than payments from an IRA* or a Coverdell education savings account (ESA)) are reported on lines 16a and 16b. Payments from an IRA or a Coverdell ESA are reported on lines 15a and 15b.

- **Corrective distributions** shown on **Form 1099-R** of (a) excess salary deferrals plus earnings and (b) excess contributions plus earnings to a retirement plan. But do not include distributions from an IRA* or a Coverdell ESA on line 7. Instead, report them on lines 15a and 15b.

**This includes a Roth, SEP, or SIMPLE IRA.*

Were You a Statutory Employee?

If you were, the "Statutory employee" box in box 13 of your **W-2** form should be checked. Statutory employees include full-time life insurance salespeople, certain agent or commission drivers and traveling salespeople, and certain homeworkers. If you have related business expenses to deduct, report the amount shown in box 1 of your **W-2** form on **Schedule C** or **C-EZ** along with your expenses.

Missing or Incorrect Form W-2?

If you do not get a **W-2** form from your employer by January 31, 2002, use TeleTax topic 154 (see page 11) to find out what to

do. Even if you do not get a **Form W-2**, you must still report your earnings on line 7. If you lose your **Form W-2** or it is incorrect, ask your employer for a new one.

Line 8a

Taxable Interest

Each payer should send you a **Form 1099-INT** or **Form 1099-OID**. Enter your total taxable interest income on line 8a. But you must fill in and attach **Schedule B** if the total is over \$400 or any of the other conditions listed at the beginning of the **Schedule B** instructions (see page B-1) apply to you.

Interest credited in 2001 on deposits that you could not withdraw because of the bankruptcy or insolvency of the financial institution may not have to be included in your 2001 income. For details, see **Pub. 550**.



If you get a 2001 **Form 1099-INT** for U.S. savings bond interest that includes amounts you reported before 2001, see **Pub. 550**.

Line 8b

Tax-Exempt Interest

If you received any tax-exempt interest, such as from municipal bonds, report it on line 8b. Include any exempt-interest dividends from a mutual fund or other regulated investment company. **Do not** include interest earned on your IRA or Coverdell education savings account.

Line 9

Ordinary Dividends

Each payer should send you a **Form 1099-DIV**. Enter your total ordinary dividends on line 9. But you must fill in and attach **Schedule B** if the total is over \$400 or you received, as a nominee, ordinary dividends that actually belong to someone else.

Capital Gain Distributions

If you received any capital gain distributions, see the instructions for line 13 on page 23.

(Continued on page 22)

2. You could not deduct all of the amount on line 1 of the 2000 Itemized Deductions Worksheet.

3. The amount on line 8 of that 2000 worksheet would be more than the amount on line 4 of that worksheet if the amount on line 4 were reduced by 80% of the refund you received in 2001.

Line 11

Alimony Received

Enter amounts received as alimony or separate maintenance. You must let the person who made the payments know your social security number. If you do not, you may have to pay a \$50 penalty. For more details, use TeleTax topic 406 (see page 11) or see **Pub. 504**.

Line 12

Business Income or (Loss)

If you operated a business or practiced your profession as a sole proprietor, report your income and expenses on **Schedule C** or **C-EZ**.

Line 13

Capital Gain or (Loss)

If you had a capital gain or loss, including any **capital gain distributions** from a mutual fund, you **must** complete and attach **Schedule D**.

Exception. You do not have to file Schedule D if **all three** of the following apply.

1. The only amounts you have to report on Schedule D are capital gain distributions from box 2a of **Forms 1099-DIV** or substitute statements.

2. None of the Forms 1099-DIV or substitute statements have an amount in box 2b (28% rate gain), box 2c (qualified 5-year gain), box 2d (unrecaptured section 1250 gain), or box 2e (section 1202 gain).

3. You are not filing **Form 4952** (relating to investment interest expense deduction) or the amount on line 4e of that form is zero or blank.

If all three of the above apply, enter your capital gain distributions on line 13 and check the box on that line. Also, be sure you use the **Capital Gain Tax Worksheet** on page 34 to figure your tax.

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

Note. If you converted part or all of an individual retirement arrangement (IRA) to a Roth IRA in 1998 and you chose to report the taxable amount over 4 years, see **1998 Roth IRA Conversions** on this page.

You should receive a **Form 1099-R** showing the amount of any distribution from your IRA or Coverdell education savings account (ESA). Unless otherwise noted in the line 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),
- Coverdell ESA to another, or
- SEP or SIMPLE IRA to a traditional IRA.

Also, put "Rollover" next to line 15b. If the total distribution was rolled over, enter zero on line 15b. If the total was not rolled over, enter the part not rolled over on line 15b unless **Exception 2** applies to the part not rolled over.

If you rolled over the distribution (a) in 2002 or (b) from a conduit IRA into a qualified plan, attach a statement explaining what you did.

Exception 2. If **any** of the following apply, enter the total distribution on line 15a and use **Form 8606** and its instructions to figure the amount to enter on line 15b.

- 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 2001 or an earlier year. If you made nondeductible contributions to these IRAs for 2001, also see **Pub. 590**.

- You received a distribution from a Roth IRA or Coverdell ESA.

- You converted part or all of a traditional, SEP, or SIMPLE IRA to a Roth IRA in 2001.

- You had a 2000 or 2001 IRA or Coverdell ESA contribution returned to you, with the related earnings or less any loss, by the due date (including extensions) of your tax return for that year.

- You made excess contributions to your IRA for an earlier year and had them returned to you in 2001.

- You recharacterized part or all of a contribution to a Roth IRA as a traditional IRA contribution, or vice versa.

Note. If you 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, 1930, and received less than the minimum required distribution from your traditional, SEP, and SIMPLE IRAs. See the instructions for line 55 on page 39 for details.

1998 Roth IRA Conversions. If you converted an IRA to a Roth IRA in 1998 and you chose to report the taxable amount over 4 years, leave line 15a blank and enter on line 15b the amount from your **1998 Form 8606**, line 17. **But** see the 2001 Instructions for Form 8606 for the amount to enter on line 15b if (a) you rounded the amount on line 17 of your 1998 Form 8606 to the next higher whole dollar or (b) you received a distribution from a Roth IRA in 1998, 1999, or 2000.

Lines 16a and 16b

Pensions and Annuities

You should receive a **Form 1099-R** showing the amount of your pension and annuity payments. See page 25 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 pensions received before you reach the minimum retirement age set by your employer.
- Corrective distributions of excess salary deferrals or excess contributions to retirement plans.

(Continued on page 24)



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 **either** of the following applies.

- You did not contribute to the cost (see page 25) of your pension or annuity **or**

- You got your entire cost back tax free before 2001.

Fully taxable pensions and annuities also include military retirement pay shown on Form 1099-R. For details on military disability pensions, 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 2001 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 on page 25) was **after** July 1, 1986, see page 25 to find out if you must use the Simplified Method to figure the taxable part.

You can ask the IRS to figure the taxable part for you for an \$85 fee. For details, see **Pub. 939**.

(Continued on page 25)

Simplified Method Worksheet—Lines 16a and 16b

Keep for Your Records

Before you begin: ✓ If you are the beneficiary of a deceased employee or former employee who died **before** August 21, 1996, see **Pub. 939** to find out if you are entitled to a death benefit exclusion of up to \$5,000. If you are, include the exclusion in the amount entered on line 2 below.



Note. If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 16b. Enter the total pension or annuity payments received in 2001 on Form 1040, line 16a.

1. Enter the total pension or annuity payments received in 2001. Also, enter this amount on Form 1040, line 16a **1.** _____
2. Enter your cost in the plan at the annuity starting date **2.** _____
3. Enter the appropriate number from **Table 1** below. **But** if your annuity starting date was **after 1997 and** the payments are for your life and that of your beneficiary, enter the appropriate number from **Table 2** below **3.** _____
4. Divide line 2 by the number on line 3 **4.** _____
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was **before 1987**, skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6 **5.** _____
6. Enter the amount, if any, recovered tax free in years after 1986 **6.** _____
7. Subtract line 6 from line 2 **7.** _____
8. Enter the **smaller** of line 5 or line 7. **8.** _____
9. **Taxable amount.** Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040, line 16b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R **9.** _____

Table 1 for Line 3 Above

AND your annuity starting date was—

IF the age at annuity starting date (see page 25) was . . .	before November 19, 1996, enter on line 3 . . .	after November 18, 1996, enter on line 3 . . .
55 or under	300	360
56–60	260	310
61–65	240	260
66–70	170	210
71 or older	120	160

Table 2 for Line 3 Above

IF the combined ages at annuity starting date (see page 25) were . . .	THEN enter on line 3 . . .
110 or under	410
111–120	360
121–130	310
131–140	260
141 or older	210

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 (a) your annuity starting date (defined above) was **after** July 1, 1986, and you used this method last year to figure the taxable part or (b) your annuity starting date was **after** November 18, 1996, and **all three** of the following apply.

1. The payments are for (a) your life or (b) your life and that of your beneficiary.
2. The payments are from a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity.
3. On your annuity starting date, either you were under age 75 or the number of years of guaranteed payments was fewer than 5. See Pub. 575 for the definition of guaranteed payments.

If you must use the Simplified Method, complete the worksheet on page 24 to figure the taxable part of your pension or annuity. For more details on the Simplified Method, see Pub. 575 or **Pub. 721** for U.S. Civil Service retirement.



If you received U.S. Civil Service retirement benefits and you chose the alternative annuity option, use the worksheet in Pub. 721. **Do not** use the worksheet on page 24.

Age (or Combined Ages) at Annuity Starting Date

If you are the retiree, use your age on the annuity starting date. If you are the survivor of a retiree, use the retiree's age on his or her annuity starting date. **But** if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, use your combined ages on the annuity starting date.

If you are the beneficiary of an employee who died, see Pub. 575. If there is more than one beneficiary, see Pub. 575 or Pub. 721 to figure each beneficiary's taxable amount.

Cost

Your cost is generally your net investment in the plan as of the annuity starting date. It does not include pre-tax contributions.

Your net investment should be shown in box 9b of Form 1099-R for the first year you received payments from the plan.

Rollovers

A rollover is a tax-free distribution of cash or other assets from one retirement plan that is contributed to another plan. Use lines 16a and 16b to report a rollover, including a direct rollover, from one qualified employer's plan to another or to an IRA or SEP.

Enter on line 16a the total distribution before income tax or other deductions were withheld. This amount should be shown in box 1 of **Form 1099-R**. From the total on line 16a, subtract any contributions (usually shown in box 5) that were taxable to you when made. From that result, subtract the amount that was rolled over either directly or within 60 days of receiving the distribution. Enter the remaining amount, even if zero, on line 16b. Also, put "Rollover" next to line 16b.

Special rules apply to partial rollovers of property. For more details on rollovers, including distributions under qualified domestic relations orders, see Pub. 575.

Lump-Sum Distributions

If you received a lump-sum distribution from a profit-sharing or retirement plan, your Form 1099-R should have the "Total distribution" box in box 2b checked. You may owe an additional tax if you received an early distribution from a qualified retirement plan and the total amount was not rolled over. For details, see the instructions for line 55 on page 39.

Enter the total distribution on line 16a and the taxable part on line 16b.



You may be able to pay less tax on the distribution if you were born before 1936, you meet certain other conditions, and you choose to use **Form 4972** to figure the tax on any part of the distribution. You may also be able to use Form 4972 if you are the beneficiary of a deceased employee who was born before 1936. For details, see Form 4972.

Line 19

Unemployment Compensation

You should receive a **Form 1099-G** showing the total unemployment compensation paid to you in 2001.

If you received an overpayment of unemployment compensation in 2001 and you

repaid any of it in 2001, subtract the amount you repaid from the total amount you received. Enter the result on line 19. Also, enter "Repaid" and the amount you repaid on the dotted line next to line 19. If, in 2001, you repaid unemployment compensation that you included in gross income in an earlier year, you may deduct the amount repaid on **Schedule A**, line 22. But if you repaid more than \$3,000, see **Repayments** in **Pub. 525** for details on how to report the repayment.

Lines 20a and 20b

Social Security Benefits

You should receive a **Form SSA-1099** showing in box 3 the total social security benefits paid to you. Box 4 will show the amount of any benefits you repaid in 2001. If you received railroad retirement benefits treated as social security, you should receive a **Form RRB-1099**.

Use the worksheet on page 26 to see if any of your benefits are taxable.

Exception. Do not use the worksheet on page 26 if **any** of the following apply.

- You made contributions to a traditional IRA for 2001 and you were covered by a retirement plan at work or through self-employment. Instead, use the worksheets in **Pub. 590** to see if any of your social security benefits are taxable and to figure your IRA deduction.
- You repaid any benefits in 2001 and your total repayments (box 4) were more than your total benefits for 2001 (box 3). **None** of your benefits are taxable for 2001. In addition, you may be able to take an itemized deduction for part of the excess repayments if they were for benefits you included in gross income in an earlier year. For more details, see **Pub. 915**.
- You file **Form 2555**, **2555-EZ**, **4563**, or **8815**, or you exclude employer-provided adoption benefits or income from sources within Puerto Rico. Instead, use the worksheet in Pub. 915.

Social Security Benefits Worksheet—Lines 20a and 20b

Keep for Your Records

- Before you begin:**
- ✓ Complete Form 1040, lines 21, 23, and 25 through 31a, if they apply to you.
 - ✓ Figure any amount to be entered on the dotted line next to line 32 (see page 30).
 - ✓ If you are married filing separately and you **lived apart** from your spouse for all of 2001, enter “D” to the right of the word “benefits” on line 20a.
 - ✓ Be sure you have read the **Exception** on page 25 to see if you can use this worksheet instead of a publication to find out if any of your benefits are taxable.



1. Enter the total amount from **box 5** of **all** your **Forms SSA-1099** and **RRB-1099** **1.** _____
2. Is the amount on line 1 more than zero?
 - No.** None of your social security benefits are taxable.
 - Yes.** Enter one-half of line 1 **2.** _____
3. Add the amounts on Form 1040, lines 7, 8a, 9 through 14, 15b, 16b, 17 through 19, and 21. Do not include amounts from box 5 of Forms SSA-1099 or RRB-1099 **3.** _____
4. Enter the amount, if any, from Form 1040, line 8b **4.** _____
5. Add lines 2, 3, and 4 **5.** _____
6. Add the amounts on Form 1040, lines 23, and 25 through 31a, and any amount you entered on the dotted line next to line 32 **6.** _____
7. Subtract line 6 from line 5. If zero or less, **stop here.** None of your social security benefits are taxable **7.** _____
8. Enter: \$25,000 if single, head of household, qualifying widow(er), or married filing separately and you **lived apart** from your spouse for all of 2001; \$32,000 if married filing jointly; -0- if married filing separately and you lived with your spouse at any time in 2001. **8.** _____
9. Is the amount on line 8 less than the amount on line 7?
 - No.** None of your social security benefits are taxable. You do not have to enter any amounts on lines 20a or 20b of Form 1040. **But** if you are married filing separately and you **lived apart** from your spouse for all of 2001, enter -0- on line 20b. Be sure you entered “D” to the right of the word “benefits” on line 20a.
 - Yes.** Subtract line 8 from line 7 **9.** _____
10. Enter: \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you **lived apart** from your spouse for all of 2001; \$12,000 if married filing jointly; -0- if married filing separately and you lived with your spouse at any time in 2001. **10.** _____
11. Subtract line 10 from line 9. If zero or less, enter -0- **11.** _____
12. Enter the **smaller** of line 9 or line 10. **12.** _____
13. Enter one-half of line 12 **13.** _____
14. Enter the **smaller** of line 2 or line 13. **14.** _____
15. Multiply line 11 by 85% (.85). If line 11 is zero, enter -0- **15.** _____
16. Add lines 14 and 15. **16.** _____
17. Multiply line 1 by 85% (.85). **17.** _____
18. **Taxable social security benefits.** Enter the **smaller** of line 16 or line 17 **18.** _____
 - Enter the amount from line 1 above on Form 1040, line 20a.
 - Enter the amount from line 18 above on Form 1040, line 20b.

TIP If part of your benefits are taxable for 2001 **and** they include benefits paid in 2001 that were for an earlier year, you may be able to reduce the taxable amount. See Pub. 915 for details.

Line 21**Other Income**

Do not report on this line any income from **self-employment** or fees received as a notary public. Instead, you **must** use **Schedule C, C-EZ, or F**, even if you do not have any business expenses. Also, **do not** report on line 21 any nonemployee compensation shown on **Form 1099-MISC**. Instead, see the chart on page 18 to find out where to report that income.

Use line 21 to report any other income not reported on your return or other schedules. See examples below. List the type and amount of income. If necessary, show the required information on an attached statement. For more details, see **Miscellaneous Taxable Income** in **Pub. 525**.



