Department of the Treasury Internal Revenue Service
www.irs.gov

# 20031040 

## Instructions

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


## A Message From the Commissioner

Dear Taxpayer,
One of the unique features of our democracy is the generation of tax revenues through a system of individual self-assessment. As President Kennedy wrote in a special message to Congress more than 40 years ago, "The integrity of such a system depends upon the continued willingness of the people honestly and accurately to discharge this annual price of citizenship." Those words remain as true today as when they were written in 1961.

We at the IRS are committed to helping you understand and meet this important obligation. I want to assure you that, as we review your return, we will hold ourselves to the highest standards of fairness and consistency in determining your compliance with the law.
I also would encourage you to e-file your return. IRS e-file is fast, safe, and accurate. You can find answers about e-file-and indeed many of your other tax questions -at our website at www.irs.gov.
Thank you for taking the time to complete your return and for paying your taxes.

Sincerely,


Mark W. Everson

## The IRS Mission

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

## consider it done

## What is IRS e-file?

It's the fastest, easiest and most convenient way to file your income tax return electronically. So easy, 53 million taxpayers preferred e-file over filing a paper income tax return last year. For all the details and latest information, visit the IRS website at www.irs.gov/efile.

## What are the benefits?

## Free File Options!

- At least 60 percent of taxpayers-or 78 million-are eligible to use free commercial online tax preparation software to $e$-file.
- Visit www.irs.gov to see if you qualify and to access these free services offered by the tax software industry (not the IRS).


## Fast! Easy! Convenient!

- Get your refund in half the time as paper filers do, even faster and safer with Direct Deposit—in as few as 10 days. See page 56.
- Sign electronically and file a completely paperless return. See page 58.
- Receive an electronic proof of receipt within 48 hours that the IRS received your return.
- If you owe, you can e-file and authorize an electronic funds withdrawal or pay by credit card. If you e-file before April 15, 2004, you can schedule an electronic funds withdrawal from your checking or savings account as late as April 15, 2004. See page 57.
- Prepare and file your Federal and state returns together and save time.


## Accurate! Secure!

- IRS computers quickly and automatically check for errors or other missing information.
- The error rate for $e$-filed returns is less than 1 percent.
- The chance of being audited does not differ whether you $e$-file or file a paper tax return.
- Your bank account information is safeguarded along with other tax return information. The IRS does not have access to credit card numbers.

Visit the IRS website at www.irs.gov/efile for details.

## How to $e$-file?

## Use an Authorized IRS e-file Provider

Many tax professionals electronically file tax returns for their clients. As a taxpayer, you have two options:

1. You can prepare your return, take it to an Authorized IRS e-file Provider, and have the provider transmit it electronically to the IRS; or
2. You can have a tax professional prepare your return and transmit it for you electronically.

Tax professionals may charge a fee for IRS $e$-file. Fees may vary depending on the professional and the specific services rendered.

## Use a Personal Computer

You can file your income tax return in a fast, easy, convenient way using your personal computer. A computer with a modem or Internet access and tax preparation software are all you need. You can e-file from the comfort of your home 24 hours a day, 7 days a week. Best of all, you may qualify for Free File. Visit www.irs.gov for details.

IRS approved tax preparation software is available for online use on the Internet, for download from the Internet, and in retail stores. Visit www.irs.gov/efile for details.

If you do not qualify for the Free File options, visit our Partners Page for partners that offer other free or low-cost filing options at www.irs.gov/efile.

## Tax Return Page Reference

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


Department of the Treasury-Internal Revenue Service
U.S. Individual Income Tax Return

 Single
Married filing jointly (even if only one had income)
Married filing separately. Enter spouse's SSN above

and full name here. Head of household (with qualifying person). (See page 20.) If | $\begin{array}{l}\text { Check only } \\ \text { one box. }\end{array}$ | $3 \square$ |
| :--- | :--- | and full name here. $5 \square$ Qualifying widow(er) with dependent child. (See page 20.)

## Exemptions

 return, do not check box 6 a the qualifying person is a child but not your dependent, enter this child's name here.


For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 77.
Cat. No. 11320B
Form 1040 (2003)

## Tax Return Page Reference

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



## 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
- 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
- Visit the website at www.irs.gov/advocate


## 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.


## Internet

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

- Erfil Access commercial tax preparation and e-file services available for FREE to eligible taxpayers
- Find out the amount of advance child tax credit payments you received in 2003
- Check the status of your 2003 refund
- Download forms, instructions, and publications
- Order IRS products online
- See answers to frequently asked tax questions
- Search publications online by topic or keyword
- Figure your withholding allowances using our W-4 calculator
- Send us comments or request help by email
- Sign up to receive local and national tax news by email



## 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 703-487-4608.

Long-distance charges may apply.


## Mail

You can order forms, instructions, and publications by completing the order blank on page 75. You should receive your order within 10 days after we receive your request.


## Walk-In

You can pick up some of the most requested forms, instructions, and publications at many IRS offices, post offices, and libraries. Some grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of reproducible tax forms available to photocopy or print from a CD-ROM.


## 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 2003 refund. See page 11 for details.


## 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 $\$ 22$ (no handling fee) or call 1-877-CDFORMS (1-877-233-6767) toll free to buy the CD-ROM for $\$ 22$ (plus a $\$ 5$ handling fee).

You can also get help in other ways - See page 61 for information.

