

▶ See instructions below and on back.

▶ Attach to Parent's Form 1040 or Form 1040NR.

1991

Attachment
Sequence No. **40**

General Instructions

Purpose of Form. Use this form if you are a parent and choose to report the income of your child on your return. If you do, the child will not have to file a return. You can file this form if your child meets **all** of the following conditions:

- Was under age 14 on January 1, 1992.
- Had income only from interest and dividends (including Alaska Permanent Fund dividends).
- Had gross income for 1991 that was more than \$500 but less than \$5,000.

- Had no estimated tax payments for 1991.
- Did not have any overpayment of tax shown on his or her 1990 return applied to the 1991 return.
- Had no Federal income tax withheld from his or her income (backup withholding).

The parent(s) must also qualify as explained on page 2 of these instructions.

Step 1 is used to figure the amount of the child's income to report on the parent's return. **Step 2** is used to figure an additional tax that must be added to the parent's tax.

How To Make the Election. To make the election, complete and attach Form 8814 to your tax return and file your return by the due date (including extensions). A separate Form 8814 must be filed for each child whose income you choose to report.

Caution: *The Federal income tax on your child's income may be less if you file a tax return for the child instead of making this election. This is because you cannot take certain deductions that your child would be entitled to on his or her own return. For details, see **Deductions You May Not Take** on page 2.*

(Instructions continue on back.)

Name(s) shown on parent's return	Your social security number : : : :
Child's name (first, initial, and last)	Child's social security number : : : :

Caution: If more than one Form 8814 is attached, check here ▶

Step 1 Figure amount of child's interest and dividend income to report on your return

1a Enter your child's taxable interest income. If this amount is different from the amounts shown on the child's Forms 1099-INT and 1099-OID, see the instructions	1a		
b Enter your child's tax-exempt interest income. DO NOT include this amount on line 1a.	1b		
2a Enter your child's gross dividends (including any Alaska Permanent Fund dividends). If none, enter -0- on line 2c and go to line 3. If your child received any capital gain distributions or dividends as a nominee, see the instructions	2a		
b Enter your child's nontaxable distributions (from Form 1099-DIV, Box 1d) included on line 2a	2b		
c Subtract line 2b from line 2a	2c		
3 Add lines 1a and 2c. If the total is \$1,000 or less, skip lines 4 and 5 and go to line 6. If the total is \$5,000 or more, do not file this form. Your child must file his or her own return to report the income	3		
4 Base amount	4	1,000	00
5 Subtract line 4 from line 3. (If filing more than one Form 8814 or if line 2a includes any capital gain distributions, see the instructions.) Also include this amount in the total on Form 1040, line 22, or Form 1040NR, line 22. In the space next to line 22, enter "Form 8814" and show the amount. Go on to line 6 below ▶	5		

Step 2 Figure your tax on the first \$1,000 of child's interest and dividend income

6 Amount not taxed	6	500	00
7 Subtract line 6 from line 3. If the result is zero or less, enter -0-	7		
8 Tax. • If the amount on line 7 is \$500 or more, enter \$75 here. (Also, see the Note below.) • If the amount on line 7 is less than \$500, multiply the amount on line 7 by 15% (.15) and enter the result here. (Also, see the Note below.)	8		

Note: Include the amount from line 8 in the tax you enter on Form 1040, line 38, or Form 1040NR, line 36. On Form 1040, also enter the amount from line 8 in the space provided next to line 38. On Form 1040NR, enter the amount from line 8 in the space provided next to line 36. (If filing more than one Form 8814, see the instructions.)

General Instructions *(continued)*

Parents Who Qualify To Make the Election. You qualify to make this election if you file Form 1040 or Form 1040NR and any of the following applies to you:

- You and the child's other parent were married to each other and you are filing a joint return for 1991.
- You and the child's other parent were married to each other but you file separate returns for 1991 AND you had the **higher** taxable income. (If you do not know if you had the higher taxable income, get **Pub. 929**, Tax Rules for Children and Dependents.)
- You were unmarried, treated as unmarried for Federal income tax purposes, or separated from the child's other parent by a divorce or separate maintenance decree. You must have had custody of your child for most of the year (you were the custodial parent). If you were the custodial parent and you remarried, you may make the election on a joint return with your new spouse. But if you and your new spouse (your child's stepparent) do not file a joint return, you qualify to make the election only if you had **higher** taxable income than your new spouse.

Note: *If you and the child's other parent were not married but you lived together during the year with the child, you qualify to make the election only if you are the parent with the **higher** taxable income.*

Deductions You May Not Take.— If you elect to report your child's income on your return, you may not take any of the following deductions that your child would be entitled to on his or her own return.