Do not report any nontaxable income on line 21, such as an advance payment of your 2001 taxes; child support; money or property that was inherited, willed to you, or received as a gift; or life insurance proceeds received because of a person's death.

Examples of **income to report** on line 21 are:

- Prizes and awards.
- Gambling winnings, including lotteries, raffles, a lump-sum payment from the sale of a right to receive future lottery payments, etc. For details on gambling losses, see the instructions for **Schedule A**, line 27, on page A-6.
- Jury duty fees. Also, see the instructions for line 32 on page 30.
- Alaska Permanent Fund dividends.
- Qualified state tuition program earnings.
- Reimbursements or other amounts received for items deducted in an earlier year, such as medical expenses, real estate taxes, or home mortgage interest. See **Recoveries** in **Pub. 525** for details on how to figure the amount to report.
- Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property. Also, see the instructions for line 32 on page 30.
- Income from an activity not engaged in for profit. See **Pub. 535**.
- Loss on certain corrective distributions of excess deferrals. See **Pub. 525**.

Adjusted Gross Income**Line 23****IRA Deduction**

If you made any nondeductible contributions to a traditional individual retirement arrangement (IRA) for 2001, you **must** report them on **Form 8606**.

If you made contributions to a traditional IRA for 2001, 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 certain alimony received. See **Pub. 590** for details. You should receive a statement by May 31, 2002, that shows all contributions to your traditional IRA for 2001.

Use the worksheet on page 28 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 70½ or older at the end of 2001, you **cannot** deduct any contributions made to your traditional IRA for 2001 or treat them as nondeductible contributions.
- You **cannot** deduct contributions to a Roth IRA or a Coverdell education savings account.



If you made contributions to both a traditional IRA and a Roth IRA for 2001, **do not** use the worksheet on page 28. Instead, use the worksheet in **Pub. 590** to figure the amount, if any, of your IRA deduction.

• You **cannot** deduct contributions to a 401(k) plan, section 457 plan, SIMPLE plan, or the Federal Thrift Savings Plan. These amounts are not included as income in box 1 of your W-2 form.

• If you made contributions to your IRA in 2001 that you deducted for 2000, **do not** include them in the worksheet.

• If you received a distribution from a nonqualified deferred compensation plan or section 457 plan that is included in box 1 of your W-2 form, **do not** include that distribution on line 8 of the worksheet. The distribution should be shown in box 11 of your W-2 form. 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 23.

• Do not include rollover contributions in figuring your deduction. Instead, see the instructions for lines 15a and 15b on page 23.

• Do not include trustees' fees that were billed separately and paid by you for your IRA. These fees can be deducted only as an itemized deduction on **Schedule A**.

• If the total of your IRA deduction on line 23 plus any nondeductible contribution to your traditional IRAs shown on **Form 8606** is less than your total traditional IRA contributions for 2001, see **Pub. 590** for special rules.



By April 1 of the year after the year in which you turn age 70½, 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 how to 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)), annuity, 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 box 13 of your W-2 form 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-EZ, 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 2001.

Line 24

Student Loan Interest Deduction

Use the worksheet on page 29 to figure your student loan interest deduction if **all five** of the following apply.

1. You paid interest in 2001 on a qualified student loan (see page 29).

2. At least part of the interest paid in 2001 was paid during the first 60 months that interest payments were required to be made. See **Example** on page 29.

3. Your filing status is any status **except** married filing separately.

4. Your modified adjusted gross income (AGI) is less than: \$55,000 if single, head of household, or qualifying widow(er); \$75,000 if married filing jointly. Use lines

3 through 5 of the worksheet on page 29 to figure your modified AGI.

5. You are not claimed as a dependent on someone's (such as your parent's) 2001 tax return.

Exception. Use **Pub. 970** instead of the worksheet on page 29 to figure your student loan interest deduction if you file **Form 2555, 2555-EZ, or 4563**, or you exclude income from sources within Puerto Rico.

IRA Deduction Worksheet—Line 23

Keep for Your Records

Before you begin:

- ✓ Complete Form 1040, lines 25 through 31a, if they apply to you.
- ✓ Figure any amount to be entered on the dotted line next to line 32 (see page 30).
- ✓ Be sure you have read the list on page 27.



	Your IRA	Spouse's IRA
1a. Were you covered by a retirement plan (see page 27)?	1a. <input type="checkbox"/> Yes <input type="checkbox"/> No	
1b. If married filing jointly, was your spouse covered by a retirement plan?		1b. <input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Next. If you checked "No" on line 1a, and, if married filing jointly, "No" on line 1b, skip lines 2–6, enter \$2,000 on line 7a (and 7b if applicable), and go to line 8. Otherwise, go to line 2.</p>		
2. Enter the amount shown below that applies to you.		
<ul style="list-style-type: none"> • Single, head of household, or married filing separately and you lived apart from your spouse for all of 2001, enter \$43,000 • Qualifying widow(er), enter \$63,000 • Married filing jointly, enter \$63,000 in both columns. But if you checked "No" on either line 1a or 1b, enter \$160,000 for the person who was not covered by a plan • Married filing separately and you lived with your spouse at any time in 2001, enter \$10,000 	2a. _____	2b. _____
3. Enter the amount from Form 1040, line 22	3. _____	
4. Add amounts on Form 1040, lines 25 through 31a, and any amount you entered on the dotted line next to line 32	4. _____	
5. Subtract line 4 from line 3. Enter the result in both columns	5a. _____	5b. _____
6. Is the amount on line 5 less than the amount on line 2?		
<input type="checkbox"/> No. None of your IRA contributions are deductible. For details on nondeductible IRA contributions, see Form 8606.		
<input type="checkbox"/> Yes. Subtract line 5 from line 2 in each column. If the result is \$10,000 or more, enter \$2,000 on line 7 for that column	6a. _____	6b. _____
7. Multiply lines 6a and 6b by 20% (.20). If the result is not a multiple of \$10, increase it to the next multiple of \$10 (for example, increase \$490.30 to \$500). If the result is \$200 or more, enter the result. But if it is less than \$200, enter \$200	7a. _____	7b. _____
8. Enter your wages, and your spouse's if filing jointly, and other earned income from Form 1040, minus any deductions on Form 1040, lines 27 and 29. Do not reduce wages by any loss from self-employment	8. _____	
<p> If married filing jointly and line 8 is less than \$4,000, stop here and see Pub. 590 to figure your IRA deduction.</p>		
9. Enter traditional IRA contributions made, or that will be made by April 15, 2002, for 2001 to your IRA on line 9a and to your spouse's IRA on line 9b	9a. _____	9b. _____
10. On line 10a, enter the smallest of line 7a, 8, 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 23. Or, if you want, you may deduct a smaller amount and treat the rest as a nondeductible contribution (see Form 8606)	10a. _____	10b. _____

Example. You took out a qualified student loan in 1994 while in college. You had 6 years to repay the loan and your first monthly payment was due July 1996, after you graduated. You made a payment every month as required. If you meet items 3 through 5 listed on page 28, you may use only the interest you paid for January through June 2001 to figure your deduction. June is the end of the 60-month period (July 1996–June 2001).

Qualified Student Loan. This 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 (defined on 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. To find out who is 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 ed-

ucation in a degree, certificate, or similar program at an eligible educational institution. An eligible educational institution includes most colleges, universities, and certain vocational schools. You must reduce the expenses by the following nontaxable benefits.

- Employer-provided educational assistance benefits that are not included in box 1 of your W-2 form(s).
- Excludable U.S. series EE and I savings bond interest from **Form 8815**.
- Qualified distributions from a Coverdell education savings account.
- Any scholarship, educational assistance allowance, or other payment (but **not** gifts, inheritances, etc.) excluded from income.

For more details on these expenses, see Pub. 970.

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.

Line 25

Archer MSA Deduction

If you made a contribution to an Archer MSA for 2001, you may be able to take this deduction. See **Form 8853**.

Line 26

Moving Expenses

If you moved in connection with your job or business or started a new job, you may be able to take this deduction. But your new workplace must be at least 50 miles farther from your old home than your old home was from your old workplace. If you had no former workplace, your new workplace must be at least 50 miles from your old home. Use TeleTax topic 455 (see page 11) or see **Form 3903**.

Student Loan Interest Deduction Worksheet—Line 24

Keep for Your Records

Before you begin:

- ✓ Complete Form 1040, lines 25 through 31a, if they apply to you.
- ✓ Figure any amount to be entered on the dotted line next to line 32 (see page 30).
- ✓ See the instructions for line 24 that begin on page 28.
- ✓ Be sure you have read the **Exception** on page 28 to see if you can use this worksheet instead of Pub. 970 to figure your deduction.



1. Enter the total interest you paid in 2001 on qualified student loans (defined above). Do not include interest that was required to be paid after the first 60 months		1. _____
2. Enter the smaller of line 1 or \$2,500		2. _____
3. Enter the amount from Form 1040, line 22	3.	_____
4. Enter the total of the amounts from Form 1040, line 23, lines 25 through 31a, plus any amount you entered on the dotted line next to line 32	4.	_____
5. Subtract line 4 from line 3	5.	_____
6. Enter the amount shown below for your filing status.		
<ul style="list-style-type: none"> • Single, head of household, or qualifying widow(er)—\$40,000 • Married filing jointly—\$60,000 	}	6. _____
7. Is the amount on line 5 more than the amount on line 6?		
<input type="checkbox"/> No. Skip lines 7 and 8, enter -0- on line 9, and go to line 10.		
<input type="checkbox"/> Yes. Subtract line 6 from line 5	7.	_____
8. Divide line 7 by \$15,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000"		8. . _____
9. Multiply line 2 by line 8		9. _____
10. Student loan interest deduction. Subtract line 9 from line 2. Enter the result here and on Form 1040, line 24. Do not include this amount in figuring any other deduction on your return (such as on Schedule A, C, E, etc.)		10. _____

Line 27

One-Half of 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 28

Self-Employed Health Insurance Deduction

You may be able to deduct part of the amount paid for health insurance for yourself, your spouse, and dependents if **either** of the following applies.

- You were self-employed and had a net profit for the year.
- You received wages in 2001 from an S corporation in which you were a more-than-2% shareholder. Health insurance benefits paid for you may be shown in box 14 of your W-2 form.

The insurance plan must be established under your business. But if you were also eligible to participate in any subsidized health plan maintained by your or your spouse's employer for any month or part of a month in 2001, amounts paid for health insurance coverage for that month cannot 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**.

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**.
- You are using amounts paid for qualified long-term care insurance to figure the deduction.

Line 29

Self-Employed SEP, SIMPLE, and Qualified Plans

If you were self-employed or a partner, you may be able to take this deduction. See **Pub. 560** or, if you were a minister, **Pub. 517**.

Line 30

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 31a and 31b

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 452 (see page 11) or see **Pub. 504**.

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 452 (see page 11) or see **Pub. 504**.

Line 32

Include in the total on line 32 any of the following adjustments. To find out if you can take the deduction, see the form or publication indicated. On the dotted line next to line 32, enter the amount of your deduction and identify it as indicated.

- Performing-arts-related expenses (see **Form 2106** or **2106-EZ**). Identify as "QPA."
- Jury duty pay given to your employer (see **Pub. 525**). 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."
- Reforestation amortization (see **Pub. 535**). Identify as "RFST."
- Repayment of supplemental unemployment benefits under the Trade Act of 1974 (see **Pub. 525**). Identify as "Sub-Pay TRA."
- Contributions to section 501(c)(18) pension plans (see **Pub. 525**). Identify as "501(c)(18)."
- Contributions by certain chaplains to section 403(b) plans (see **Pub. 517**). Identify as "403(b)."
- Deduction for clean-fuel vehicles (see **Pub. 535**). Identify as "Clean-Fuel."
- Employee business expenses of fee-basis state or local government officials (see **Form 2106** or **2106-EZ**). Identify as "FBO."

Self-Employed Health Insurance Deduction Worksheet—Line 28

Keep for Your Records

- Before you begin:**
- ✓ Complete Form 1040, line 29, if it applies to you.
 - ✓ 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 2001 for health insurance coverage established under your business for 2001 for you, your spouse, and dependents. But do not include amounts for any month you were eligible to participate in an employer-sponsored health plan **1.** _____
2. Multiply line 1 by 60% (.60) **2.** _____
3. Enter your net profit and any other earned income* from the business under which the insurance plan is established, minus any deductions you claim on Form 1040, lines 27 and 29 **3.** _____
4. **Self-employed health insurance deduction.** Enter the **smaller** of line 2 or line 3 here and on Form 1040, line 28. **Do not** include this amount in figuring any medical expense deduction on Schedule A (Form 1040) **4.** _____

* **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-2% shareholder in the S corporation under which the insurance plan is established, earned income is your wages from that corporation.

Line 33

If line 33 is less than zero, you may have a net operating loss that you can carry to another tax year. See **Pub. 536**.

Tax and Credits

Line 35a

If you were age 65 or older or blind, check the appropriate box(es) on line 35a. If you were married and checked the box on line 6b of Form 1040 and your spouse was age 65 or older or blind, also check the appropriate box(es) for your spouse. Be sure to enter the total number of boxes checked.

Age

If you were age 65 or older on January 1, 2002, check the “65 or older” box on your 2001 return.

Blindness

If you were partially blind as of December 31, 2001, 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 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 35b

If your spouse itemizes deductions on a separate return or if you were a dual-status alien, check the box on line 35b. But if you 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 2001 and you and your spouse agree to be taxed on your combined worldwide income, **do not** check the box.

Line 36

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
- Your standard deduction.



If you checked the box on **line 35b**, 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 line 36 of Form 1040. But if you checked **any** box on **line 35a**, or you (or your spouse if filing jointly) can be claimed as a dependent on someone’s 2001 return, use the worksheet below or the chart on page 32, whichever applies, to figure your standard deduction. Also, if you checked the box on **line 35b**, your standard deduction is zero, even if you were age 65 or older or 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 “IE” on the dotted line next to line 36.

Standard Deduction Worksheet for Dependents—Line 36

Keep for Your Records

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	1.	_____
2. Minimum standard deduction	2.	<u>750.00</u>
3. Enter the larger of line 1 or line 2	3.	_____
4. Enter the amount shown below for your filing status.	4.	_____
• Single—\$4,550	}	_____
• Married filing separately—\$3,800		
• Married filing jointly or qualifying widow(er)—\$7,600		
• Head of household—\$6,650		
5. Standard deduction.		
a. Enter the smaller of line 3 or line 4. If under 65 and not blind, stop here and enter this amount on Form 1040, line 36. Otherwise , go to line 5b	5a.	_____
b. If 65 or older or blind, multiply the number on Form 1040, line 35a, by: \$1,100 if single or head of household; \$900 if married filing jointly or separately, or qualifying widow(er)	5b.	_____
c. Add lines 5a and 5b. Enter the total here and on Form 1040, line 36	5c.	_____
* 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 amount(s) you reported on Form 1040, lines 7, 12, and 18, minus the amount, if any, on line 27.		

Standard Deduction Chart for People Age 65 or Older or Blind—Line 36

Do not use this chart if someone can claim you, or your spouse if filing jointly, as a dependent. Instead use the worksheet on page 31.

Enter the number from the box on line 35a of Form 1040

▶



Do not use the number of exemptions from line 6d.

IF your filing status is . . .	AND the number in the box above is . . .	THEN your standard deduction is . . .
Single	1	\$5,650
	2	6,750
Married filing jointly or Qualifying widow(er)	1	\$8,500
	2	9,400
	3	10,300
	4	11,200
Married filing separately	1	\$4,700
	2	5,600
	3	6,500
	4	7,400
Head of household	1	\$7,750
	2	8,850

Deduction for Exemptions Worksheet—Line 38

Keep for Your Records



1. Is the amount on Form 1040, line 34, more than the amount shown on line 4 below for your filing status?
 - No.** Multiply \$2,900 by the total number of exemptions claimed on Form 1040, line 6d, and enter the result on line 38.
 - Yes.** *Continue*

2. Multiply \$2,900 by the total number of exemptions claimed on Form 1040, line 6d 2. _____
3. Enter the amount from Form 1040, line 34 3. _____
4. Enter the amount shown below for your filing status.
 - Single—\$132,950
 - Married filing jointly or qualifying widow(er)—\$199,450
 - Married filing separately—\$99,725
 - Head of household—\$166,200

} . . . 4. _____
5. Subtract line 4 from line 3 5. _____

Note. If line 5 is more than: \$122,500 if single, married filing jointly, head of household, or qualifying widow(er); \$61,250 if married filing separately, **stop here.** You **cannot** take a deduction for exemptions.