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. | $\begin{gathered} \text { No. } \\ \text { of } \\ \text { Pages } \end{gathered}$ |
| :---: | :---: | :---: | :---: |
| Form SS-4 | Application for Employer Identification Number | 16055 | 2 |
| Instr. SS-4 |  | 62736 | 6 |
| Form SS-8 | Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding | 16106 | 5 |
| Form W-4 | Employee's Withholding Allowance Certificate | 10220 | 2 |
| Form W-4P | Withholding Certificate for Pension or Annuity Payments | 10225 | 4 |
| Form W-5 | Earned Income Credit Advance Payment Certificate | 10227 | 3 |
| Form W-7 | Application for IRS Individual Taxpayer Identification Number | 10229 | 4 |
| Form W-7A | Application for Taxpayer Identification Number for Pending U.S. Adoptions | 24309 | 2 |
| Form W-7P | Application for Preparer Tax Identification Number | 26781 | 1 |
| Form W-9 | Request for Taxpayer Identification Number and Certification | 10231 | 4 |
| Instr. W-9 | Instructions for the Requester of Form W-9 | 20479 | 4 |
| Form W-9S | Request for Student's or Borrower's Taxpayer Identification Number and Certification | 25240 | 2 |
| Form W-10 | Dependent Care Provider's Identification and Certification | 10437 | 1 |
| Form 709 | U.S. Gift (and Generation-Skipping Transfer) Tax Return | 16783 | 4 |
| Instr. 709 |  | 16784 | 13 |
| Form 843 | Claim for Refund and Request for Abatement | 10180 | 1 |
| Instr. 843 |  | 11200 | 2 |
| Form 940 | Employer's Annual Federal Unemployment (FUTA) Tax Return | 11234 | 2 |
| Instr. 940 |  | 13660 | 6 |
| Form 940-EZ | Employer's Annual Federal Unemployment (FUTA) Tax Return | 10983 | 2 |
| Instr. 940-EZ |  | 25947 | 5 |
| Form 941 | Employer's Quarterly Federal Tax Return | 17001 | 4 |
| Instr. 941 |  | 14625 | 4 |
| Form 941c | Supporting Statement To Correct Information | 11242 | 4 |
| Form 990 | Return of Organization Exempt From Income Tax | 11282 | 6 |
| $\begin{gathered} \text { Instr. } 990 \text { \& } \\ 990-E Z \end{gathered}$ | General Instructions for Forms 990 and 990-EZ | 22386 | 16 |
| Instr. 990 | Specific Instructions for Form 990 | 50002 | 19 |
| Schedule A (Form 990 or 990-EZ) | Organization Exempt Under Section 501(c)(3) | 11285 | 6 |
| Instr. Sch. A |  | 11294 | 14 |
| Form 990-EZ | Short Form Return of Organization Exempt From Income Tax | 10642 | 2 |
| Instr. 990-EZ | Specific Instructions for Form 990-EZ | 50003 | 9 |
| Form 1040 | U.S. Individual Income Tax Return | 11320 | 2 |
| Instr. 1040 | Line Instructions for Form 1040 | 11325 | 40 |
| Instr. 1040 | General Information for Form 1040 | 24811 | 24 |
| Tax Table and Tax Rate Sch. | Tax Table and Tax Rate Schedules (Form 1040) | 24327 | 13 |


| Name of Form or Instructions | Title of Form or Instructions | Cat. No. | No. of Pages |
| :---: | :---: | :---: | :---: |
| Schedules A\&B (Form 1040) | Itemized Deductions \& Interest and Ordinary Dividends | 11330 | 2 |
| Instr. Sch. A\&B |  | 24328 | 8 |
| Schedule C <br> (Form 1040) | Profit or Loss From Business (Sole Proprietorship) | 11334 | 2 |
| Instr. Sch. C |  | 24329 | 9 |
| Schedule C-EZ <br> (Form 1040) | Net Profit From Business (Sole Proprietorship) | 14374 | 2 |
| Schedule D (Form 1040) | Capital Gains and Losses | 11338 | 2 |
| Instr. Sch. D |  | 24331 | 11 |
| Schedule D-1 <br> (Form 1040) | Continuation Sheet for Schedule D | 10424 | 2 |
| Schedule E (Form 1040) | Supplemental Income and Loss | 11344 | 2 |
| Instr. Sch. E |  | 24332 | 6 |
| Schedule EIC (Form 1040A or 1040) | Earned Income Credit | 13339 | 2 |
| Schedule F (Form 1040) | Profit or Loss From Farming | 11346 | 2 |
| Instr. Sch. F |  | 17152 | 6 |
| Schedule H (Form 1040) | Household Employment Taxes | 12187 | 2 |
| Instr. Sch. H |  | 21451 | 8 |
| Schedule J <br> (Form 1040) | Farm Income Averaging | 25513 | 1 |
| Instr. Sch. J |  | 25514 | 8 |
| Schedule R <br> (Form 1040) | Credit for the Elderly or the Disabled | 11359 | 2 |
| Instr. Sch. R |  | 11357 | 4 |
| Schedule SE (Form 1040) | Self-Employment Tax | 11358 | 2 |
| Instr. Sch. SE |  | 24334 | 4 |
| Form 1040A | U.S. Individual Income Tax Return | 11327 | 2 |
| Schedule 1 <br> (Form 1040A) | Interest and Ordinary Dividends for Form 1040A Filers | 12075 | 2 |
| Schedule 2 <br> (Form 1040A) | Child and Dependent Care Expenses for Form 1040A Filers | 10749 | 2 |
| Instr. Sch. 2 |  | 30139 | 3 |
| Schedule 3 <br> (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 |
| Form 1040NR | U.S. Nonresident Alien Income Tax Return | 11364 | 5 |
| Instr. 1040NR |  | 11368 | 41 |
| Form 1040NR-EZ | U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents | 21534 | 2 |
| Instr. 1040NR-EZ |  | 21718 | 15 |
| Form 1040-V | Payment Voucher | 20975 | 2 |
| Form 1040X | Amended U.S. Individual Income Tax Return | 11360 | 2 |
| Instr. 1040X |  | 11362 | 6 |

Name of Form
or Instructions
Form 1116
Instr. 1116
Form 1310
Form 2106
Instr. 2106
Form 2106-EZ
Form 2120
Form 2210
Instr. 2210
Form 2290
Instr. 2290
Form 2441
Instr. 2441
Form 2553
Instr. 2553
Form 2555
Instr. 2555
Form 2555-EZ
Instr. 2555-EZ
Form 2688