- Standard deduction of \$550 (\$1,400 for a blind child).
- Penalty on early withdrawal of child's savings.
- Itemized deductions (such as child's investment expenses or charitable contributions).

If any of the above applies to your child, you should figure the tax on the child's income as if he or she is filing a return and as if you are electing to report the income on your return to find out which results in the lowest amount of tax.

Additional Information.— For more information, see Pub. 929.

Line Instructions

Parent's Name and Social Security Number. Enter the name(s) shown on your return. If filing a joint return, enter the social security number of the person whose name is shown first on the return.

Line 1a. Enter **ALL** taxable interest income received by your child in 1991. If your child received a **Form 1099-INT** for tax-exempt interest, such as from municipal bonds, write the amount and "Tax-exempt interest" on the dotted line next to line 1a. Be sure to include this

interest on line 1b but **do not** include it in the total for line 1a.

If your child received, as a **nominee**, interest that actually belongs to another person, write the amount and "ND" (for nominee distribution) on the dotted line next to line 1a. **Do not** include amounts received as a nominee in the total for line 1a.

If your child had accrued interest that was paid to the seller of a bond, amortizable bond premium (ABP) allowed as a reduction to interest income, or if any original issue discount (OID) included on line 1a is less than the amount shown on your child's **Form 1099-OID**, follow the instructions above for nominee interest to see how to report the nontaxable amounts. But, on the dotted line next to line 1a, write the nontaxable amount and "Accrued interest," "ABP adjustment," or "OID adjustment," whichever applies. **Do not** include any nontaxable amounts in the total for line 1a.

Line 1b. If your child received any tax-exempt interest income, such as interest on certain state and municipal bonds, enter the total tax-exempt interest on line 1b. Also include any exempt-interest dividends your child received as a shareholder in a mutual fund or other regulated investment company. **Do not** include this interest on lines 1a or 3.

Note: *If line 1b includes tax-exempt interest (or exempt-interest dividends paid by a regulated investment company) from private activity bonds, see **Alternative Minimum Tax** on this page.*

Line 2a. Enter gross dividends received by your child in 1991, including capital gain distributions and nontaxable distributions. **Form 1099-DIV** shows gross dividends in Box 1a. Also include dividends your child received through a partnership, an S corporation, or an estate or trust.

If line 2a includes any **capital gain distributions** (from Form 1099-DIV, Box 1c), see the line 5 instructions below.

If your child received, as a **nominee**, dividends that actually belong to another person, write the amount and "ND" (for nominee distribution) on the dotted line next to line 2a. **Do not** include amounts received as a nominee in the total for line 2a.

Line 5. If you are filing more than one Form 8814, add the amounts from line 5 of ALL your Forms 8814 and include the total on Form 1040, line 22 (or Form 1040NR, line 22). Be sure to write "Form 8814" and show the total of the line 5 amounts in the space next to line 22.

If line 2a includes any **capital gain distributions** and you are filing **Schedule D**, (Form 1040), part or all of your child's capital gain distributions should be reported on your Schedule D instead of on Form 8814, line 5. Before you enter an amount on line 5, see Pub. 929 for details on how to figure the amount to report on your Schedule D.

Line 8.— If you are filing more than one Form 8814, add the amounts from line 8 of ALL your Forms 8814 and include the total on Form 1040, line 38 (or Form 1040NR, line 36). Be sure to enter the total of the line 8 amounts in the space provided next to line 38 on Form 1040 (next to line 36 on Form 1040NR).

Alternative Minimum Tax. If your child received any tax-exempt interest (or exempt-interest dividends paid by a regulated investment company) from certain private activity bonds, you must take this into account in determining if you owe the alternative minimum tax. Get **Form 6251**, Alternative Minimum Tax—Individuals, and its instructions for details.

Foreign Accounts and Foreign Trusts. If your child had a foreign financial account or was the grantor of, or transferor to, a foreign trust, Part III of **Schedule B** (Form 1040) would have to be completed and attached to the child's return if he or she was filing a return. If Part III of Schedule B had been completed for your child, would either of the questions have been answered "Yes"? If so, you must file Schedule B with **your** return and answer "Yes" to the question(s). Also complete line 11b if applicable. Write "Form 8814" next to line 11a or line 12, whichever applies, on your Schedule B.

Change of Address. If your child filed a return for a year before 1991 and the address shown on the last return filed is not your child's current address, be sure to notify the IRS, in writing, of the new address. To do this, you may use **Form 8822**, Change of Address, or you may write to the Internal Revenue Service Center where your child's last return was filed, or to the Chief, Taxpayer Service Division, in your local IRS district office.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 20 min.; **Learning about the law or the form**, 8 min.; **Preparing the form**, 16 min.; and **Copying, assembling, and sending the form to the IRS**, 35 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.