6. Divide line 5 by: \$2,500 if single, married filing jointly, head of household, or qualifying widow(er); \$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) 6. _____
7. Multiply line 6 by 2% (.02) and enter the result as a decimal 7. _____
8. Multiply line 2 by line 7 8. _____
9. **Deduction for exemptions.** Subtract line 8 from line 2. Enter the result here and on Form 1040, line 38 9. _____

Line 40

Tax

Do you want the IRS to figure your tax for you?

Yes. See **Pub. 967** for details, including who is eligible and what to do. If you have paid 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 40 any of the following taxes.

- Tax from **Forms 8814** and **4972**. Be sure to check the appropriate box(es).

- 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 2001 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 "ECR" on the dotted line next to line 40.

Tax Table or Tax Rate Schedules. If your taxable income is less than \$100,000, you **must** use the Tax Table, which starts on page 59, to figure your tax. Be sure you use the correct column. If your taxable income is \$100,000 or more, use the Tax Rate Schedules on page 71.

Exception. Do not use the Tax Table or Tax Rate Schedules to figure your tax if **either 1 or 2** below applies.

1. You are required to figure your tax using the **Tax Computation Worksheet for Certain Dependents** below, **Form 8615, Schedule D**, or the **Capital Gain Tax Worksheet** on page 34.

2. You use **Schedule J** (for farm income) to figure your tax.

Tax Computation Worksheet for Certain Dependents. If you, or your spouse if filing jointly, can be claimed as a dependent on someone's 2001 return, you must use the worksheet below to figure your tax unless you received (before offset) an advance payment of your 2001 taxes. If any of the other methods listed in item **1** or **2** above apply to you, follow the **Special Rules** on the

worksheet to figure your tax. Your tax may be less if this worksheet applies.

Form 8615. Form 8615 must generally be used to figure the tax for any child who was under age 14 on January 1, 2002, and who had more than \$1,500 of investment income, such as taxable interest, ordinary dividends, or capital gains (including capital gain distributions). But if neither of the child's parents was alive on December 31, 2001, do not use Form 8615 to figure the child's tax.

Schedule D. If you had a net capital gain on Schedule D (both lines 16 and 17 of Schedule D are gains) and the amount on Form 1040, line 39, is more than zero, use Part IV of Schedule D to figure your tax.

Capital Gain Tax Worksheet. If you received capital gain distributions but you are not required to file Schedule D, use the worksheet on page 34 to figure your tax.

Schedule J. If you had income from farming, your tax may be less if you choose to figure it using income averaging on Schedule J.

Tax Computation Worksheet for Certain Dependents—Line 40

Keep for Your Records

Before you begin:

- ✓ Be sure you can use this worksheet (see **Tax Computation Worksheet for Certain Dependents** above).
- ✓ **Do not** use this worksheet if you, or your spouse if filing jointly, received (before offset) an advance payment of your 2001 taxes.
- ✓ Be sure you read the **Special Rules** below.



1. Figure the tax on the amount on Form 1040, line 39 (or the applicable line of the worksheet, schedule, or form listed below). Use the Tax Table or Tax Rate Schedules, whichever applies **1.** _____
2. Is the amount on line 1 more than the amount shown below for your filing status?
 - Single or married filing separately—\$900
 - Married filing jointly or qualifying widow(er)—\$1,800
 - Head of household—\$1,500

Yes. Enter: \$300 if single or married filing separately; \$500 if head of household; \$600 if married filing jointly or qualifying widow(er). } **2.** _____

No. Divide the amount on line 1 by 3.0.
3. Subtract line 2 from line 1. Enter the result here and on Form 1040, line 40 (or the applicable line of the worksheet, schedule, or form listed below) **3.** _____

Special Rules. If you use:

- The **Capital Gain Tax Worksheet** on page 34, use the worksheet above to figure the tax on lines 4 and 14 of the Capital Gain Tax Worksheet.
- **Schedule D, Part IV**, use the worksheet above to figure the tax on lines 25 and 39 of Part IV. If you use the **Schedule D Tax Worksheet** on page D-9, use the worksheet above to figure the tax on lines 15 and 36 of the Schedule D Tax Worksheet.
- **Schedule J**, use the worksheet above to figure the tax on line 4 of Schedule J.
- **Form 8615**, use the worksheet above to figure the tax on lines 15 and 17 of Form 8615 (and line 9 if the parent used this worksheet).
- **Other forms or worksheets** that require you to figure the tax using the 2001 Tax Table or Tax Rate Schedules, use the worksheet above to figure the tax on any line that would otherwise be figured using the 2001 Tax Table or Tax Rate Schedules.

Line 41

Alternative Minimum Tax

Use the worksheet on page 35 to see if you should fill in **Form 6251**.

Exception. Fill in Form 6251 instead of using the worksheet on page 35 if you claimed or received **any** of the following items.

1. Accelerated depreciation.
2. Stock by exercising an incentive stock option and you did not dispose of the stock in the same year.
3. Tax-exempt interest from private activity bonds.
4. Intangible drilling, circulation, research, experimental, or mining costs.
5. Amortization of pollution-control facilities or depletion.
6. Income or (loss) from tax-shelter farm activities or passive activities.
7. Percentage-of-completion income from long-term contracts.

8. Interest paid on a home mortgage **not** used to buy, build, or substantially improve your home.

9. Investment interest expense reported on **Form 4952**.

10. Net operating loss deduction.

11. Alternative minimum tax adjustments from an estate, trust, electing large partnership, or cooperative.

12. Section 1202 exclusion.



Form 6251 should be filled in for a child under age 14 if the child's adjusted gross income from Form 1040, line 34, exceeds the child's earned income by more than \$5,350.

Exception. You do not have to file Form 1116 to take this credit if **all five** of the following apply.

1. All of your gross foreign-source income is from interest and dividends and all of that income and the foreign tax paid on it is reported to you on **Form 1099-INT** or **Form 1099-DIV** (or substitute statement).

2. If you have dividend income from shares of stock, you held those shares for at least 16 days.

3. You are not filing **Form 4563** or excluding income from sources within Puerto Rico.

4. The total of your foreign taxes is not more than \$300 (not more than \$600 if married filing jointly).

5. All of your foreign taxes were:

- Legally owed and not eligible for a refund and
- Paid to countries that are recognized by the United States and do not support terrorism.

(Continued on page 35)

Line 43

Foreign Tax Credit

If you paid income tax to a foreign country, you may be able to take this credit. Generally, you must complete and attach **Form 1116** to do so.

Capital Gain Tax Worksheet—Line 40

Keep for Your Records

Before you begin:

- ✓ Be sure you do not have to file Schedule D (see the instructions for Form 1040, line 13, on page 23).
- ✓ Be sure you checked the box on line 13 of Form 1040.



1. Enter the amount from Form 1040, line 39	1. _____	
2. Enter the amount from Form 1040, line 13	2. _____	
3. Subtract line 2 from line 1. If zero or less, enter -0-	3. _____	
4. Figure the tax on the amount on line 3. Use the Tax Table or Tax Rate Schedules, whichever applies	4. _____	
5. Enter the smaller of:		
• The amount on line 1 or		
• \$27,050 if single; \$45,200 if married filing jointly or qualifying widow(er); \$22,600 if married filing separately; or \$36,250 if head of household.	5. _____	
6. Is the amount on line 3 equal to or more than the amount on line 5?		
<input type="checkbox"/> Yes. Leave lines 6 through 8 blank; go to line 9 and check the "No" box.		
<input type="checkbox"/> No. Enter the amount from line 3	6. _____	
7. Subtract line 6 from line 5	7. _____	
8. Multiply line 7 by 10% (.10)	8. _____	
9. Are the amounts on lines 2 and 7 the same?		
<input type="checkbox"/> Yes. Leave lines 9 through 12 blank; go to line 13.		
<input type="checkbox"/> No. Enter the smaller of line 1 or line 2	9. _____	
10. Enter the amount, if any, from line 7	10. _____	
11. Subtract line 10 from line 9. If zero or less, enter -0-	11. _____	
12. Multiply line 11 by 20% (.20)	12. _____	
13. Add lines 4, 8, and 12	13. _____	
14. Figure the tax on the amount on line 1. Use the Tax Table or Tax Rate Schedules, whichever applies	14. _____	
15. Tax on all taxable income (including capital gain distributions). Enter the smaller of line 13 or line 14 here and on Form 1040, line 40	15. _____	

For more details on these requirements, see the Instructions for Form 1116.

Do you meet all five requirements on page 34?

Yes. Enter on line 43 the **smaller** of your total foreign taxes or the amount on Form 1040, line 40.

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 44

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 or spouse who could not care for himself or herself. For details, use TeleTax topic 602 (see page 11) or see **Form 2441**.

Line 45

Credit for the Elderly or the Disabled

You may be able to take this credit if by the end of 2001 (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 34, is \$17,500 or more (\$20,000 if married filing jointly and only one spouse is eligible for

Worksheet To See if You Should Fill in Form 6251—Line 41

Keep for Your Records

Before you begin:

- ✓ Be sure you have read the **Exception** on page 34 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 43, that begin on page 34), enter that credit on line 43.



1.	Enter the amount from Form 1040, line 37	1.	_____	
2.	Are you filing Schedule A ?			
	<input type="checkbox"/> Yes. Leave line 2 blank and go to line 3.			
	<input type="checkbox"/> No. Enter your standard deduction from Form 1040, line 36, and go to line 5.	2.	_____	
3.	Enter the smaller of the amount on Schedule A, line 4, or 2.5% (.025) of the amount on Form 1040, line 34.	3.	_____	
4.	Add lines 9 and 26 of Schedule A and enter the total.	4.	_____	
5.	Add lines 1 through 4 above.	5.	_____	
6.	Enter the amount shown below for your filing status.			
	<ul style="list-style-type: none"> • Single or head of household—\$35,750 • Married filing jointly or qualifying widow(er)—\$49,000 • Married filing separately—\$24,500 	}	6.	_____
7.	Is the amount on line 5 more than the amount on line 6?			
	<input type="checkbox"/> No. You do not need to fill in Form 6251.			
	<input type="checkbox"/> Yes. Subtract line 6 from line 5	7.	_____	
8.	Enter the amount shown below for your filing status.			
	<ul style="list-style-type: none"> • Single or head of household—\$112,500 • Married filing jointly or qualifying widow(er)—\$150,000 • Married filing separately—\$75,000 	}	8.	_____
9.	Is the amount on line 5 more than the amount on line 8?			
	<input type="checkbox"/> No. Enter -0- here and on line 10 and go to line 11.			
	<input type="checkbox"/> Yes. Subtract line 8 from line 5.	}	9.	_____
10.	Multiply line 9 by 25% (.25) and enter the result but do not enter more than line 6 above	10.	_____	
11.	Add lines 7 and 10	11.	_____	
12.	Is the amount on line 11 more than the amount shown below for your filing status?			
	<ul style="list-style-type: none"> • Single, married filing jointly, head of household, or qualifying widow(er)—\$175,000 • Married filing separately—\$87,500 			
	<input type="checkbox"/> Yes. Fill in Form 6251 to see if you owe the alternative minimum tax.			
	<input type="checkbox"/> No. Multiply line 11 by 26% (.26)	12.	_____	
13.	Enter the amount from Form 1040, line 40, minus the total of any tax from Form 4972 and any amount on Form 1040, line 43.	13.	_____	
Next. Is the amount on line 12 more than the amount on line 13?				
	<input type="checkbox"/> Yes. Fill in Form 6251 to see if you owe the alternative minimum tax.			
	<input type="checkbox"/> No. You do not need to fill in Form 6251.			

the credit; \$25,000 if married filing jointly and both spouses are eligible; \$12,500 if married filing 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 46

Education Credits

If you (or your dependent) paid qualified expenses in 2001 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) 2001 tax return.
- Your filing status is married filing separately.
- The amount on Form 1040, line 34, is \$50,000 or more (\$100,000 or more if married filing jointly).
- You (or your spouse) were a nonresident alien for any part of 2001 unless your filing status is married filing jointly.

Rate Reduction Credit Worksheet—Line 47

Keep for Your Records

Before you begin:

- ✓ If you received (before offset) an advance payment of your 2001 taxes equal to the amount shown below for your 2001 filing status, **stop**. You cannot take the credit because you have received the maximum amount of the credit.
 - Single or married filing separately — \$300
 - Head of household — \$500
 - Married filing jointly or qualifying widow(er) — \$600
- ✓ If you, or your spouse if filing a joint return, can be claimed as a dependent on another person's return, **stop**. You cannot take the credit.
- ✓ If you received (before offset) an advance payment and you filed a joint return for 2000, you and your spouse are each considered to have received one-half of the payment.



If you received Notice 1275, 1277, or 1278 have it available. The notice shows the amount of your advance payment (before offset).

1. Enter the amount from Form 1040, line 39. If line 39 is zero or blank, **stop**; you cannot take the credit **1.** _____
2. Enter the amount shown below for your filing status.
 - Single or married filing separately — \$6,000
 - Head of household — \$10,000
 - Married filing jointly or qualifying widow(er) — \$12,000
 } **2.** _____
3. Is the amount on line 1 less than the amount on line 2?
 - No.** Enter: \$300 if single or married filing separately; \$500 if head of household; \$600 if married filing jointly or qualifying widow(er).
 - Yes.** Multiply the amount on line 1 by 5% (.05). Enter the result.
 } **3.** _____
4. Enter the amount from Form 1040, line 42 **4.** _____
5. Add the amounts from Form 1040, lines 43 through 46. Enter the total . . . **5.** _____
6. Subtract line 5 from line 4. If the result is zero or less, **stop**; you cannot take the credit **6.** _____
7. Enter the **smaller** of line 3 or line 6 **7.** _____
8. Enter the amount, if any, of your advance payment (before offset). If filing a joint return, include your spouse's advance payment with yours **8.** _____
9. **Rate reduction credit.** Subtract line 8 from line 7. Enter the result here and, if more than zero, on Form 1040, line 47. If line 8 is more than line 7, you do not have to pay back the difference **9.** _____

Line 48—Child Tax Credit

What Is the Child Tax Credit?

This credit is for people who have a qualifying child as defined in the instructions for line 6c, column (4), on page 20. It is in addition to the credit for child and dependent care expenses on Form 1040, line 44, and the earned income credit on Form 1040, line 61a.

Three Steps To Take the Child Tax Credit!


- Step 1.** Make sure you have a qualifying child for the child tax credit. See the instructions for line 6c, column (4), on page 20.
- Step 2.** Make sure you checked the box in column (4) of line 6c on Form 1040 for each qualifying child.
- Step 3.** 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.


Questions

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.  You must use Pub. 972 to figure your credit.

- Is the amount on Form 1040, line 34, more than the amount shown below for your filing status?
 - Married filing jointly – \$110,000
 - Single, head of household, or qualifying widow(er) – \$75,000
 - Married filing separately – \$55,000

No. *Continue* 

Yes.  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 49, on page 39)
 - Mortgage interest credit, Form 8396 (see the instructions for Form 1040, line 50, on page 39)
 - District of Columbia first-time homebuyer credit, Form 8859

No. Use the worksheet on page 38 to figure your child tax credit.

Yes. You must use Pub. 972 to figure your child tax credit. You will also need the form(s) listed above for any credit(s) you are claiming.

Child Tax Credit Worksheet—Line 48

Keep for Your Records



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: _____ × \$600. Enter the result.

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

2. Enter the amount from Form 1040, line 42.

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

3. Add the amounts from Form 1040:

Line 43 _____

Line 44 + _____

Line 45 + _____

Line 46 + _____

Line 47 + _____ Enter the total.

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

4. Are the amounts on lines 2 and 3 the same?

Yes.

You cannot take this credit because there is no tax to reduce. However, see the **TIP** below before completing the rest of your Form 1040.

No. Subtract line 3 from line 2.

4	
----------	--

5. Is the amount on line 1 more than the amount on line 4?

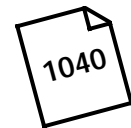
Yes. Enter the amount from line 4. Also, see the **TIP** below.

No. Enter the amount from line 1.

This is your child tax credit.

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

Enter this amount on Form 1040, line 48.



You may be able to take the **additional child tax credit** on Form 1040, line 63, if you answered “Yes” on line 4 or line 5 above.

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

Line 49**Adoption Credit**

You may be able to take this credit if you paid expenses in 2001 to adopt a child. See **Form 8839** for details.

Line 50**Other Credits**

Include in the total on line 50 any of the following credits and check the appropriate box(es). If box **d** is checked, also enter the form number. To find out if you can take the credit, see the form or publication indicated.

- Mortgage interest credit. If a state or local government gave you a mortgage credit certificate, see **Form 8396**.
- 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 2001, 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**.
- Empowerment zone employment credit. See **Form 8844**.
- District of Columbia first-time home-buyer credit. See **Form 8859**.

Line 51

If you sold fuel produced from a nonconventional source, see Internal Revenue Code section 29 to find out if you can take the **nonconventional source fuel credit**. If you can, attach a schedule showing how you figured the credit. Include the credit in the total on line 51. Enter the amount and "FNS" on the dotted line next to line 51.