Form 2848
Instr. 2848
Form 3903
Form 4136
Form 4137
Form 4506
Form 4562
Instr. 4562
Form 4684
Instr. 4684
Form 4797
Instr. 4797
Form 4835
Form 4868

Form 4952
Form 4972
Form 5329

Instr. 5329
Form 6198
Instr. 6198
Form 6251
Instr. 6251
Form 6252
Form 6781

## Title of Form or Instructions

Foreign Tax Credit
Statement of Person Claiming Refund
Due a Deceased Taxpayer
Employee Business Expenses
Unreimbursed Employee Business Expenses
Multiple Support Declaration
Underpayment of Estimated Tax by Individuals, Estates, and Trusts

Heavy Highway Vehicle Use Tax
Return Return

| Child and Dependent Care Expenses | 11862 | 2 |
| :--- | :--- | :--- |
|  | 10842 | 3 |
|  | 18629 | 2 |
| Election by a Small Business |  |  |
| $\quad$ Corporation | 49978 | 4 |

Foreign Earned Income $\quad 11900$| 3 |  |
| :--- | :--- |
| 11901 | 4 |

Foreign Earned Income Exclusion 13272
Application for Additional Extension of $\begin{array}{lll}14623 & 3 \\ 11958 & 2\end{array}$
Time To File U.S. Individual Income Tax Return
Power of Attorney and Declaration of $11980 \quad 2$
Representative
119814

Moving Expenses
Credit for Federal Tax Paid on Fuels
$\begin{array}{llll}\text { Social Security and Medicare Tax on } & 12626 & 2 \\ \text { Unreported Tip Income }\end{array}$

| Request for Copy of Tax Return | 41721 | 2 |
| :--- | :--- | ---: |
| Depreciation and Amortization | 12906 | 2 |
|  | 12907 | 12 |


| Casualties and Thefts | 12997 | 2 |
| :--- | :--- | :--- |
| 12998 | 4 |  |

$\begin{array}{lll}\text { Sales of Business Property } & 13086 & 2 \\ & 13087 & 8 \\ \text { Farm Rental Income and Expenses } & 13117 & 2\end{array}$
$\begin{array}{llll}\text { Application for Automatic Extension of } & 13141 & 4 \\ \text { Time To File U.S. Individual } & & \end{array}$
Income Tax Return
$\begin{array}{lll}\text { Investment Interest Expense Deduction } & 13177 & 2 \\ \text { Tax on Lump-Sum Distributions } & 13187 & 4\end{array}$
Additional Taxes on Qualified Plans 133292
(Including IRAs) and Other
Tax-Favored Accounts

| At-Risk Limitations | 50012 | 1 |
| :--- | :--- | :--- |
|  | 50013 | 8 |
| Alternative Minimum Tax—Individuals | 13600 | 2 |
|  | 64277 | 8 |
| Installment Sale Income | 13601 | 4 |
| Gains and Losses From Section 1256 | 13715 | 3 |

Name of Form or Instructions
Form 8271

Form 8283
Instr. 8283
Form 8300
Form 8332

Form 8379
Form 8582
Instr. 8582
Form 8586
Form 8606
Instr. 8606
Form 8615

Instr. 8615
Form 8718
Form 8801
Form 8809

Form 8812
Form 8814
Form 8815

Form 8821
Form 8822
Form 8824
Form 8829
Instr. 8829
Form 8839
Instr. 8839
Form 8850

Instr. 8850
Form 8853

Instr. 8853
Form 8857
Form 8859
Form 8862
Instr. 8862
Form 8863
Form 8880
Form 8885
Form 9465

Title of Form or Instruction
No.
Cat. $\begin{gathered}\text { of } \\ \text { No. Pages }\end{gathered}$
Investor Reporting of Tax Shelter 619242 Registration Number
Noncash Charitable Contributions 622992
Report of Cash Payments Over \$10,000 Received in a Trade or Business
Release of Claim to Exemption for 139101 Child of Divorced or Separated Parents
$\begin{array}{lll}\text { Injured Spouse Claim and Allocation } & 62474 & 2 \\ \text { Passive Activity Loss Limitations } & 63704 & 3\end{array}$

|  | 63704 | 3 |
| :--- | ---: | ---: |
|  | 64294 | 12 |

$\begin{array}{lll}\text { Low-Income Housing Credit } & 63987 & 2 \\ \text { Nondeductible IRAs } & 63966 & 2\end{array}$
Tax for Children Under Age 14 With $\begin{array}{lll}25399 & 8 \\ 64113 & 1\end{array}$ Investment Income of More Than \$1,500

|  | 28914 | 2 |
| :---: | :---: | :---: |
| User Fee for Exempt Organization Determination Letter Request | 64728 | 1 |
| Credit for Prior Year Minimum Tax Individuals, Estates, and Trusts | 10002 | 4 |
| Request for Extension of Time To File Information Returns | 10322 | 2 |
| Additional Child Tax Credit | 10644 | 2 |
| Parents' Election To Report Child's Interest and Dividends | 10750 | 2 |

Exclusion of Interest From Series EE
and I U.S. Savings Bonds Issued After 1989

| Tax Information Authorization | 11596 | 4 |
| :---: | :---: | :---: |
| Change of Address | 12081 | 2 |
| Like-Kind Exchanges | 12311 | 4 |
| Expenses for Business Use of Your Home | 13232 | 1 |
|  | 15683 | 4 |
| Qualified Adoption Expenses | 22843 | 2 |
|  | 23077 | 5 |
| Pre-Screening Notice and Certification | 22851 | 2 |