Other Taxes

Line 54**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 W-2 form(s) shows allocated tips that you are including in your income on Form 1040, line 7.

To figure the tax, use **Form 4137**. To pay the RRTA tax, contact your employer. Your employer will figure and collect the tax.



You may be charged a penalty equal to 50% of the social security and Medicare tax due on tips you received but did not report to your employer.

Line 55**Tax on Qualified Plans Including IRAs, and Other Tax-Favored Accounts**

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 any early distributions from (a) an IRA or other qualified retirement plan, (b) an annuity, or (c) a modified endowment contract entered into after June 20, 1988.
2. Excess contributions were made to your IRAs, Coverdell ESAs, or Archer MSAs.
3. You received distributions from Coverdell ESAs in excess of your qualified higher education expenses.
4. You were born before July 1, 1930, and did not take the minimum required distribution from your IRA or other qualified retirement plan.

Exception. If **only** item 1 applies to you and distribution code 1 is correctly shown in box 7 of your **Form 1099-R**, 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 55. The taxable amount of the distribution is the part of the distribution you reported on line 15b or line 16b of Form 1040 or on

Form 4972. Also, put "No" under the heading "Other Taxes" to the left of line 55 to indicate that you do not have to file Form 5329. **But** if distribution code 1 is incorrectly shown in box 7 of Form 1099-R, you must file Form 5329.

Line 56**Advance Earned Income Credit Payments**

Enter the total amount of advance earned income credit (EIC) payments you received. These payments are shown in box 9 of your W-2 form(s).

Line 57**Household Employment Taxes**

If **any** of the following apply, see **Schedule H** and its instructions to find out if you owe these taxes.

1. You paid **any one** household employee (defined below) cash wages of \$1,300 or more in 2001. Cash wages include wages paid by checks, money orders, etc.
2. You withheld Federal income tax during 2001 at the request of any household employee.
3. You paid **total** cash wages of \$1,000 or more in **any** calendar **quarter** of 2000 or 2001 to household employees.



For item 1, do not count amounts paid to an employee who was under age 18 at any time in 2001 and was a student.

Household Employee. Any person who does household work is a household employee if you can control what will be done and how it will be done. Household work includes work done in or around your home by babysitters, nannies, health aides, maids, yard workers, and similar domestic workers.

Line 58**Total Tax**

Include in the total on line 58 any of the following taxes. To find out if you owe the tax, see the form or publication indicated. On the dotted line next to line 58, enter the amount of the tax and identify it as indicated.

(Continued on page 40)

Recapture of the Following Credits.

- Investment credit (see **Form 4255**). Identify as “ICR.”
- Low-income housing credit (see **Form 8611**). Identify as “LIHCR.”
- Qualified electric vehicle credit (see **Pub. 535**). Identify as “QEVCR.”
- Indian employment credit. Identify as “IECR.”

Recapture of Federal Mortgage Subsidy. If you sold your home in 2001 and it was financed (in whole or in part) from the proceeds of any tax-exempt qualified mortgage bond or you claimed the mortgage interest credit, see **Form 8828**. Identify as “FMSR.”

Section 72(m)(5) Excess Benefits Tax (see **Pub. 560**). Identify as “Sec. 72(m)(5).”

Uncollected Social Security and Medicare or RRTA Tax on Tips or Group-Term Life Insurance. This tax should be shown in box 12 of your Form W-2 with codes **A** and **B** or **M** and **N**. Identify as “UT.”

Golden Parachute Payments. If you received an excess parachute payment (EPP), you must pay a 20% tax on it. This tax should be shown in box 12 of your W-2 form with code **K**. If you received a **Form 1099-MISC**, the tax is 20% of the EPP shown in box 13. Identify as “EPP.”

Tax on Accumulation Distribution of Trusts. Enter the amount from **Form 4970** and identify as “ADT.”

Payments

Line 59

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 59. The amount withheld should be shown in box 2 of Form W-2 or W-2G, and in box 4 of Form 1099-R. If line 59 includes amounts withheld as shown on Form 1099-R, attach the Form 1099-R to the front of your return.

If you received a 2001 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 59. This should be shown in box 4 of the 1099 form or box 6 of **Form SSA-1099**.

Line 60

2001 Estimated Tax Payments

Enter any payments you made on your estimated Federal income tax (**Form 1040-ES**) for 2001. Include any overpayment from your 2000 return that you applied to your 2001 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 2001. 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 returns. If you or your spouse paid separate estimated tax but you are now filing a joint return, add the amounts you each paid. Follow these instructions even if your spouse died in 2001 or in 2002 before filing a 2001 return.

Divorced Taxpayers

If you got divorced in 2001 and you made joint estimated tax payments with your former spouse, put your former spouse’s SSN in the space provided on the front of Form 1040. If you were divorced and remarried in 2001, 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 60, 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 2001 and the name(s) and SSN(s) under which you made them.

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

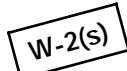
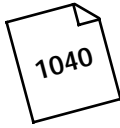
What Is the EIC?

The EIC is a credit for certain people who work. The credit may give you a refund even if you do not owe any tax.

To Take the EIC:

- Follow the steps below.
- Complete the worksheet that applies to you **or** let the IRS figure the credit for you.
- If you have a qualifying child, complete and attach Schedule EIC.

You Will Need:



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.

Step 1 All Filers

1. Is the amount on Form 1040, line 34, less than \$32,121 (or \$10,710 if a child did not live with you in 2001)?
 Yes. *Continue* → **No.** You cannot take the credit.
2. Do you, and your spouse if filing a joint return, have a social security number that allows you to work or is valid for EIC purposes (see page 44)?
 Yes. *Continue* → **No.** You cannot take the credit. Put "No" directly to the right of line 61a.
3. Is your filing status married filing separately?
 Yes. You cannot take the credit. **No.** *Continue* →
4. Are you filing Form 2555 or 2555-EZ (relating to foreign earned income)?
 Yes. You cannot take the credit. **No.** *Continue* →
5. Were you a nonresident alien for any part of 2001?
 Yes. See *Nonresident Aliens* on page 44. **No.** Go to Step 2.

Step 2 Investment Income

1. Add the amounts from Form 1040:
 Line 8a _____
 Line 8b + _____
 Line 9 + _____
 Line 13 + _____
Investment Income =

2. Is your investment income more than \$2,450?
 Yes. *Continue* → **No.** *Skip the next question; go to Step 3.*
3. Are you filing Form 4797 (relating to sales of business property)?
 Yes. See *Form 4797 Filers* on page 44. **No.** You cannot take the credit.

Step 3 Who Must Use Pub. 596

Some people must use Pub. 596, Earned Income Credit, to see if they can take the credit and how to figure it. To see if you must use Pub. 596, answer the following questions.

1. Are you filing Schedule E?
 No. *Continue* → **Yes.** →
2. Are you claiming a loss on Form 1040, line 12, 13, or 18?
 No. *Continue* → **Yes.** →
3. Are you reporting income or a loss from the rental of personal property not used in a trade or business?
 No. *Continue* → **Yes.** →
4. Did you, or your spouse if filing a joint return, receive a distribution from a pension, annuity, IRA, or Coverdell ESA that is not fully taxable?
 No. *Continue* → **Yes.** →
5. Are you reporting income on Form 1040, line 21, from Form 8814 (relating to election to report child's interest and dividends)?
 No. *Continue* → **Yes.** →
6. Did you enter an amount other than zero on Form 1040, line 41?
 No. *Continue* → **Yes.** →
7. Did a child live with you in 2001?
 Yes. Go to Step 4 on page 42. **No.** Go to Step 5 on page 42.

You must use Pub. 596 to see if you can take the credit and how to figure it.



To get Pub. 596, see page 7.

Continued from page 41

Step 4 Qualifying Child

A qualifying child is a child who is your...

- Son Grandchild
- Daughter Stepchild
- Adopted child Foster child (see page 44)
- If the child was married, see page 44.

AND

was at the end of 2001...

Under age 19

or

Under age 24 and a student (see page 44)

or


Any age and permanently and totally disabled (see page 44)

AND

who...

Lived with you in the United States for more than half of 2001 or, if a foster child, for all of 2001.
If the child did not live with you for the required time, see Exception to "Time Lived With You" Condition on page 44.

1. Look at the qualifying child conditions above. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2001?

- Yes.**  You cannot take the credit. Put "No" directly to the right of line 61a.
- No.** Continue →

2. Do you have at least one child who meets the above conditions to be your qualifying child?


- Yes.** Continue →
- No.** Skip the next question; go to Step 5, question 2.

3. Does the child meet the conditions to be a qualifying child of any other person (other than your spouse if filing a joint return) for 2001?


- Yes.** See *Qualifying Child of More Than One Person* on page 44.
- No.** This child is your qualifying child. The child must have a social security number as defined on page 44 unless the child was born and died in 2001. Skip Step 5; go to Step 6.

Step 5 Filers Without a Qualifying Child


1. Look at the qualifying child conditions in Step 4. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2001?

- Yes.**  You cannot take the credit. Put "No" directly to the right of line 61a.
- No.** Continue →


2. Can you, or your spouse if filing a joint return, be claimed as a dependent on someone else's 2001 tax return?

- Yes.**  You cannot take the credit.
- No.** Continue →

3. Were you, or your spouse if filing a joint return, at least age 25 but under age 65 at the end of 2001?

- Yes.** Continue →
- No.**  You cannot take the credit. Put "No" directly to the right of line 61a.

4. Was your home, and your spouse's if filing a joint return, in the United States for more than half of 2001? Members of the military stationed outside the United States, see page 44 before you answer.

- Yes.** Go to Step 6.
- No.**  You cannot take the credit. Put "No" directly to the right of line 61a.


Step 6 Modified Adjusted Gross Income

1. Add the amounts from Line 8b _____
Form 1040: Line 34 + _____

Modified Adjusted Gross Income =

Box A	
----------	--

2. If you have:

- 2 or more qualifying children, is Box A less than \$32,121?
 - 1 qualifying child, is Box A less than \$28,281?
 - No qualifying children, is Box A less than \$10,710?
- Yes.** Go to Step 7 on page 43.
- No.**  You cannot take the credit.

(Continued on page 43)

Continued from page 42

Step 7 Nontaxable and Taxable Earned Income

- Add all your nontaxable earned income, including your spouse's if filing a joint return. This includes anything of value (money, goods, or services) that is not taxable that you received from your employer for your work. Types of nontaxable earned income are listed below.
 - Salary deferrals, such as a 401(k) plan or the Federal Thrift Savings Plan, shown in box 12 of your W-2 form. See page 44.
 - Salary reductions, such as under a cafeteria plan, unless they are included in box 1 of your W-2 form. See page 44.
 - Mandatory contributions to a state or local retirement plan.
 - Military employee basic housing, subsistence, and combat zone compensation. These amounts are shown in box 12 of your W-2 form with code Q.
 - Meals and lodging provided for the convenience of your employer.
 - Housing allowances or rental value of a parsonage for clergy members. If filing Schedule SE, see Clergy on this page.
 - Excludable dependent care benefits from Form 2441, line 18, employer-provided adoption benefits from Form 8839, line 26, and educational assistance benefits (these benefits may be shown in box 14 of your W-2 form).
 - Certain amounts received by Native Americans. See Pub. 596.
- Note.** Nontaxable earned income does not include welfare benefits or workfare payments (see page 44), or qualified foster care payments.

Nontaxable Earned Income =

Box B	
----------	--

Enter this amount on Form 1040, line 61b.



- Are you filing Schedule SE because you had church employee income of \$108.28 or more?
 - Yes.** See *Church Employees on this page.*
 - No.** Continue

- Figure taxable earned income:
 - Form 1040, line 7 _____
 - Subtract, if included on line 7, any:
 - Taxable scholarship or fellowship grant not reported on a W-2 form
 - Amount paid to an inmate in a penal institution for work (put "PRI" and the amount subtracted on the dotted line next to line 7 of Form 1040)
 - Amount received as a pension or annuity from a nonqualified deferred compensation plan or a section 457 plan (put "DFC" and the amount subtracted on the dotted line next to line 7 of Form 1040). This amount may be shown in box 11 of your W-2 form. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity.

Taxable Earned Income =

Box C	
----------	--

Go to question 4.

- Were you self-employed, or are you filing Schedule SE because you had church employee income, or are you filing Schedule C or C-EZ as a statutory employee?
 - Yes.** Skip Steps 8 and 9; go to Worksheet B on page 46.
 - No.** Go to Step 8.

Step 8 Total Earned Income

- Nontaxable Earned Income (Step 7, Box B) _____
 Taxable Earned Income (Step 7, Box C) + _____

Total Earned Income =

Box D	
----------	--

- If you have:
 - 2 or more qualifying children, is Box D less than \$32,121?
 - 1 qualifying child, is Box D less than \$28,281?
 - No qualifying children, is Box D less than \$10,710?

Yes. Go to Step 9. **No.** You cannot take the credit. Put "No" directly to the right of line 61a.

Step 9 How To Figure the Credit

- Do you want the IRS to figure the credit for you?
 - Yes.** See *Credit Figured by the IRS below.*
 - No.** Go to Worksheet A on page 45.

Definitions and Special Rules (listed in alphabetical order)

Adopted Child. Any child placed with you by an authorized placement agency for legal adoption. An authorized placement agency includes any person authorized by state law to place children for legal adoption. The adoption does not have to be final.

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 7, line 3. Be sure to answer "Yes" on line 4 of Step 7.

Clergy. 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:

- Put "Clergy" directly to the right of line 61a of Form 1040.
- Do not include any housing allowance or rental value of the parsonage as nontaxable earned income in Box B if it is required to be included on Schedule SE, line 2.
- Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, line 2.
- Subtract that amount from the amount on Form 1040, line 7. Enter the result in the first space of Step 7, line 3.
- Be sure to answer "Yes" on line 4 of Step 7.

Credit Figured by the IRS. To have the IRS figure the credit for you:

- Put "EIC" directly to the right of line 61a of Form 1040.
- Be sure you entered the amount of any nontaxable earned income (Step 7, Box B, on this page) on Form 1040, line 61b.

(Continued on page 44)

Continued from 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 2001 if the child was born or died in 2001 and your home was this child’s home for the entire time he or she was alive in 2001. Temporary absences, such as for school, vacation, medical care, 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 Pub. 596 to see if you can take the EIC and how to figure it. 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. But do not file Form 8862 if, after your EIC was reduced or disallowed in an earlier year:

- You filed Form 8862 (or other documents) and your EIC was then allowed and
- Your EIC has not been reduced or disallowed again for any reason other than a math or clerical error.

Also, do not file Form 8862 or take the credit if it was determined that your error was due to reckless or intentional disregard of the EIC rules or fraud.

Foster Child. Any child you cared for as your own child **and** who is (a) your brother, sister, stepbrother, or stepsister; (b) a descendant (such as a child, including an adopted child) of your brother, sister, stepbrother, or stepsister; or (c) a child placed with you by an authorized placement agency. For example, if you acted as the parent of your niece or nephew, this child is considered your foster child.

Grandchild. Any descendant of your son, daughter, or adopted child. For example, a grandchild includes your great-grandchild, great-great-grandchild, etc.

Married Child. A child who was married at the end of 2001 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 in Pub. 501 for children of divorced or separated parents.

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 41. 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:

- Has lasted or can be expected to last continuously for at least a year or
- 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 the person who had the **highest** modified adjusted gross income (AGI) for 2001 may treat that child as a qualifying child. The other person(s) cannot take the EIC for people who do not have a qualifying child. If the other person is your spouse and you are filing a joint return, this rule does not apply. If you have the highest modified AGI, this child is

your qualifying child. The child must have a social security number as defined below unless the child was born and died in 2001. Skip Step 5; go to Step 6 on page 42. If you do not have the highest modified AGI, stop; you cannot take the EIC. Put “No” directly to the right of line 61a.

Modified AGI is the total of the amounts on Form 1040, lines 8b and 34, increased by:

- Any loss claimed on Form 1040, line 13,
- Any loss from the rental of personal property not used in a trade or business,
- 75% of any losses on Form 1040, lines 12 and 18,
- Certain nontaxable distributions from a pension, annuity, or IRA (see Pub. 596), and
- Certain amounts reported on Schedule E (see Pub. 596).

Example. You and your 5-year-old daughter moved in with your mother in April 2001. 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. Your modified AGI for 2001 was \$8,000 and your mother’s was \$14,000. Because your mother’s modified AGI was higher, your daughter is your mother’s qualifying child. You **cannot** take any EIC even if your mother does not claim the credit. You would put “No” directly to the right of line 61a.

Salary Deferrals. Contributions from your pay to certain retirement plans, such as a 401(k) plan or the Federal Thrift Savings Plan, shown in box 12 of your W-2 form. The “Retirement plan” box in box 13 of your W-2 form should be checked.

Salary Reductions. Amounts you could have been paid but chose instead to have your employer contribute to certain benefit plans, such as a cafeteria plan. A cafeteria plan is a plan that allows you to choose to receive either cash or certain benefits that are not taxed (such as accident and health insurance).

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 19. If you will not have an SSN by April 15, 2002, see What if You Cannot File on Time? on page 15.

Student. A child who during any 5 months of 2001:

- Was 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 technical, trade, and mechanical schools. It does not include on-the-job training courses, correspondence schools, or night schools.

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.

- Temporary Assistance for Needy Families (TANF).
- Medicaid and supplemental security income (SSI).
- Food stamps and low-income housing.

Workfare Payments. Cash payments certain people receive from a state or local agency that administers public assistance programs funded under the Federal Temporary Assistance for Needy Families (TANF) program in return for certain work activities such as:

- Work experience activities (including work associated with remodeling or repairing publicly assisted housing) if sufficient private sector employment is not available or
- Community service program activities.

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

Keep for Your Records

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 had church employee income, or you are filing Schedule C or C-EZ as a statutory employee. Instead, use Worksheet B on page 46.



Part 1

All Filers Using Worksheet A

1. Enter your total earned income from Step 8, Box D, on page 43. 1

2. Look up the amount on line 1 above in the EIC Table on pages 48–50 to find the credit. Enter the credit here. 2

If line 2 is zero, You cannot take the credit. Put "No" directly to the right of line 61a.

3. Enter your modified adjusted gross income from Step 6, Box A, on page 42. 3

4. Are the amounts on lines 3 and 1 the same?
- Yes.** Skip line 5; enter the amount from line 2 on line 6.
- No.** Go to line 5.

Part 2

Filers Who Answered "No" on Line 4

5. Is the amount on line 3 less than:
- \$5,950 if you do not have a qualifying child **or**
 - \$13,100 if you have one or more qualifying children?
- Yes.** Leave line 5 blank; enter the amount from line 2 on line 6.

No. Look up the amount on line 3 in the EIC Table on pages 48–50 to find the credit. Enter the credit here. 5

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

Part 3

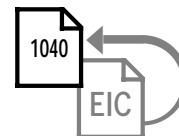
Your Earned Income Credit

6. **This is your earned income credit.** 6

Reminder—

- ✓ Be sure you entered the amount of any nontaxable earned income (Step 7, Box B, on page 43) on Form 1040, line 61b.
- ✓ If you have a qualifying child, complete and attach Schedule EIC.

Enter this amount on Form 1040, line 61a.



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 2001.

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

Keep for Your Records

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



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

Part 1

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

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

Part 2

Self-Employed NOT Required To File Schedule SE

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

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

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

Part 3

Statutory Employees Filing Schedule C or C-EZ

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

Part 4

All Filers Using Worksheet B

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

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

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

(Continued on page 47)

Worksheet **B**—Continued from page 46


Keep for Your Records

Part 5

All Filers Using Worksheet B

6. Enter your total earned income from Part 4, line 4d, on page 46. 6

7. Look up the amount on line 6 above in the EIC Table on pages 48–50 to find the credit. Enter the credit here. 7

If line 7 is zero,  You cannot take the credit. Put “No” directly to the right of line 61a.

8. Enter your modified adjusted gross income from Step 6, Box A, on page 42. 8

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

10. Is the amount on line 8 less than:

- \$5,950 if you do not have a qualifying child **or**
- \$13,100 if you have one or more qualifying children?

Yes. Leave line 10 blank; enter the amount from line 7 on line 11.

No. Look up the amount on line 8 in the EIC Table on pages 48–50 to find the credit. Enter the credit here. 10

Look at the amounts on lines 10 and 7. Then, enter the **smaller** amount on line 11.

Part 6

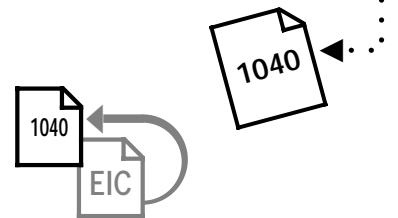
Your Earned Income Credit

11. **This is your earned income credit.** 11

Reminder—

- ✓ Be sure you entered the amount of any nontaxable earned income (Step 7, Box B, on page 43) on Form 1040, line 61b.
- ✓ If you have a qualifying child, complete and attach Schedule EIC.

Enter this amount on Form 1040, line 61a.



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 2001.

2001 Earned Income Credit (EIC) Table



This is not a tax table.

1. To find your credit, read down the "At least - But less than" columns and find the line that includes the amount you were told to look up from your EIC Worksheet.

2. Then, read across to the column that includes the number of qualifying children you have. Enter the credit from that column on your EIC Worksheet.

Example. If you have one qualifying child and the amount you are looking up from your EIC Worksheet is \$4,875, you would enter \$1,658.

If the amount you are looking up from the worksheet is—		And you have—		
		No children	One child	Two children
At least	But less than	Your credit is—		
4,800	4,850	364	1,641	1,930
4,850	4,900	364	1,658	1,950
4,900	4,950	364	1,675	1,970
4,950	5,000	364	1,692	1,990

If the amount you are looking up from the worksheet is—		And you have—			If the amount you are looking up from the worksheet is—		And you have—			If the amount you are looking up from the worksheet is—		And you have—							
		No children	One child	Two children			No children	One child	Two children			No children	One child	Two children					
At least	But less than	Your credit is—			At least	But less than	Your credit is—			At least	But less than	Your credit is—							
\$1	\$50	\$2	\$9	\$10	2,200	2,250	170	757	890	4,400	4,450	339	1,505	1,770	6,600	6,650	313	2,253	2,650
50	100	6	26	30	2,250	2,300	174	774	910	4,450	4,500	342	1,522	1,790	6,650	6,700	309	2,270	2,670
100	150	10	43	50	2,300	2,350	178	791	930	4,500	4,550	346	1,539	1,810	6,700	6,750	305	2,287	2,690
150	200	13	60	70	2,350	2,400	182	808	950	4,550	4,600	350	1,556	1,830	6,750	6,800	301	2,304	2,710
200	250	17	77	90	2,400	2,450	186	825	970	4,600	4,650	354	1,573	1,850	6,800	6,850	297	2,321	2,730
250	300	21	94	110	2,450	2,500	189	842	990	4,650	4,700	358	1,590	1,870	6,850	6,900	293	2,338	2,750
300	350	25	111	130	2,500	2,550	193	859	1,010	4,700	4,750	361	1,607	1,890	6,900	6,950	290	2,355	2,770
350	400	29	128	150	2,550	2,600	197	876	1,030	4,750	4,800	364	1,624	1,910	6,950	7,000	286	2,372	2,790
400	450	33	145	170	2,600	2,650	201	893	1,050	4,800	4,850	364	1,641	1,930	7,000	7,050	282	2,389	2,810
450	500	36	162	190	2,650	2,700	205	910	1,070	4,850	4,900	364	1,658	1,950	7,050	7,100	278	2,406	2,830
500	550	40	179	210	2,700	2,750	208	927	1,090	4,900	4,950	364	1,675	1,970	7,100	7,150	274	2,423	2,850
550	600	44	196	230	2,750	2,800	212	944	1,110	4,950	5,000	364	1,692	1,990	7,150	7,200	270	2,440	2,870
600	650	48	213	250	2,800	2,850	216	961	1,130	5,000	5,050	364	1,709	2,010	7,200	7,250	267	2,457	2,890
650	700	52	230	270	2,850	2,900	220	978	1,150	5,050	5,100	364	1,726	2,030	7,250	7,300	263	2,474	2,910
700	750	55	247	290	2,900	2,950	224	995	1,170	5,100	5,150	364	1,743	2,050	7,300	7,350	259	2,491	2,930
750	800	59	264	310	2,950	3,000	228	1,012	1,190	5,150	5,200	364	1,760	2,070	7,350	7,400	255	2,508	2,950
800	850	63	281	330	3,000	3,050	231	1,029	1,210	5,200	5,250	364	1,777	2,090	7,400	7,450	251	2,525	2,970
850	900	67	298	350	3,050	3,100	235	1,046	1,230	5,250	5,300	364	1,794	2,110	7,450	7,500	247	2,542	2,990
900	950	71	315	370	3,100	3,150	239	1,063	1,250	5,300	5,350	364	1,811	2,130	7,500	7,550	244	2,559	3,010
950	1,000	75	332	390	3,150	3,200	243	1,080	1,270	5,350	5,400	364	1,828	2,150	7,550	7,600	240	2,576	3,030
1,000	1,050	78	349	410	3,200	3,250	247	1,097	1,290	5,400	5,450	364	1,845	2,170	7,600	7,650	236	2,593	3,050
1,050	1,100	82	366	430	3,250	3,300	251	1,114	1,310	5,450	5,500	364	1,862	2,190	7,650	7,700	232	2,610	3,070
1,100	1,150	86	383	450	3,300	3,350	254	1,131	1,330	5,500	5,550	364	1,879	2,210	7,700	7,750	228	2,627	3,090
1,150	1,200	90	400	470	3,350	3,400	258	1,148	1,350	5,550	5,600	364	1,896	2,230	7,750	7,800	225	2,644	3,110
1,200	1,250	94	417	490	3,400	3,450	262	1,165	1,370	5,600	5,650	364	1,913	2,250	7,800	7,850	221	2,661	3,130
1,250	1,300	98	434	510	3,450	3,500	266	1,182	1,390	5,650	5,700	364	1,930	2,270	7,850	7,900	217	2,678	3,150
1,300	1,350	101	451	530	3,500	3,550	270	1,199	1,410	5,700	5,750	364	1,947	2,290	7,900	7,950	213	2,695	3,170
1,350	1,400	105	468	550	3,550	3,600	273	1,216	1,430	5,750	5,800	364	1,964	2,310	7,950	8,000	209	2,712	3,190
1,400	1,450	109	485	570	3,600	3,650	277	1,233	1,450	5,800	5,850	364	1,981	2,330	8,000	8,050	205	2,729	3,210
1,450	1,500	113	502	590	3,650	3,700	281	1,250	1,470	5,850	5,900	364	1,998	2,350	8,050	8,100	202	2,746	3,230
1,500	1,550	117	519	610	3,700	3,750	285	1,267	1,490	5,900	5,950	364	2,015	2,370	8,100	8,150	198	2,763	3,250
1,550	1,600	120	536	630	3,750	3,800	289	1,284	1,510	5,950	6,000	362	2,032	2,390	8,150	8,200	194	2,780	3,270
1,600	1,650	124	553	650	3,800	3,850	293	1,301	1,530	6,000	6,050	358	2,049	2,410	8,200	8,250	190	2,797	3,290
1,650	1,700	128	570	670	3,850	3,900	296	1,318	1,550	6,050	6,100	355	2,066	2,430	8,250	8,300	186	2,814	3,310
1,700	1,750	132	587	690	3,900	3,950	300	1,335	1,570	6,100	6,150	351	2,083	2,450	8,300	8,350	182	2,831	3,330
1,750	1,800	136	604	710	3,950	4,000	304	1,352	1,590	6,150	6,200	347	2,100	2,470	8,350	8,400	179	2,848	3,350
1,800	1,850	140	621	730	4,000	4,050	308	1,369	1,610	6,200	6,250	343	2,117	2,490	8,400	8,450	175	2,865	3,370
1,850	1,900	143	638	750	4,050	4,100	312	1,386	1,630	6,250	6,300	339	2,134	2,510	8,450	8,500	171	2,882	3,390
1,900	1,950	147	655	770	4,100	4,150	316	1,403	1,650	6,300	6,350	335	2,151	2,530	8,500	8,550	167	2,899	3,410
1,950	2,000	151	672	790	4,150	4,200	319	1,420	1,670	6,350	6,400	332	2,168	2,550	8,550	8,600	163	2,916	3,430
2,000	2,050	155	689	810	4,200	4,250	323	1,437	1,690	6,400	6,450	328	2,185	2,570	8,600	8,650	160	2,933	3,450
2,050	2,100	159	706	830	4,250	4,300	327	1,454	1,710	6,450	6,500	324	2,202	2,590	8,650	8,700	156	2,950	3,470
2,100	2,150	163	723	850	4,300	4,350	331	1,471	1,730	6,500	6,550	320	2,219	2,610	8,700	8,750	152	2,967	3,490
2,150	2,200	166	740	870	4,350	4,400	335	1,488	1,750	6,550	6,600	316	2,236	2,630	8,750	8,800	148	2,984	3,510

(Continued on page 49)