Request for the Work Opportunity and Welfare-to-Work Credits

|  | 24833 | 2 |
| :--- | :--- | :--- |
| Archer MSAs and Long-Term Care 24091 2 <br> $\quad$ Insurance Contracts   | 24188 | 8 |
|  | 24647 | 4 |
| Request for Innocent Spouse Relief | 24779 | 2 |
| District of Columbia First-Time <br> $\quad$ Homebuyer Credit |  |  |
| Information To Claim Earned Income | 25145 | 2 |
| $\quad$ Credit After Disallowance | 25343 | 2 |
| $\quad 25379$ | 4 |  |
| Education Credits | 33394 | 2 |
| Credit For Qualified Retirement <br> $\quad$ Savings Contributions | 34641 | 4 |
| Health Coverage Tax Credit <br> Installment Agreement Request | 14842 | 2 | 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 75. 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 |
| :---: | :---: |
| 1 | Your Rights as a Taxpayer |
| 3 | Armed Forces' Tax Guide |
| 17 | Your Federal Income Tax (For Individuals) |
| 225 | Farmer's Tax Guide |
| 334 | Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ) |
| 378 | Fuel Tax Credits and Refunds |
| 463 | Travel, Entertainment, Gift, and Car Expenses |
| 501 | Exemptions, Standard Deduction, and Filing Information |
| 502 | Medical and Dental Expenses (Including the Health Coverage Tax Credit) |
| 503 | Child and Dependent Care Expenses |
| 504 | Divorced or Separated Individuals |
| 505 | Tax Withholding and Estimated Tax |
| 509 | Tax Calendars for 2004 |
| 514 | Foreign Tax Credit for Individuals |
| 516 | U.S. Government Civilian Employees Stationed Abroad |
| 517 | Social Security and Other Information for Members of the Clergy and Religious Workers |
| 519 | U.S. Tax Guide for Aliens |
| 521 | Moving Expenses |
| 523 | Selling Your Home |
| 524 | Credit for the Elderly or the Disabled |
| 525 | Taxable and Nontaxable Income |
| 526 | Charitable Contributions |
| 527 | Residential Rental Property (Including Rental of Vacation Homes) |
| 529 | Miscellaneous Deductions |
| 530 | Tax Information for First-Time Homeowners |
| 531 | Reporting Tip Income |
| 533 | Self-Employment Tax |
| 535 | Business Expenses |
| 536 | Net Operating Losses (NOLs) for Individuals, Estates, and Trusts |
| 537 | Installment Sales |
| 541 | Partnerships |
| 544 | Sales and Other Dispositions of Assets |
| 547 | Casualties, Disasters, and Thefts |
| 550 | Investment Income and Expenses (Including Capital Gains and Losses) |
| 551 | Basis of Assets |
| 552 | Recordkeeping for Individuals |
| 553 | Highlights of 2003 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 |
| 570 | Tax Guide for Individuals With Income From U.S. Possessions |

    1 Your Rights as a Taxpayer
    3 Armed Forces' Tax Guide
    17
    225

Pub. No. Title

575
584

Pension and Annuity Income
Casualty, Disaster, and Theft Loss Workbook (Personal-Use Property)
Business Use of Your Home (Including Use by Daycare Providers)
Individual Retirement Arrangements (IRAs)
Tax Highlights for U.S. Citizens and Residents Going Abroad
The IRS Collection Process
Tax Highlights for Commercial Fishermen
Earned Income Credit (EIC)
Tax Guide to U.S. Civil Service Retirement Benefits
U.S. Tax Treaties

Tax Highlights for Persons With Disabilities
Bankruptcy Tax Guide
Guide To Free Tax Services
Direct Sellers
Social Security and Equivalent Railroad Retirement Benefits
How Do I Adjust My Tax Withholding?
Passive Activity and At-Risk Rules
Household Employer's Tax Guide-For Wages Paid in 2004
Tax Rules for Children and Dependents
Home Mortgage Interest Deduction
How To Depreciate Property
Practice Before the IRS and Power of Attorney
Introduction to Estate and Gift Taxes
Tax Incentives for Distressed Communities
The IRS Will Figure Your Tax
Tax Benefits for Adoption
Tax Benefits for Education
Innocent Spouse Relief (And Separation of Liability and Equitable Relief)
Child Tax Credit
Per Diem Rates (For Travel Within the Continental United States)
Reporting Cash Payments of Over \$10,000 (Received In a Trade or Business)
The Taxpayer Advocate Service of the IRSHow to Get Help With Unresolved Tax Problems

## 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 (Received In a Trade or Business)

You can check on the status of your 2003 refund if it has been at least 6 weeks from the date you filed your return (3 weeks if you filed electronically). But if you filed Form $\mathbf{8 3 7 9}$ with your return, allow 14 weeks (11 weeks if you filed electronically).

Be sure to have a copy of your 2003 tax return available because you will need to know the filing status and the exact whole-dollar amount of your refund. Then, do one of the following.

- Go to www.irs.gov, click on Where's My Refund then on Go Get My Refund Status.
- Call 1-800-829-4477 for automated refund information and follow the recorded instructions.
- Call 1-800-829-1954 during the hours shown on page 13. 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.

Do not send in a copy of your return unless asked to do so

## What Is TeleTax?

## Recorded Tax Information

Recorded tax information is available 24 hours a day, 7 days a week. Select the number of the topic you want to hear. Then, call 1-800-829-4477. Have paper and pencil handy to take notes.

## Topics by Internet

TeleTax topics are also available through the IRS website at www.irs.gov.

## TeleTax Topics

All topics are available in Spanish.

## Topic

## No. <br> 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 and reproducible tax forms

## RS Procedures

151 Your appeal rights
152 Refunds - How long they should take
153 What to do if you haven't filed your tax return
1542003 Form W-2 and Form 1099-R - What to do if not received
155 Forms and publications - How to order

| Topic |  |  |
| :--- | :--- | :--- |
| No. |  | Subject |
| 156 | Copy of your tax return-How to |  |
|  | get one |  |

## Topic

No.
303 Checklist of common errors when preparing your tax return
304 Extensions of time to file your tax return
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## Topic numbers are effective January 1, 2004.