2001 Earned Income Credit (EIC) Table *Continued* (Caution. This is not a tax table.)

If the amount you are looking up from the worksheet is—		And you have—			If the amount you are looking up from the worksheet is—		And you have—			If the amount you are looking up from the worksheet is—		And you have—							
		No children	One child	Two children			No children	One child	Two children			No children	One child	Two children	No children	One child	Two children		
At least	But less than	Your credit is—			At least	But less than	Your credit is—			At least	But less than	Your credit is—							
8,800	8,850	144	2,428	3,530	13,900	13,950	0	2,294	3,832	16,700	16,750	0	1,847	3,242	19,500	19,550	0	1,399	2,653
8,850	8,900	140	2,428	3,550	13,950	14,000	0	2,286	3,822	16,750	16,800	0	1,839	3,232	19,550	19,600	0	1,391	2,642
8,900	8,950	137	2,428	3,570	14,000	14,050	0	2,278	3,811	16,800	16,850	0	1,831	3,221	19,600	19,650	0	1,383	2,632
8,950	9,000	133	2,428	3,590	14,050	14,100	0	2,270	3,801	16,850	16,900	0	1,823	3,211	19,650	19,700	0	1,375	2,621
9,000	9,050	129	2,428	3,610	14,100	14,150	0	2,262	3,790	16,900	16,950	0	1,815	3,200	19,700	19,750	0	1,367	2,611
9,050	9,100	125	2,428	3,630	14,150	14,200	0	2,254	3,779	16,950	17,000	0	1,807	3,190	19,750	19,800	0	1,359	2,600
9,100	9,150	121	2,428	3,650	14,200	14,250	0	2,246	3,769	17,000	17,050	0	1,799	3,179	19,800	19,850	0	1,351	2,590
9,150	9,200	117	2,428	3,670	14,250	14,300	0	2,238	3,758	17,050	17,100	0	1,791	3,169	19,850	19,900	0	1,343	2,579
9,200	9,250	114	2,428	3,690	14,300	14,350	0	2,230	3,748	17,100	17,150	0	1,783	3,158	19,900	19,950	0	1,335	2,569
9,250	9,300	110	2,428	3,710	14,350	14,400	0	2,222	3,737	17,150	17,200	0	1,775	3,148	19,950	20,000	0	1,327	2,558
9,300	9,350	106	2,428	3,730	14,400	14,450	0	2,214	3,727	17,200	17,250	0	1,767	3,137	20,000	20,050	0	1,319	2,547
9,350	9,400	102	2,428	3,750	14,450	14,500	0	2,206	3,716	17,250	17,300	0	1,759	3,127	20,050	20,100	0	1,311	2,537
9,400	9,450	98	2,428	3,770	14,500	14,550	0	2,198	3,706	17,300	17,350	0	1,751	3,116	20,100	20,150	0	1,303	2,526
9,450	9,500	94	2,428	3,790	14,550	14,600	0	2,190	3,695	17,350	17,400	0	1,743	3,106	20,150	20,200	0	1,295	2,516
9,500	9,550	91	2,428	3,810	14,600	14,650	0	2,182	3,685	17,400	17,450	0	1,735	3,095	20,200	20,250	0	1,287	2,505
9,550	9,600	87	2,428	3,830	14,650	14,700	0	2,174	3,674	17,450	17,500	0	1,727	3,085	20,250	20,300	0	1,279	2,495
9,600	9,650	83	2,428	3,850	14,700	14,750	0	2,166	3,664	17,500	17,550	0	1,719	3,074	20,300	20,350	0	1,271	2,484
9,650	9,700	79	2,428	3,870	14,750	14,800	0	2,158	3,653	17,550	17,600	0	1,711	3,063	20,350	20,400	0	1,263	2,474
9,700	9,750	75	2,428	3,890	14,800	14,850	0	2,150	3,643	17,600	17,650	0	1,703	3,053	20,400	20,450	0	1,255	2,463
9,750	9,800	72	2,428	3,910	14,850	14,900	0	2,142	3,632	17,650	17,700	0	1,695	3,042	20,450	20,500	0	1,247	2,453
9,800	9,850	68	2,428	3,930	14,900	14,950	0	2,134	3,622	17,700	17,750	0	1,687	3,032	20,500	20,550	0	1,239	2,442
9,850	9,900	64	2,428	3,950	14,950	15,000	0	2,126	3,611	17,750	17,800	0	1,679	3,021	20,550	20,600	0	1,231	2,432
9,900	9,950	60	2,428	3,970	15,000	15,050	0	2,118	3,600	17,800	17,850	0	1,671	3,011	20,600	20,650	0	1,224	2,421
9,950	10,000	56	2,428	3,990	15,050	15,100	0	2,110	3,590	17,850	17,900	0	1,663	3,000	20,650	20,700	0	1,216	2,411
10,000	10,050	52	2,428	4,008	15,100	15,150	0	2,102	3,579	17,900	17,950	0	1,655	2,990	20,700	20,750	0	1,208	2,400
10,050	10,100	49	2,428	4,008	15,150	15,200	0	2,094	3,569	17,950	18,000	0	1,647	2,979	20,750	20,800	0	1,200	2,390
10,100	10,150	45	2,428	4,008	15,200	15,250	0	2,086	3,558	18,000	18,050	0	1,639	2,969	20,800	20,850	0	1,192	2,379
10,150	10,200	41	2,428	4,008	15,250	15,300	0	2,078	3,548	18,050	18,100	0	1,631	2,958	20,850	20,900	0	1,184	2,368
10,200	10,250	37	2,428	4,008	15,300	15,350	0	2,070	3,537	18,100	18,150	0	1,623	2,948	20,900	20,950	0	1,176	2,358
10,250	10,300	33	2,428	4,008	15,350	15,400	0	2,062	3,527	18,150	18,200	0	1,615	2,937	20,950	21,000	0	1,168	2,347
10,300	10,350	29	2,428	4,008	15,400	15,450	0	2,054	3,516	18,200	18,250	0	1,607	2,927	21,000	21,050	0	1,160	2,337
10,350	10,400	26	2,428	4,008	15,450	15,500	0	2,046	3,506	18,250	18,300	0	1,599	2,916	21,050	21,100	0	1,152	2,326
10,400	10,450	22	2,428	4,008	15,500	15,550	0	2,038	3,495	18,300	18,350	0	1,591	2,906	21,100	21,150	0	1,144	2,316
10,450	10,500	18	2,428	4,008	15,550	15,600	0	2,030	3,485	18,350	18,400	0	1,583	2,895	21,150	21,200	0	1,136	2,305
10,500	10,550	14	2,428	4,008	15,600	15,650	0	2,022	3,474	18,400	18,450	0	1,575	2,884	21,200	21,250	0	1,128	2,295
10,550	10,600	10	2,428	4,008	15,650	15,700	0	2,015	3,464	18,450	18,500	0	1,567	2,874	21,250	21,300	0	1,120	2,284
10,600	10,650	7	2,428	4,008	15,700	15,750	0	2,007	3,453	18,500	18,550	0	1,559	2,863	21,300	21,350	0	1,112	2,274
10,650	10,700	3	2,428	4,008	15,750	15,800	0	1,999	3,443	18,550	18,600	0	1,551	2,853	21,350	21,400	0	1,104	2,263
10,700	10,750	*	2,428	4,008	15,800	15,850	0	1,991	3,432	18,600	18,650	0	1,543	2,842	21,400	21,450	0	1,096	2,253
10,750	13,100	0	2,428	4,008	15,850	15,900	0	1,983	3,421	18,650	18,700	0	1,535	2,832	21,450	21,500	0	1,088	2,242
13,100	13,150	0	2,422	4,001	15,900	15,950	0	1,975	3,411	18,700	18,750	0	1,527	2,821	21,500	21,550	0	1,080	2,232
13,150	13,200	0	2,414	3,990	15,950	16,000	0	1,967	3,400	18,750	18,800	0	1,519	2,811	21,550	21,600	0	1,072	2,221
13,200	13,250	0	2,406	3,980	16,000	16,050	0	1,959	3,390	18,800	18,850	0	1,511	2,800	21,600	21,650	0	1,064	2,211
13,250	13,300	0	2,398	3,969	16,050	16,100	0	1,951	3,379	18,850	18,900	0	1,503	2,790	21,650	21,700	0	1,056	2,200
13,300	13,350	0	2,390	3,959	16,100	16,150	0	1,943	3,369	18,900	18,950	0	1,495	2,779	21,700	21,750	0	1,048	2,189
13,350	13,400	0	2,382	3,948	16,150	16,200	0	1,935	3,358	18,950	19,000	0	1,487	2,769	21,750	21,800	0	1,040	2,179
13,400	13,450	0	2,374	3,937	16,200	16,250	0	1,927	3,348	19,000	19,050	0	1,479	2,758	21,800	21,850	0	1,032	2,168
13,450	13,500	0	2,366	3,927	16,250	16,300	0	1,919	3,337	19,050	19,100	0	1,471	2,748	21,850	21,900	0	1,024	2,158
13,500	13,550	0	2,358	3,916	16,300	16,350	0	1,911	3,327	19,100	19,150	0	1,463	2,737	21,900	21,950	0	1,016	2,147
13,550	13,600	0	2,350	3,906	16,350	16,400	0	1,903	3,316	19,150	19,200	0	1,455	2,726	21,950	22,000	0	1,008	2,137
13,600	13,650	0	2,342	3,895	16,400	16,450	0	1,895	3,306	19,200	19,250	0	1,447	2,716	22,000	22,050	0	1,000	2,126
13,650	13,700	0	2,334	3,885	16,450	16,500	0	1,887	3,295	19,250	19,300	0	1,439	2,705	22,050	22,100	0	992	2,116
13,700	13,750	0	2,326	3,874	16,500	16,550	0	1,879	3,285	19,300	19,350	0	1,431	2,695	22,100	22,150	0	984	2,105
13,750	13,800	0	2,318	3,864	16,550	16,600	0	1,871	3,274	19,350	19,400	0	1,423	2,684	22,150	22,200	0	976	2,095
13,800	13,850	0	2,310	3,853	16,600	16,650	0	1,863	3,264	19,400	19,450	0	1,415	2,674	22,200	22,250	0	968	2,084
13,850	13,900	0	2,302	3,843	16,650	16,700	0	1,855	3,253	19,450	19,500	0	1,407	2,663	22,250	22,300	0	960	2,074

*If the amount you are looking up from the worksheet is at least \$10,700 but less than \$10,710, your credit is \$1. Otherwise, you cannot take the credit.

(Continued on page 50)

2001 Earned Income Credit (EIC) Table *Continued* (Caution. This is not a tax table.)

If the amount you are looking up from the worksheet is—		And you have—			If the amount you are looking up from the worksheet is—		And you have—			If the amount you are looking up from the worksheet is—		And you have—							
		No children	One child	Two children			No children	One child	Two children			No children	One child	Two children	No children	One child	Two children		
At least	But less than	Your credit is—			At least	But less than	Your credit is—			At least	But less than	Your credit is—							
22,300	22,350	0	952	2,063	24,900	24,950	0	536	1,516	27,500	27,550	0	121	968	30,100	30,150	0	0	420
22,350	22,400	0	944	2,053	24,950	25,000	0	528	1,505	27,550	27,600	0	113	957	30,150	30,200	0	0	410
22,400	22,450	0	936	2,042	25,000	25,050	0	520	1,494	27,600	27,650	0	105	947	30,200	30,250	0	0	399
22,450	22,500	0	928	2,032	25,050	25,100	0	512	1,484	27,650	27,700	0	97	936	30,250	30,300	0	0	389
22,500	22,550	0	920	2,021	25,100	25,150	0	504	1,473	27,700	27,750	0	89	926	30,300	30,350	0	0	378
22,550	22,600	0	912	2,010	25,150	25,200	0	496	1,463	27,750	27,800	0	81	915	30,350	30,400	0	0	368
22,600	22,650	0	904	2,000	25,200	25,250	0	488	1,452	27,800	27,850	0	73	905	30,400	30,450	0	0	357
22,650	22,700	0	896	1,989	25,250	25,300	0	480	1,442	27,850	27,900	0	65	894	30,450	30,500	0	0	347
22,700	22,750	0	888	1,979	25,300	25,350	0	472	1,431	27,900	27,950	0	57	884	30,500	30,550	0	0	336
22,750	22,800	0	880	1,968	25,350	25,400	0	464	1,421	27,950	28,000	0	49	873	30,550	30,600	0	0	326
22,800	22,850	0	872	1,958	25,400	25,450	0	456	1,410	28,000	28,050	0	41	863	30,600	30,650	0	0	315
22,850	22,900	0	864	1,947	25,450	25,500	0	448	1,400	28,050	28,100	0	33	852	30,650	30,700	0	0	305
22,900	22,950	0	856	1,937	25,500	25,550	0	440	1,389	28,100	28,150	0	25	842	30,700	30,750	0	0	294
22,950	23,000	0	848	1,926	25,550	25,600	0	432	1,379	28,150	28,200	0	17	831	30,750	30,800	0	0	284
23,000	23,050	0	840	1,916	25,600	25,650	0	425	1,368	28,200	28,250	0	9	821	30,800	30,850	0	0	273
23,050	23,100	0	832	1,905	25,650	25,700	0	417	1,358	28,250	28,300	0	**	810	30,850	30,900	0	0	262
23,100	23,150	0	824	1,895	25,700	25,750	0	409	1,347	28,300	28,350	0	0	800	30,900	30,950	0	0	252
23,150	23,200	0	816	1,884	25,750	25,800	0	401	1,337	28,350	28,400	0	0	789	30,950	31,000	0	0	241
23,200	23,250	0	808	1,874	25,800	25,850	0	393	1,326	28,400	28,450	0	0	778	31,000	31,050	0	0	231
23,250	23,300	0	800	1,863	25,850	25,900	0	385	1,315	28,450	28,500	0	0	768	31,050	31,100	0	0	220
23,300	23,350	0	792	1,853	25,900	25,950	0	377	1,305	28,500	28,550	0	0	757	31,100	31,150	0	0	210
23,350	23,400	0	784	1,842	25,950	26,000	0	369	1,294	28,550	28,600	0	0	747	31,150	31,200	0	0	199
23,400	23,450	0	776	1,831	26,000	26,050	0	361	1,284	28,600	28,650	0	0	736	31,200	31,250	0	0	189
23,450	23,500	0	768	1,821	26,050	26,100	0	353	1,273	28,650	28,700	0	0	726	31,250	31,300	0	0	178
23,500	23,550	0	760	1,810	26,100	26,150	0	345	1,263	28,700	28,750	0	0	715	31,300	31,350	0	0	168
23,550	23,600	0	752	1,800	26,150	26,200	0	337	1,252	28,750	28,800	0	0	705	31,350	31,400	0	0	157
23,600	23,650	0	744	1,789	26,200	26,250	0	329	1,242	28,800	28,850	0	0	694	31,400	31,450	0	0	147
23,650	23,700	0	736	1,779	26,250	26,300	0	321	1,231	28,850	28,900	0	0	684	31,450	31,500	0	0	136
23,700	23,750	0	728	1,768	26,300	26,350	0	313	1,221	28,900	28,950	0	0	673	31,500	31,550	0	0	126
23,750	23,800	0	720	1,758	26,350	26,400	0	305	1,210	28,950	29,000	0	0	663	31,550	31,600	0	0	115
23,800	23,850	0	712	1,747	26,400	26,450	0	297	1,200	29,000	29,050	0	0	652	31,600	31,650	0	0	105
23,850	23,900	0	704	1,737	26,450	26,500	0	289	1,189	29,050	29,100	0	0	642	31,650	31,700	0	0	94
23,900	23,950	0	696	1,726	26,500	26,550	0	281	1,179	29,100	29,150	0	0	631	31,700	31,750	0	0	83
23,950	24,000	0	688	1,716	26,550	26,600	0	273	1,168	29,150	29,200	0	0	620	31,750	31,800	0	0	73
24,000	24,050	0	680	1,705	26,600	26,650	0	265	1,158	29,200	29,250	0	0	610	31,800	31,850	0	0	62
24,050	24,100	0	672	1,695	26,650	26,700	0	257	1,147	29,250	29,300	0	0	599	31,850	31,900	0	0	52
24,100	24,150	0	664	1,684	26,700	26,750	0	249	1,136	29,300	29,350	0	0	589	31,900	31,950	0	0	41
24,150	24,200	0	656	1,673	26,750	26,800	0	241	1,126	29,350	29,400	0	0	578	31,950	32,000	0	0	31
24,200	24,250	0	648	1,663	26,800	26,850	0	233	1,115	29,400	29,450	0	0	568	32,000	32,050	0	0	20
24,250	24,300	0	640	1,652	26,850	26,900	0	225	1,105	29,450	29,500	0	0	557	32,050	32,100	0	0	10
24,300	24,350	0	632	1,642	26,900	26,950	0	217	1,094	29,500	29,550	0	0	547	32,100	32,121	0	0	2
24,350	24,400	0	624	1,631	26,950	27,000	0	209	1,084	29,550	29,600	0	0	536	32,121 or more		0	0	0
24,400	24,450	0	616	1,621	27,000	27,050	0	201	1,073	29,600	29,650	0	0	526					
24,450	24,500	0	608	1,610	27,050	27,100	0	193	1,063	29,650	29,700	0	0	515					
24,500	24,550	0	600	1,600	27,100	27,150	0	185	1,052	29,700	29,750	0	0	505					
24,550	24,600	0	592	1,589	27,150	27,200	0	177	1,042	29,750	29,800	0	0	494					
24,600	24,650	0	584	1,579	27,200	27,250	0	169	1,031	29,800	29,850	0	0	484					
24,650	24,700	0	576	1,568	27,250	27,300	0	161	1,021	29,850	29,900	0	0	473					
24,700	24,750	0	568	1,558	27,300	27,350	0	153	1,010	29,900	29,950	0	0	463					
24,750	24,800	0	560	1,547	27,350	27,400	0	145	1,000	29,950	30,000	0	0	452					
24,800	24,850	0	552	1,537	27,400	27,450	0	137	989	30,000	30,050	0	0	441					
24,850	24,900	0	544	1,526	27,450	27,500	0	129	979	30,050	30,100	0	0	431					

**If the amount you are looking up from the worksheet is at least \$28,250 but less than \$28,281, your credit is \$3. Otherwise, you cannot take the credit.

Line 62**Excess Social Security and RRTA Tax Withheld**

If you, or your spouse if filing a joint return, had more than one employer for 2001 and total wages of more than \$80,400, too much social security tax may have been withheld. You can take a credit on this line for the amount withheld in excess of \$4,984.80. But if any one employer withheld more than \$4,984.80, 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.

If you had more than one railroad employer for 2001 and your total compensation was over \$59,700, too much railroad retirement (RRTA) tax may have been withheld.

For more details, see **Pub. 505**.

Line 63**Additional Child Tax Credit****What Is the Additional Child Tax Credit?**

This credit is for certain people who have at least one qualifying child as defined in the instructions for line 6c, column (4), on page 20. 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 48 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 only if you meet the condition given in that **TIP**.

Line 64**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 electronic funds withdrawal or credit card. If you paid by credit card, do not include on line 64 the convenience fee you were charged. Also, include any amounts paid with **Form 2688** or **2350**.

Line 65**Other Payments**

Check the box(es) on line 65 to report any credit from **Form 2439** or **4136**.

Refund

Line 67**Amount Overpaid**

If line 67 is under \$1, we will send a refund only on written request.

If you want to check the status of your refund, please wait at least 4 weeks from the date you filed your return to do so. See page 11 for details.



If the amount you overpaid is large, you may want to decrease the amount of income tax withheld from your pay by filing a new **Form W-4**. See **Income Tax Withholding and Estimated Tax Payments for 2002** on page 54.

Refund Offset

If you owe past-due Federal tax, state income tax, child support, spousal support, or certain Federal nontax debts, such as student loans, all or part of the overpayment on line 67 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). You will receive a notice from FMS showing the amount of the offset and the agency receiving it. To find out if you may have an offset or if you have any questions about it, contact the agency(ies) you owe the debt to.

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 nontax debt, such as a student loan, part or all of the overpayment on line 67 may be used (offset) to pay the past-due amount. But **your** part of the overpayment may be refunded to you after the offset occurs if certain conditions apply and you complete **Form 8379**. For details, use TeleTax topic 203 (see page 11) or see Form 8379.

Lines 68b Through 68d**Direct Deposit of Refund**

Complete lines 68b through 68d if you want us to directly deposit the amount shown on line 68a into your account at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) instead of sending you a check.

Why Use Direct Deposit?

- You get your refund fast—even faster 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.



You can check with your financial institution to make sure your deposit will be accepted and to get the correct routing and account numbers. The IRS is not responsible for a lost refund if you enter the wrong account information.

If you file a joint return and fill in lines 68b through 68d, you are appointing your spouse as an agent to receive the refund. This appointment cannot be changed later.