If you cannot answer your question by using one of the methods listed on page 7, please call us for assistance at $\mathbf{1 - 8 0 0 - 8 2 9 - 1 0 4 0}$. You will not be charged for the call unless your phone company charges you for toll-free calls. Our normal hours of operation are Monday through Friday from 7:00 a.m. to 10:00 p.m. local time. Beginning January 24, 2004, through April 10, 2004, assistance will also be available on Saturday from 10:00 a.m. to 3:00 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 2003 refund, see Refund Information on page 11 .

## Before You Call

IRS representatives care about the quality of the service provided 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). Our menus 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 amount of any advance child tax credit payment you received in 2003.
- Find out 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

If you were serving in, or in support of, the Armed Forces in a designated combat zone or qualified hazardous duty area (for example, you were in the Afghanistan, Bosnia, Kosovo, or Persian Gulf area), see Pub. 3.


For details on these and other changes for 2003 and 2004, see Pub. 553.

## What's New for 2003?

Tax Rates Reduced. The tax rates of $27 \%$, $30 \%$, $35 \%$, and $38.6 \%$ have been reduced to $25 \%, 28 \%, 33 \%$, and $35 \%$, respectively. The $10 \%$ tax rate applies to the first $\$ 7,000$ of taxable income (the first $\$ 10,000$ of taxable income if head of household; the first $\$ 14,000$ of taxable income if married filing jointly or qualifying widow(er)). These changes are reflected in the Tax Table that begins on page 62 and the Tax Rate Schedules on page 74.
Married People-Increased Tax Benefits. The standard deduction for most joint filers has increased to $\$ 9,500$ (twice that of single filers). For most people filing a separate return, the standard deduction has increased to $\$ 4,750$ (the same amount as single filers). See the instructions for line 37 that begin on page 34 .

Also, the $15 \%$ tax bracket for joint filers has been expanded to cover twice the income range as that of single filers. For people filing a separate return, the $15 \%$ tax bracket is the same as that of single filers. These changes are reflected in the Tax Table that begins on page 62 and the Tax Rate Schedules on page 74.
Qualifying Widow(er)—Increased Tax Benefits. For most people, the standard deduction has been increased to $\$ 9,500$ (twice that of single filers). See the instructions for line 37 that begin on page 34 . Also, the $15 \%$ tax bracket has been expanded to cover twice the income range as that of single filers. This change is reflected in the Tax Table that begins on page 62 and the Tax Rate Schedules on page 74.

Child Tax Credits Increased. You may be able to take credits of up to $\$ 1,000$ for each qualifying child. But you must reduce your credits by any advance child tax credit payment you received in 2003 (see below). For more details, see the instructions for line 49 that begin on page 40.
Advance Child Tax Credit Payment. You must reduce your 2003 child tax credits by any advance child tax credit payment you received in 2003. Enter the amount of any advance payment you received (before offset) on line 2 of your Child Tax Credit Worksheet. The amount of your advance payment (before offset) is shown on Notice 1319. This notice was mailed to you in 2003. If you do not have this notice, you can check the amount of your advance payment (before offset) on the IRS website at www.irs.gov or call us at 1-800-829-1040. For details on offsets, see Refund Offset on page 56 .

If you received an advance payment but did not have a qualifying child for 2003 (see the instructions for line 6 c , column (4) on page 21), you do not have to pay back the amount you received. Do not enter the amount of your advance payment on your return. If you filed a joint return for 2002, but for 2003 you are not filing a joint return (or a joint return with the same spouse), you are considered to have received one-half of the advance payment.
Dividends-New Tax Rate. The maximum tax rate for qualified dividends is $15 \%$ (generally, $5 \%$ for people whose other income is taxed at the $10 \%$ or $15 \%$ rate). See the instructions for line $9 b$ on page 23 . Use Schedule D or the Qualified Dividends and Capital Gain Tax Worksheet, whichever applies, to figure your tax. See the instructions for line 41 that begin on page 36.
Capital Gains-Maximum Tax Rate Reduced. The maximum tax rate for most net capital gain taken into account after May 5, 2003, has been reduced to $15 \%$ (generally, $5 \%$ for people whose other income is taxed at the $10 \%$ or $15 \%$ rate). Use Schedule D or the Qualified Dividends and Capital Gain Tax Worksheet, whichever applies, to figure your tax. See the instructions for line 41 that begin on page 36.

Alternative Minimum Tax Exemption Amount Increased. The alternative minimum tax exemption amount has increased to $\$ 40,250$ ( $\$ 58,000$ if married filing jointly or qualifying widow(er); $\$ 29,000$ if married filing separately). These new amounts are reflected in the worksheet for line 42 on page 38.
Archer MSA Deduction. Archer MSA deductions are now reported on line 33. See the instructions for line 33 that begin on page 33.
Child and Dependent Care Credit Increased. You may be able to take a credit of up to $\$ 1,050$ for the expenses you paid for the care of one qualifying person; $\$ 2,100$ if you paid for the care of two or more qualifying persons. See Form 2441 for details.
Earned Income Credit. You may be able to take this credit if:

- A child lived with you and you earned less than $\$ 33,692$ ( $\$ 34,692$ if married filing jointly) or
- A child did not live with you and you earned less than $\$ 11,230$ ( $\$ 12,230$ if married filing jointly).

See the instructions for line 63 that begin on page 44.
Lifetime Learning Credit Doubled. The maximum lifetime learning credit for 2003 is $\$ 2,000$. See the instructions for line 47 on page 39 .

Self-Employed Health Insurance Deduction. You may be able to deduct up to $100 \%$ of your health insurance expenses. See the instructions for line 29 on page 33.
IRA Deduction Allowed to More People Covered by Retirement Plans. You may be able to take an IRA deduction if you were covered by a retirement plan and your 2003 modified AGI is less than $\$ 50,000$ ( $\$ 70,000$ if married filing jointly or qualifying widow(er)). See the instructions for line 24 that begin on page 29.
Standard Mileage Rates. The 2003 rate for business use of your vehicle is 36 cents a mile. The 2003 rate for use of your vehicle to get medical care or to move is 12 cents a mile.
Third Party Designee. A third party designee can ask the IRS for copies of notices or transcripts related to your return. Also, the authorization can be revoked. See page 58.
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.

## What To Look for in 2004

Tuition and Fees Deduction Expanded. You may be able to take a deduction of up to $\$ 4,000$ if your 2004 AGI is not more than $\$ 65,000$ ( $\$ 130,000$ if married filing jointly) or a deduction of up to $\$ 2,000$ if your 2004 AGI is not more than $\$ 80,000$ ( $\$ 160,000$ if married filing jointly).
Certain Credits No Longer Allowed Against Alternative Minimum Tax (AMT). The credit for child and dependent care expenses, credit for the elderly or the disabled, education credits, mortgage interest credit, and District of Columbia first-time homebuyer credit will no longer be allowed against AMT. However, the child tax credit, adoption credit, and credit for qualified retirement savings contributions will still be allowed against your AMT.
IRA Deduction Allowed to More People Covered by Retirement Plans. You may be able to take an IRA deduction if you were covered by a retirement plan and your 2004 modified AGI is less than $\$ 55,000$ ( $\$ 75,000$ if married filing jointly or qualifying widow(er)).
Standard Mileage Rates. The 2004 rate for business use of your vehicle is $371 / 2$ cents a mile. The 2004 rate for use of your vehicle to get medical care or to move is 14 cents a mile.

## Do You Have To File?

Use Chart A, B, or $\mathbf{C}$ 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, the additional child tax credit, or the health coverage tax credit.


Have you tried IRS e-file? It's the fastest way to get your refund and it's FREE if you are eligible. Visit www.irs.gov for details.

## Exception for Children Under Age 14. If

 you are planning to file a tax return for your child who was under age 14 at the end of 2003 and certain other conditions apply, you can elect to include your child's income on your return. But you must use Form 8814 to do so. If you 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.A child born on January 1, 1990, is considered to be age 14 at the end of 2003. Do not use Form 8814 for such a child.

## 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 2003 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, 2004. If you file after this date, you may have to pay interest and penalties. See page 61 .

## What if You Cannot File on Time?

You can get an automatic 4-month extension if, no later than April 15, 2004, you either file for an extension by phone or you file Form 4868. For details, including how to file by phone, see Form 4868.

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. 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 2003 you were*... | THEN file a return if your gross income** was at least . . . |
| :---: | :---: | :---: |
| Single | under 65 <br> 65 or older | $\begin{array}{r} \hline \$ 7,800 \\ 8,950 \end{array}$ |
| Married filing jointly*** | under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses) | \$15,600 16,550 17,500 |
| Married filing separately (see page 20) | any age | \$3,050 |
| Head of household (see page 20) | under 65 65 or older | $\begin{array}{r} \$ 10,050 \\ 11,200 \end{array}$ |
| Qualifying widow(er) with dependent child (see page 20) | under 65 65 or older | $\begin{array}{r} \$ 12,550 \\ 13,500 \end{array}$ |
| * If you were born on January 1, 1939, you are considered to be age 65 at the end of 2003. <br> ** 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 2003. <br> *** If you did not live with your spouse at the end of 2003 (or on the date your spouse died) and your gross income was at least $\$ 3,050$, you must file a return regardless of your age. |  |  |

## Chart B—For Children and Other Dependents (See the instructions for line 6c on page 21 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 $\$ 3,050$ or more, you usually cannot be claimed as a dependent unless you were under age 19 or a student and under age 24. For details, see Pub. 501.

Single dependents. Were you either age 65 or older or blind?
$\square$ No. You must file a return if any of the following apply.

- Your unearned income was over $\$ 750$.
- Your earned income was over $\$ 4,750$.
- Your gross income was more than the larger of -
- $\$ 750$ or
- Your earned income (up to $\$ 4,500$ ) plus $\$ 250$.

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

- Your unearned income was over $\$ 1,900$ ( $\$ 3,050$ if 65 or older and blind).
- Your earned income was over $\$ 5,900$ ( $\$ 7,050$ if 65 or older and blind).
- Your gross income was more than-

The larger of:

- $\$ 750$ or

| Plus | This amount: |
| :---: | :--- |
| ${$$\$ 1,150(\$ 2,300 \text { if } 65$ <br> $\text { or older and blind })$$}$ |  |

Married dependents. Were you either age 65 or older or blind?
$\square$ No. You must file a return if any of the following apply.

- Your unearned income was over $\$ 750$.
- Your earned income was over $\$ 4,750$.
- 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 $\$ 4,500$ ) plus $\$ 250$.Yes. You must file a return if any of the following apply.
- Your unearned income was over $\$ 1,700$ ( $\$ 2,650$ if 65 or older and blind).
- Your earned income was over $\$ 5,700$ ( $\$ 6,650$ 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:

- $\$ 750$ or

| Plus | This amount: |
| :--- | :--- |

## Chart C—Other Situations When You Must File

You must file a return if any of the four conditions below apply for 2003.