Line 68b

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 52, the routing number is 250250025.

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 68b.

Line 68d

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 52, the account number is 20202086. Be sure **not** to include the check number.

(Continued on page 52)



Some financial institutions will not allow a joint refund to be deposited into an individual account. If the direct deposit is rejected, a check will be sent instead. The IRS is not responsible if a financial institution rejects a direct deposit.

Line 69

Applied to Your 2002 Estimated Tax

Enter on line 69 the amount, if any, of the overpayment on line 67 you want applied to your 2002 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 2002 estimated tax cannot be changed later.

Amount You Owe

Line 70

Amount You Owe



You do not have to pay if line 70 is under \$1.

Include any estimated tax penalty from line 71 in the amount you enter on line 70.

Sample Check—Lines 68b Through 68d

CURT MAPLE
ANNE MAPLE
123 Pear Lane
Anyplace, VA 20000

PAY TO THE ORDER OF _____ \$ 1234.00
DOLLARS

ANYPLACE BANK
Anyplace, VA 20000

Routing number (line 68b): 250250025
Account number (line 68d): 2020201186

For _____

1:250250025:2020201186:1234

Do not include the check number.

Note. The routing and account numbers may be in different places on your check.

You can pay by check, money order, or credit card. **Do not** include any estimated tax payment in your check, money order, or amount you charge. Instead, make the estimated tax payment separately.

To 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 “2001 Form 1040” and your name, address, daytime phone number, and social security number (SSN) on your payment. If you are filing a joint return, enter the SSN shown first on your tax return.

To help us 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 “\$ XXX-” or “\$ XXX ^{XX}/₁₀₀”).

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, or MasterCard® card. To pay by credit card, call toll free or access by Internet one of the service providers listed on this page and follow the instructions. A convenience fee will be charged by the 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 Web Site shown below. **If you paid by credit card**, 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 you charged (not including the convenience fee).

PhoneCharge, Inc.
1-888-ALLTAXX (1-888-255-8299)
1-877-851-9964 (Customer Service)
www.1888ALLTAXX.com

Official Payments Corporation
1-800-2PAY-TAX (1-800-272-9829)
1-877-754-4413 (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 2002. See **Income Tax Withholding and Estimated Tax Payments for 2002** on page 54.

What if You Cannot Pay?

If you cannot pay the full amount shown on line 70 when you file, you may ask to make monthly **installment payments**. 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, 2002, even if your request to pay in installments is granted. You must also pay a fee. To limit the interest and penalty 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.

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 71

Estimated Tax Penalty



You must include household employment taxes reported on line 57 to see if you owe the penalty if line 59 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, include the total of that amount plus the amount on Form 1040, line 57.

(Continued on page 53)

You may owe this penalty if:

- Line 70 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 you are due a refund.

For most people, the “tax shown on your return” is the amount on line 58 minus the total of any amounts shown on lines 61a and 63 and Forms 8828, 4137, 4136, and 5329 (Parts III, IV, V, VI, and VII only).

Exception. You will not owe the penalty if your 2000 tax return was for a tax year of 12 full months **and either** of the following applies.

1. You had no tax liability for 2000 and you were a U.S. citizen or resident for all of 2000 **or**
2. The total of lines 59, 60, and 62 on your 2001 return is at least as much as the tax liability shown on your 2000 return. Your estimated tax payments for 2001 must have been made on time and for the required amount.



If your 2000 adjusted gross income was over \$150,000 (over \$75,000 if your 2001 filing status is married filing separately), item 2 above applies only if the total of lines 59, 60, and 62 on your 2001 return is at least 110% of the tax liability shown on your 2000 return. 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** (or **2210-F** for farmers and fishermen) to find out if you owe the penalty. If you do, you can use the form to figure the amount. In certain situations, you may be able to lower your penalty. For details, see the Instructions for Form 2210 (or 2210-F).

Enter the penalty on line 71. Add the penalty to any tax due and enter the total on line 70. If you are due a refund, subtract the penalty from the overpayment you show on line 67. **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 71 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.

Third Party Designee

If you want to allow a friend, family member, or any other person you choose to discuss your 2001 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 numbers 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 it with the IRS, just enter “Preparer” in the space for the designee’s name. 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 refund or payment(s), and
- Respond to certain IRS notices that you have shared with the designee about math errors, offsets, and return preparation. The notices will not be sent to the designee.

You are not authorizing the designee to receive any refund check, bind 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 cannot be revoked. However, the authorization will automatically end no later than the due date (without regard to extensions) for filing your 2002 tax return. This is April 15, 2003, for most people.

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 your spouse cannot sign the return, see **Pub. 501**. If you have someone prepare your return, you are still responsible for the correctness of the return. If you are filing a joint return as a surviving spouse, see **Death of a Taxpayer** on page 55.

Child’s Return

If your child cannot sign the return, either parent may sign the child’s name in the

space provided. Then, add “By (your signature), parent for minor child.”

Daytime Phone Number

Providing your daytime phone number may help speed the processing of your return. We may have questions about items on your return, such as the earned income credit, 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 by hand in the space provided. Signature stamps or labels cannot be used. 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.

Assemble Your Return

Assemble any schedules and forms behind Form 1040 in order of the “Attachment Sequence No.” shown in the upper right corner of the schedule or form. If you have supporting statements, arrange them in the same order as the schedules or forms they support and attach them last. **Do not** attach correspondence or other items unless required to do so. Attach a copy of Forms W-2, W-2G, and 2439 to the front of Form 1040. Also attach Form(s) 1099-R to the front of Form 1040 if tax was withheld.

General Information

How To Avoid Common Mistakes

Mistakes may delay your refund or result in notices being sent to you.

1. Make sure you entered the correct name and social security number (SSN) for each dependent you claim on line 6c. Also, make sure you check the box in column (4) of line 6c for each dependent under age 17 who is also a qualifying child for the child tax credit.

2. Check your math, especially for the child tax credit, earned income credit, taxable social security benefits, total income, itemized deductions or standard deduction, deduction for exemptions, taxable income, total tax, Federal income tax withheld, and refund or amount you owe.

3. Be sure you use the correct method to figure your tax. See the instructions for line 40 that begin on page 33.

4. Be sure to enter your SSN in the space provided on page 1 of Form 1040. If you are married filing a joint or separate return, also enter your spouse's SSN. Be sure to enter your SSN in the space next to your name.

5. Make sure your name and address are correct on the peel-off label. If not, enter the correct information. If you did not get a peel-off label, enter your (and your spouse's) name in the same order as shown on your last return.

6. If you are taking the standard deduction and you checked any box on line 35a or you (or your spouse if filing jointly) can be claimed as a dependent on someone else's 2001 return, see page 31 to be sure you entered the correct amount on line 36.

7. If you received capital gain distributions but were not required to file Schedule D, make sure you check the box on line 13.

8. Remember to **sign** and date Form 1040 and enter your occupation.

9. Attach your W-2 form(s) and other required forms and schedules. Put all forms and schedules in the proper order. See **Assemble Your Return** on page 53.

10. If you owe tax and are paying by check or money order, be sure to include all the required information on your payment. See the instructions for line 70 on page 52 for details.

What Are Your Rights as a Taxpayer?

You have the right to be treated fairly, professionally, promptly, and courteously by

IRS employees. Our goal at the IRS is to protect your rights so that you will have the highest confidence in the integrity, efficiency, and fairness of our tax system. To ensure that you always receive such treatment, you should know about the many rights you have at each step of the tax process. For details, see **Pub. 1**.

Innocent Spouse Relief

You may qualify for relief from liability for tax on a joint return if (a) there is an understatement of tax because your spouse omitted income or claimed false deductions or credits, (b) you are divorced, separated, or no longer living with your spouse, or (c) given all the facts and circumstances, it would not be fair to hold you liable. See **Form 8857** or **Pub. 971** for more details.

Income Tax Withholding and Estimated Tax Payments for 2002

If the amount you owe or the amount you overpaid is large, you may want to file a new **Form W-4** with your employer to change the amount of income tax withheld from your 2002 pay. For details on how to complete Form W-4, see **Pub. 919** or visit the IRS Web Site at www.irs.gov/prod/ind_info/webw4/index.html.

In general, you do not have to make estimated tax payments if you expect that your 2002 Form 1040 will show a tax refund or a tax balance due the IRS of less than \$1,000. If your total estimated tax (including any household employment taxes or alternative minimum tax) for 2002 is \$1,000 or more, see **Form 1040-ES**. It has a worksheet you can use to see if you have to make estimated tax payments. For more details, see **Pub. 505**.

Do Both the Name and SSN on Your Tax Forms Agree With Your Social Security Card?

If not, certain deductions and credits may be reduced or disallowed, your refund may be delayed, and you may not receive credit for your social security earnings. If your Form W-2, Form 1099, or other tax document shows an incorrect SSN or name, notify your employer or the form-issuing agent as soon as possible to make sure your earnings are credited to your social security record. If the name or SSN on your social security card is incorrect, call the Social Security Administration at 1-800-772-1213.

How Do You Make a Gift To Reduce the Public Debt?

If you wish to do so, make a check payable to "Bureau of the Public Debt." You can send it to: Bureau of the Public Debt, Department G, P.O. Box 2188, Parkersburg, WV 26106-2188. Or you can enclose the check with your income tax return when you file. Do not add your gift to any tax you may owe. See page 52 for details on how to pay any tax you owe.



If you itemize your deductions for 2002, you may be able to deduct this gift.

Address Change

If you move after you file, always notify the IRS in writing of your new address. To do this, you can use **Form 8822**.

How Long Should Records Be Kept?

Keep a copy of your tax return, worksheets you used, and records of all items appearing on it (such as W-2 and 1099 forms) until the statute of limitations runs out for that return. Usually, this is 3 years from the date the return was due or filed, or 2 years from the date the tax was paid, whichever is later. You should keep some records longer. For example, keep property records (including those on your home) as long as they are needed to figure the basis of the original or replacement property. For more details, see **Pub. 552**.

Amended Return

File **Form 1040X** to change a return you already filed. Generally, Form 1040X must be filed within 3 years after the date the original return was filed, or within 2 years after the date the tax was paid, whichever is later. But you may have more time to file Form 1040X if you are physically or mentally unable to manage your financial affairs. See **Pub. 556** for details.

Need a Copy of Your Tax Return?

If you need a copy of your tax return, use **Form 4506**. If you have questions about your account, call or write your local IRS office. If you want a printed copy of your account, it will be mailed to you free of charge.

Death of a Taxpayer

If a taxpayer died before filing a return for 2001, the taxpayer's spouse or personal representative may have to file and sign a return for that taxpayer. A personal representative can be an executor, administrator, or anyone who is in charge of the deceased taxpayer's property. If the deceased taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund. The person who files the return should enter "DECEASED," the deceased taxpayer's name, and the date of death across the top of the return.

If your spouse died in 2001 and you did not remarry in 2001, you can file a joint return. You can also file a joint return if your spouse died in 2002 before filing a return for 2001. A joint return should show your spouse's 2001 income before death and your income for all of 2001. Enter "Filing as surviving spouse" in the area where you sign the return. If someone else is the personal representative, he or she must also sign.

The surviving spouse or personal representative should promptly notify all payers of income, including financial institutions, of the taxpayer's death. This will ensure the proper reporting of income earned by the taxpayer's estate or heirs. A deceased taxpayer's social security number should not be used for tax years after the year of death, except for estate tax return purposes.

Claiming a Refund for a Deceased Taxpayer

If you are filing a joint return as a surviving spouse, you only need to file the tax return to claim the refund. If you are a court-appointed representative, file the return and attach a copy of the certificate that shows your appointment. All other filers requesting the deceased taxpayer's refund must file the return and attach **Form 1310**.

For more details, use TeleTax topic 356 (see page 11) or see **Pub. 559**.



Delete the Paperwork. Hit

SEND

So easy, no wonder 40 million people use it! You can file electronically, sign electronically, and get your refund or even pay electronically. IRS *e-file* offers accurate, safe, and fast alternatives to filing on paper. IRS computers quickly and automatically check for errors or other missing information. This year, almost all forms and schedules can be

e-filed. Even returns with a foreign address can be *e-filed*! The chance of an audit of an *e-filed* tax return is no greater than with a paper filed return. Forty million taxpayers just like you filed their tax returns electronically using an IRS *e-file* option because of the many benefits:

- Accuracy!
- Security!
- Electronic Signatures!
- Proof of Acceptance!
- Fast Refunds!
- FREE/Low-Cost Filing!
- Electronic Payment Options!
- Federal/State *e-file*!



Use an Authorized IRS *e-file* Provider. Many tax professionals can electronically file paperless returns for their clients. As a taxpayer, you have two options: **1.** You can prepare your return, take it to a tax professional, ask to sign it electronically using a five-digit self-selected Personal Identification Number (PIN) and then have the tax professional transmit it electronically to the IRS, or **2.** You can have a tax professional prepare your return, you can sign it electronically using a five-digit self-selected PIN, and have your preparer transmit it for you electronically.

Depending on the tax professional and the specific services requested, a fee may be charged. Look for the "Authorized IRS *e-file* Provider" sign or check the IRS Web Site at www.irs.gov for an "Authorized IRS *e-file* Provider" near you.

Use Your Personal Computer. A computer with a modem and/or Internet access is all you need to file your tax return using IRS *e-file*. You can buy tax preparation software at various electronics stores or computer and office supply stores. You can download software from the Internet or prepare and file your return completely on-line by using a tax preparation software package on the Internet (nothing to buy or install). Best of all, you can *e-file* your tax return from the comfort of your home any time of the day or night. Sign your return electronically using a five-digit self-selected PIN to complete the process. There is no signature form to submit or Forms W-2 to send in. IRS *e-file* is totally paperless! Within 48 hours of filing, you will receive confirmation that the IRS has received your return. To find free and low-cost *e-file* opportunities for taxpayers who qualify or a list of all software companies that participate in the IRS *e-file* program, visit our Web Site at www.irs.gov. Once your return is prepared, you will need a modem and/or Internet access to file it electronically.



Use a Telephone. For millions of eligible taxpayers, TeleFile is the easiest way to file. TeleFile allows you to file your simple Federal income tax return using a touch-tone telephone. Only taxpayers who met the qualifications for Form 1040EZ in the prior year are eligible to receive the TeleFile Tax Package for the current year. A TeleFile Tax Package is automatically mailed to you if you are eligible. **Parents: If your children receive a TeleFile Tax Package, please encourage them to use TeleFile.**

Through Employers and Financial Institutions. Some businesses offer free *e-file* to their employees, members, or customers. Others offer it for a fee. Ask your employer or financial institution if they offer IRS *e-file* as an employee, member, or customer benefit.

Visit a VITA or TCE Site. Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites are open to low-income individuals, others who need help with their tax returns, and the elderly. Both programs are free and can be found at many libraries, colleges, universities, shopping malls, and retirement and senior centers. Find the closest VITA or TCE site by calling 1-800-829-1040. Remember to take your spouse's, your dependent's, and your own social security cards and other identifying documents. Ask for IRS *e-file* at these sites.

DIRECT DEPOSIT
Simple. Safe. Secure.

Fast Refunds!

Choose Direct Deposit—a fast, simple, safe, secure way to have your Federal income tax refund deposited automatically into your checking or savings account. To choose Direct Deposit, taxpayers are prompted by the tax preparation software to indicate on the refund portion of the electronic return the financial institution's routing number, account number, and type of account—either checking or savings. Taxpayers who file electronically receive their refunds in less than half the time paper filers do and with Direct Deposit—in as few as 10 days!

Electronic Signatures! Paperless filing is easier than you think and it's available to most taxpayers who file electronically—including those first-time filers who were 16 or older on December 31, 2001. It's available to individuals preparing their own returns using tax preparation software or those who use a tax professional. Regardless of the *e-filing* method you choose, you may be able to participate in the Self-Select PIN program. If you are married filing a joint return, you and your spouse will each need to create a PIN and enter it as your electronic signature.

If using tax preparation software, the process includes completing your income tax return on your personal computer and when prompted, signing electronically. You will enter a five-digit PIN that will serve as your electronic signature.

For more details on qualifications and required taxpayer information for the Self-Select PIN or on IRS *e-file*, please visit the IRS Web Site at www.irs.gov.

Forms 8453 and 8453-OL. Your return is not complete without your signature. If you are not eligible or choose not to participate in the Self-Select PIN program for signing your return electronically, you must complete and sign **Form 8453** or **Form 8453-OL**, whichever applies.

Electronic Payment Options! If you owe tax, you can make your payment electronically.

Electronic Funds Withdrawal. You can *e-file* and pay in a single step by authorizing an electronic funds withdrawal from your checking or savings account. This option is available using tax software packages, tax professionals, and TeleFile.