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 41 and 60 on pages 36 and 43 ), 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 Form W-2.
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 2003 Forms W-2, 1098, and 1099



IRS e-file takes the guesswork out of preparing your return. Visit www.irs.gov/efile for details.
If any Federal income tax withheld is shown on these forms, include the tax withheld on Form 1040, line 61. If you itemize your deductions and any state or local income tax withheld is shown on these forms, include the tax withheld on Schedule A, line 5.

| Form | Item and Box in Which it Should Appear | Where To Report if Filing Form 1040 |
| :---: | :---: | :---: |
| W-2 | Wages, salaries, tips, etc. (box 1) Allocated tips (box 8) Advance EIC payment (box 9) Dependent care benefits (box 10) Adoption benefits (box 12, code T) Employer contributions to an Archer MSA (box 12, code R) | Form 1040, line 7 <br> See Tip income on page 22 <br> Form 1040, line 58 <br> Form 2441, line 12 <br> Form 8839, line 22 <br> Form 8853, line 3b |
| W-2G | Gambling winnings (box 1) | Form 1040, line 21 (Schedule C or C-EZ for professional gamblers) |
| 1098 | $\left.\begin{array}{l} \text { Mortgage interest (box 1) } \\ \text { Points (box 2) } \end{array}\right\}$ <br> Refund of overpaid interest (box 3) | Schedule A, line 10* <br> 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 25, that begin on page 31* |
| 1098-T | Qualified tuition and related expenses (box 1) | See the instructions for Form 1040, line 26, on page 32, or line 47 , on page 39 |
| 1099-A | Acquisition or abandonment of secured property | See Pub. 544 |
| 1099-B | Stocks, bonds, etc. (box 2) <br> Bartering (box 3) <br> Aggregate profit or (loss) (box 9a) <br> Post-5/5/2003 aggregate profit or (loss) <br> (box 9b) | Schedule D <br> See Pub. 525 <br> Form 6781, line 1, column (b) <br> Form 6781, line 1, column (c) |
| 1099-C | Canceled debt (box 2) | Form 1040, line 21, but first see the instructions on Form 1099-C* |
| 1099-DIV | Total ordinary dividends (box 1a) <br> Qualified dividends (box 1b) <br> Total capital gain distributions (box 2a) <br> Post-May 5 capital gain distributions (box 2b) <br> Qualified 5-year gain (box 2c) <br> Unrecaptured section 1250 gain (box 2d) <br> Section 1202 gain (box 2e) <br> Collectibles ( $28 \%$ ) gain (box 2f) <br> Nontaxable distributions (box 3) <br> Investment expenses (box 5) <br> Foreign tax paid (box 6) | Form 1040, line 9a <br> See the instructions for Form 1040, line 9b, on page 23 <br> Form 1040, line 13a, or, if required, Schedule D, line 13, column (f) <br> Form 1040, line 13b, or, if required, Schedule D, line 13, column (g) <br> See the worksheet for Schedule D, line 35, on page D-10 See the worksheet for Schedule D, line 19, on page D-7 See the instructions for Schedule D <br> See the worksheet for Schedule D, line 20, on page D-8 See the instructions for Form 1040, line 9a, on page 23 Schedule A, line 22 Form 1040, line 44, or Schedule A, line 8 |
| 1099-G | Unemployment compensation (box 1) <br> State or local income tax refunds, credits, or offsets (box 2) <br> Taxable grants (box 6) <br> Agriculture payments (box 7) | Form 1040, line 19. But if you repaid any unemployment compensation in 2003, see the instructions for line 19 on page 27. <br> See the instructions for Form 1040, line 10, that begin on page $23^{*}$ <br> Form 1040, line 21* <br> See the Instructions for Schedule F or Pub. 225 |
| 1099-H | HCTC advance payments (box 1) | Form 8885, lines 2 and 6 |
| * 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. |  |  |


| Form | Item and Box in Which it Should Appear | Where To Report if Filing Form 1040 |
| :---: | :---: | :---: |
| 1099-INT | Interest income (box 1) <br> Early withdrawal penalty (box 2) Interest on U.S. savings bonds and Treasury obligations (box 3) Investment expenses (box 5) Foreign tax paid (box 6) | Form 1040, line 8a <br> Form 1040, line 31 <br> See the instructions for Form 1040, line 8a, that begin on page 22 <br> Schedule A, line 22 <br> Form 1040, line 44, 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) <br> Royalties (box 2) <br> Other income (box 3) <br> Nonemployee compensation (box 7) <br> Other (boxes 5, 6, 8, 9, 10, 13, and 14) | See the Instructions for Schedule E <br> Schedule E, line 4 (timber, coal, iron ore royalties, see Pub. 544) <br> Form 1040, line 21* <br> Schedule C, C-EZ, or F. But if you were not self-employed, see the instructions on Form 1099-MISC. <br> See the instructions on Form 1099-MISC |
| 1099-MSA | Distributions from MSAs** | Form 8853 |
| 1099-OID | $\begin{aligned} & \text { Original issue discount (box 1) } \\ & \text { Other periodic interest (box 2) } \\ & \text { Early withdrawal penalty (box 3) } \end{aligned}$ | See the instructions on Form 1099-OID Form 1040, line 31 |
| 1099-PATR | Patronage dividends and other distributions from a cooperative (boxes 1, 2, 3, and 5) Credits (boxes 6, 7, and 8) Patron's AMT adjustment (box 9) | Schedule C, C-EZ, or F or Form 4835, but first see the instructions on Form 1099-PATR <br> Form 3468, 5884, 8844, 8845, 8861, or 8884 <br> Form 6251, line 26 |
| 1099-Q | Qualified education program payments | See the instructions for Form 1040, line 21, that begin on page 27 |
| 1099-R | Distributions from IRAs*** <br> Distributions from pensions, annuities, etc. <br> Capital gain (box 3) | See the instructions for Form 1040, lines 15a and 15b, on page 25 <br> See the instructions for Form 1040, lines 16a and 16b, that begin on page 25 <br> See the instructions on Form 1099-R |
| 1099-S | Gross proceeds from real estate transactions (box 2) <br> Buyer's part of real estate tax (box 5) | 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. See the instructions for Schedule A, line 6, that begin on page A-2* |
| * If the item re deductible an <br> ** This include <br> *** This incluc | lates to an activity for which you are required to mount allocable to the activity on that schedule or distributions from Archer and Medicare+Choice des distributions from Roth, SEP, and SIMPLE IR | dule $C, C-E Z, E$, or $F$ or Form 4835, report the taxable or tead. |

## 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 September 2002. 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, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air 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 <br> Instructions for Form 1040 

You may be eligible to use FREE online commercial tax preparation software to file your Federal income tax return. Free services are accessible through www.irs.gov or you can buy a software package. You will be asked questions and your return will be prepared based on your answers.