Credit Card. You can also *e-file* and pay in a single step by authorizing a credit card payment. This option is available through some tax preparation software packages and tax professionals. Two other ways to pay by credit card are by telephone or Internet (see **Amount You Owe** on page 52 for details). Service providers charge a convenience fee for credit card payments.

Federal/State *e-file*! File Federal and state tax returns together using *e-file* and double the benefits of *e-file*! The tax preparation software automatically transfers relevant data from the Federal income tax return to the state income tax return as the information is entered. Currently, 37 states and the District of Columbia participate in the Federal/State *e-file* program. To see a complete list of states, check the IRS Web Site at www.irs.gov.

Delete the Paperwork. Hit

SEND

All tax returns prepared electronically should be filed electronically. It's just a matter of clicking Send instead of Print! **Remember!** You get automatic confirmation within 48 hours that the IRS received your *e-filed* income tax return for processing.



Is Also Available! IRS

for Business *e-file* for Business is an electronic method to file business returns. For details, visit the IRS Web Site at www.irs.gov.



EFTPS™ **Electronic Federal Tax Payment System** offers another way to pay your Federal taxes. It's available to business and individual taxpayers. For details, visit www.EFTPS.gov or call EFTPS Customer Service at **1-800-555-4477** or **1-800-945-8400**.

Other Ways To Get Help

Send Your Written Tax Questions to the IRS. You should get an answer in about 30 days. If you do not have the address, call us. See page 13 for the number. Do not send questions with your return.

Assistance With Your Return. IRS offices can help you prepare your return. An assister will explain a Form 1040EZ, 1040A, or 1040 with Schedules A and B to you and other taxpayers in a group setting. You may also be able to file your return electronically by computer free of charge at some IRS offices. To find the IRS office nearest you, look in the phone book under "United States Government, Internal Revenue Service" or call us. See page 13 for the number.

VITA and TCE. These programs help older, disabled, low-income, and non-English-speaking people fill in their returns. For details, call us. See page 13 for the number. If you received a Federal income tax package in the mail, take it with you when you go for help. Also take a copy of your 2000 tax return if you have it. **Or** to find the nearest AARP Tax-Aide site, visit AARP's Web Site at www.aarp.org/taxaide or call **1-877-227-7844**.

On-Line Services. If you subscribe to an on-line service, ask about on-line filing or tax information.

Large-Print Forms and Instructions. **Pub. 1614** has large-print copies of Form 1040, Schedules A, B, D, E, EIC, and R, and Forms 1040-V and 8812, 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 57.

Help for People With Disabilities. Telephone help is available using TTY/TDD equipment. See page 13 for the number. Braille materials are available at libraries that have special services for people with disabilities.

Interest and Penalties

Note. 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.

If you include interest or penalties (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 70.

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 understatements 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.

Late Payment of Tax. If you pay your taxes late, the penalty is usually ½ of 1% of the unpaid amount for each month or part of a month the tax is not paid. The penalty can be as much as 25% of the unpaid amount. It applies to any unpaid tax on the return. This penalty is in addition to interest charges on late payments.

Frivolous Return. In addition to any other penalties, the law imposes a penalty of \$500 for filing a frivolous return. A frivolous return is one that does not contain information needed to figure the correct tax or shows a substantially incorrect tax because you take a frivolous position or desire to delay or interfere with the tax laws. This includes altering or striking out the preprinted language above the space where you sign.

Other. Other penalties can be imposed for negligence, substantial understatement of tax, and fraud. Criminal penalties may be imposed for willful failure to file, tax evasion, or making a false statement. See **Pub. 17** for details on some of these penalties.

Order Blank for Forms and Publications

The most frequently ordered forms and publications are listed on the order blank below. See pages 8 through 10 for the titles of the forms and publications. 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.



For faster ways of getting the items you need, such as by computer 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. Enclose 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 . . .	AT this address . . .
Western United States	Western Area Distribution Center	Rancho Cordova, CA 95743-0001
Central United States	Central Area Distribution Center	P.O. Box 8903 Bloomington, IL 61702-8903
Eastern United States or a foreign country	Eastern Area Distribution Center	P.O. Box 85074 Richmond, VA 23261-5074

▲ Cut here ▲

Order Blank

Fill in your name and address.

Name		
Postal mailing address		Apt./Suite/Room
City	State	ZIP code
Foreign country		International postal code
Daytime phone number ()		

The items in bold may be picked up at many IRS offices, post offices, and libraries. You may also download all these items from the Internet at www.irs.gov or place an electronic order for them.

Circle the forms and publications you need. The instructions for any form you order will be included.

1040	Schedule F (1040)	Schedule 3 (1040A)	2441	8812	Pub. 463	Pub. 527	Pub. 910
Schedules A&B (1040)	Schedule H (1040)	1040EZ	3903	8822	Pub. 501	Pub. 529	Pub. 926
Schedule C (1040)	Schedule J (1040)	1040-ES (2002)	4562	8829	Pub. 502	Pub. 535	Pub. 929
Schedule C-EZ (1040)	Schedule R (1040)	1040-V	4868	8863	Pub. 505	Pub. 550	Pub. 936
Schedule D (1040)	Schedule SE (1040)	1040X	5329	9465	Pub. 508	Pub. 554	Pub. 970
Schedule D-1 (1040)	1040A	2106	8283	Pub. 1	Pub. 521	Pub. 575	Pub. 972
Schedule E (1040)	Schedule 1 (1040A)	2106-EZ	8582	Pub. 17	Pub. 523	Pub. 590	
Schedule EIC (1040A or 1040)	Schedule 2 (1040A)	2210	8606	Pub. 334	Pub. 525	Pub. 596	

N

Disclosure, Privacy Act, and Paperwork Reduction Act Notice

The IRS Restructuring and Reform Act of 1998, the Privacy Act of 1974, and Paperwork Reduction Act of 1980 require that when we ask you for information we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it and whether your response is voluntary, required to obtain a benefit, or mandatory under the law.

This notice applies to all papers you file with us, including this tax return. It also applies to any questions we need to ask you so we can complete, correct, or process your return; figure your tax; and collect tax, interest, or penalties.

Our legal right to ask for information is Internal Revenue Code sections 6001, 6011, and 6012(a) and their regulations. They say that you must file a return or statement with us for any tax you are liable for. Your response is mandatory under these sections. Code section 6109 requires that you provide your social security number or individual taxpayer identification number on what you file. This is so we know who you are, and can process your return and other papers. You must fill in all parts of the tax form that apply to you. But you do not have to check the boxes for the Presidential Election Campaign Fund or for the third-party designee. You also do not have to provide your daytime phone number.

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.

We ask for tax return information to carry out the tax laws of the United States. We need it to figure and collect the right amount of tax.

If you do not file a return, do not provide the information we ask for, or provide fraudulent information, you may be charged penalties and be subject to criminal prosecution. We may also have to disallow the exemptions, exclusions, credits, deductions, or adjustments shown on the tax return. This could make the tax higher or delay any refund. Interest may also be charged.

Generally, tax returns and return information are confidential, as stated in Code section 6103. However, Code section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice, to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, U.S. commonwealths or possessions, and certain foreign governments to carry out their tax laws. We may disclose your tax information to the Department of Treasury and contractors for tax administration purposes; and to other persons as necessary to obtain information which we cannot get in any other way in order to determine the amount of or to collect the tax you owe. We may disclose your tax information to the Comptroller General of the United States to permit the Comptroller General to review the Internal Revenue Service. We may also disclose your tax information to Committees of Congress; Federal, state, and local child support agencies; and to

other Federal agencies for the purposes of determining entitlement for benefits or the eligibility for and the repayment of loans.

Please keep this notice with your records. It may help you if we ask you for other information. If you have questions about the rules for filing and giving information, please call or visit any Internal Revenue Service office.

The Time It Takes To Prepare Your Return

We try to create forms and instructions that can be easily understood. Often this is difficult to do because our tax laws are very complex. For some people with income mostly from wages, filling in the forms is easy. For others who have businesses, pensions, stocks, rental income, or other investments, it is more difficult.

We Welcome Comments on Forms

If you have comments concerning the accuracy of the time estimates shown below or suggestions for making these forms simpler, we would be happy to hear from you. You can e-mail us your suggestions and comments through the [IRS Internet Home Page \(www.irs.gov/help/email2.html\)](http://www.irs.gov/help/email2.html) or write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send your return to this address. Instead, see the back cover.

Estimated Preparation Time

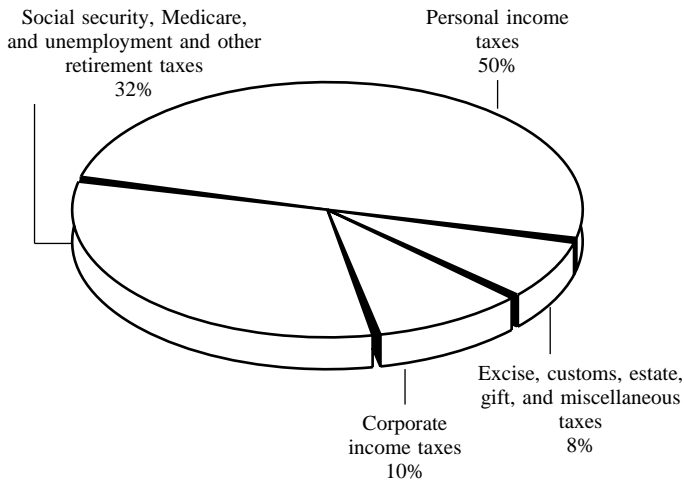
The time needed to complete and file Form 1040, its schedules, and accompanying worksheets will vary depending on individual circumstances. The estimated average times are:

Form	Recordkeeping	Learning about the law or the form	Preparing the form	Copying, assembling, and sending the form to the IRS	Totals
Form 1040	2 hr., 46 min.	3 hr., 30 min.	6 hr., 37 min.	34 min.	13 hr., 27 min.
Sch. A	3 hr., 4 min.	39 min.	1 hr., 34 min.	20 min.	5 hr., 37 min.
Sch. B	33 min.	8 min.	25 min.	20 min.	1 hr., 26 min.
Sch. C	6 hr., 4 min.	1 hr., 31 min.	2 hr., 19 min.	41 min.	10 hr., 35 min.
Sch. C-EZ	45 min.	3 min.	35 min.	20 min.	1 hr., 43 min.
Sch. D	1 hr., 29 min.	2 hr., 59 min.	2 hr., 34 min.	34 min.	7 hr., 36 min.
Sch. D-1	13 min.	1 min.	11 min.	34 min.	59 min.
Sch. E	3 hr.	1 hr.	1 hr., 24 min.	34 min.	5 hr., 58 min.
Sch. EIC	-----	1 min.	13 min.	20 min.	34 min.
Sch. F:					
Cash Method	3 hr., 29 min.	36 min.	1 hr., 27 min.	20 min.	5 hr., 52 min.
Accrual Method	3 hr., 36 min.	26 min.	1 hr., 25 min.	20 min.	5 hr., 47 min.
Sch. H	1 hr., 38 min.	30 min.	53 min.	34 min.	3 hr., 35 min.
Sch. J	19 min.	11 min.	1 hr., 32 min.	20 min.	2 hr., 22 min.
Sch. R	19 min.	15 min.	30 min.	34 min.	1 hr., 38 min.
Sch. SE:					
Short	13 min.	14 min.	13 min.	13 min.	53 min.
Long	26 min.	20 min.	35 min.	20 min.	1 hr., 41 min.

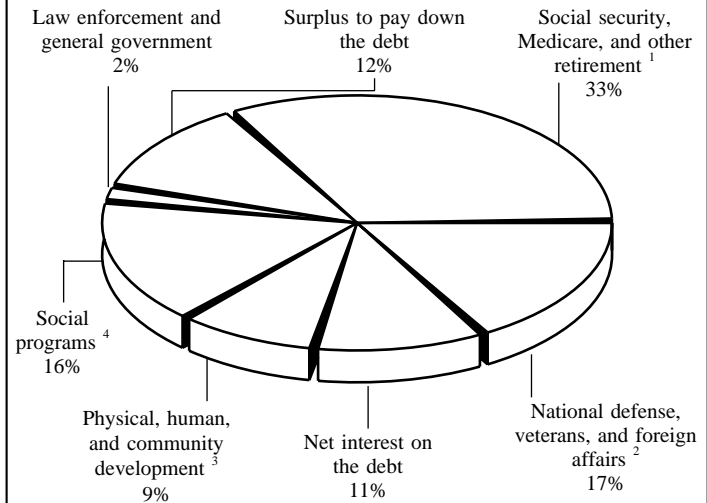
Major Categories of Federal Income and Outlays for Fiscal Year 2000

Income and Outlays. These pie charts show the relative sizes of the major categories of Federal income and outlays for fiscal year 2000.

Income



Outlays



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.

In fiscal year 2000 (which began on October 1, 1999, and ended on September 30, 2000), Federal income was \$2,025 billion and outlays were \$1,789 billion, leaving a surplus of \$236 billion.

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 14% of outlays were to equip, modernize, and pay our armed forces and to fund other national defense activities; about 2% 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 11% of total outlays were for Medicaid, food stamps, temporary assistance for needy families, supplemental security income, and related programs; and 5% for health research and public health programs, unemployment compensation, assisted housing, and social services.

Note. The percentages on this page exclude undistributed offsetting receipts, which were \$43 billion in fiscal year 2000. In the budget, these receipts are offset against spending in figuring the outlay totals shown above. These receipts are for the U.S. Government's share of its employee retirement programs, rents and royalties on the Outer Continental Shelf, and proceeds from the sale of assets.



Where Do You File?

If an envelope addressed to "Internal Revenue Service Center" came with this booklet, please use it. If you do not have one or if you moved during the year, mail your return to the Internal Revenue Service Center shown that applies to you.



Envelopes without enough postage will be returned to you by the post office. Your envelope may need additional postage if it contains more than five pages or is oversized (for example, it is over 1/4" thick). Also, include your complete return address.

IF you live in...	THEN use this address if you:	
	Are not enclosing a check or money order...	Are enclosing a check or money order...
Florida, Georgia, North Carolina, South Carolina, West Virginia	Internal Revenue Service Center Atlanta, GA 39901-0002	Internal Revenue Service Center Atlanta, GA 39901-0102
New Jersey, New York (<i>New York City and counties of Nassau, Rockland, Suffolk, and Westchester</i>)	Internal Revenue Service Center Holtsville, NY 00501-0002	Internal Revenue Service Center Holtsville, NY 00501-0102
New York (<i>all other counties</i>), Massachusetts, Michigan, Rhode Island	Internal Revenue Service Center Andover, MA 05501-0002	Internal Revenue Service Center Andover, MA 05501-0102
Illinois, Iowa, Kansas, Minnesota, Missouri, Oklahoma, Utah, Wisconsin	Internal Revenue Service Center Kansas City, MO 64999-0002	Internal Revenue Service Center Kansas City, MO 64999-0102
Connecticut, Delaware, District of Columbia, Indiana, Maine, Maryland, New Hampshire, Pennsylvania, Vermont	Internal Revenue Service Center Philadelphia, PA 19255-0002	Internal Revenue Service Center Philadelphia, PA 19255-0102
Ohio	Internal Revenue Service Center Cincinnati, OH 45999-0002	Internal Revenue Service Center Cincinnati, OH 45999-0102
Arizona, Colorado, Idaho, Montana, New Mexico, Texas, Wyoming	Internal Revenue Service Center Austin, TX 73301-0002	Internal Revenue Service Center Austin, TX 73301-0102
Nebraska, North Dakota, South Dakota, Washington	Internal Revenue Service Center Ogden, UT 84201-0002	Internal Revenue Service Center Ogden, UT 84201-0102
Alaska, California, Hawaii, Nevada, Oregon	Internal Revenue Service Center Fresno, CA 93888-0002	Internal Revenue Service Center Fresno, CA 93888-0102
Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Tennessee, Virginia	Internal Revenue Service Center Memphis, TN 37501-0002	Internal Revenue Service Center Memphis, TN 37501-0102
All APO and FPO addresses, American Samoa, nonpermanent residents of Guam or the Virgin Islands*, Puerto Rico (<i>or if excluding income under Internal Revenue Code section 933</i>), a foreign country: U.S. citizens and those filing Form 2555, 2555-EZ, or 4563	Internal Revenue Service Center Philadelphia, PA 19255-0215 USA	Internal Revenue Service Center Philadelphia, PA 19255-0215 USA

* Permanent residents of Guam should use: Department of Revenue and Taxation, Government of Guam, P.O. Box 23607, GMF, GU 96921; permanent residents of the Virgin Islands should use: V.I. Bureau of Internal Revenue, 9601 Estate Thomas, Charlotte Amalie, St. Thomas, VI 00802.

What's Inside?

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(page 54)

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(page 6)
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(page 7)
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public debt (page 54)