## Name and Address

## Use the Peel-Off Label

Using your peel-off name and address label on the back of this booklet will speed the processing of your return. It also prevents common errors that can delay refunds or result in unnecessary notices. Put the label on your return after you have finished it. Cross out any incorrect information and print the correct information. Add any missing items, such as your apartment number.

## Address Change

If the address on your peel-off label is not your current address, cross out your old address and print your new address. If you plan to move after filing your return, see page 60.

## Name Change

If you changed your name because of marriage, divorce, etc., be sure to report the change to your local Social Security Administration office before filing your return. This prevents delays in processing your return and issuing refunds. It also safeguards your future social security benefits. See page 60 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 2002 and you are filing a joint return for 2003 with the same spouse, be sure to enter your names and SSNs in the same order as on your 2002 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 61.

## 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 on your Forms W-2 and 1099 agrees with your social security card. If not, see page 60 for more details.

## IRS Individual Taxpayer Identification Numbers (ITINs) for Aliens

If you are a nonresident or resident alien and you do not have and are not eligible to get an SSN, you must apply for an ITIN. For details on how to do so, see Form W-7 and its instructions. It usually takes about 4-6 weeks to get an ITIN.

If you already have an ITIN, enter it 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.
- Married filing jointly or qualifying widow(er) with dependent child.


More than one filing status may apply to you. Choose the one that will give you the lowest tax.

## Line 1

## Single

You may check the box on line 1 if any of the following was true on December 31, 2003.

- You were never married.
- You were legally separated, according to your state law, under a decree of divorce or separate maintenance.
- You were widowed before January 1, 2003, and did not remarry in 2003. But if you have a dependent child, you may be able to use the qualifying widow(er) filing status. See the instructions for line 5 on page 20.


## Line 2

## Married Filing Jointly

You may check the box on line 2 if any of the following is true.

- You were married as of December 31, 2003, even if you did not live with your spouse at the end of 2003.
- Your spouse died in 2003 and you did not remarry in 2003.
- Your spouse died in 2004 before filing a 2003 return.

A husband and wife may file a joint return even if only one had income or if they did not live together all year. However, both persons must sign the return. If you file a joint return for 2003, you may not, after the due date for filing that return, amend it to file as married filing separately.
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 60.
Nonresident Aliens and Dual-Status Aliens. You may be able to file a joint return. See Pub. 519 for details.

## Line 3

## Married Filing Separately

If you are married and file a separate return, you will usually pay more tax than if you use another filing status that you qualify for. Also, if you file a separate return, you cannot take the student loan interest deduction, the tuition and fees deduction, the education credits, or the earned income credit. You also cannot take the standard deduction if your spouse itemizes deductions.

Generally, you report only your own income, exemptions, deductions, and credits. Different rules apply to people in community property states. See page 22 .

You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the last 6 months of 2003. See Married Persons Who Live Apart on this page.

## Line 4

## Head of Household

This filing status is for unmarried individuals who provide a home for certain other persons. (Some married persons who live apart may also qualify. See this page.) You may check the box on line 4 only if as of December 31, 2003, you were unmarried or
legally separated (according to your state law) under a decree of divorce or separate maintenance and either $\mathbf{1}$ or $\mathbf{2}$ next applies to you.

1. You paid over half the cost of keeping up a home that was the main home for all of 2003 of your parent whom you can claim as a dependent. Your parent did not have to live with you in your home.
2. You paid over half the cost of keeping up a home in which you lived and in which one of the following also lived for more than half of the year (if half or less, see the Exception on this page).

- Your unmarried child, adopted child, grandchild, great-grandchild, etc., or stepchild. It does not matter what age the child was. This child does not have to be your dependent. If the child is not your dependent, enter the child's name in the space provided on line 4. If you do not enter the name, it will take us longer to process your return.
- Your married child, adopted child, grandchild, great-grandchild, etc., or stepchild. This child must be your dependent. But if your married child's other parent claims him or her as a dependent under the rules for Children Who Did Not Live With You Due to Divorce or Separation on page 21, this child does not have to be your dependent. Enter the child's name on line 4. If you do not enter the name, it will take us longer to process your return.
- Your foster child, who must be your dependent.
- Any other relative you can claim as a dependent. For the definition of a relative, see Pub. 501.

Note. You cannot file as head of household if your child, parent, or relative described earlier is your dependent under the rules on Multiple Support Agreement in Pub. 501.

Married Persons Who Live Apart. Even if you were not divorced or legally separated in 2003, you may be able to file as head of household. You may check the box on line 4 if all five of the following apply.

1. You must have lived apart from your spouse for the last 6 months of 2003. Temporary absences for special circumstances, such as for business, medical care, school, or military service, count as time lived in the home.
2. You file a separate return from your spouse.
3. You paid over half the cost of keeping up your home for 2003.
4. Your home was the main home of your child, adopted child, stepchild, or foster child for more than half of 2003 (if half or less, see the Exception on this page).
5. You claim this child as your dependent or the child's other parent claims him or her under the rules for Children Who Did Not Live With You Due to Divorce or Separation on page 21. If this child is not your dependent, be sure to enter the child's name on line 4. If you do not enter the name, it will take us longer to process your return.

Keeping Up a Home. To find out what is included in the cost of keeping up a home, see Pub. 501.

If you used payments you received under Temporary Assistance for Needy Families (TANF) or other public assistance programs to pay part of the cost of keeping up your home, you cannot count them as money you paid. However, you must include them in the total cost of keeping up your home to figure if you paid over half of the cost.

Dependent. To find out if someone is your dependent, see the instructions for line 6 c on page 21 .

Exception. You can count temporary absences, such as for school, vacation, or medical care, as time lived in the home. If the person for whom you kept up a home was born or died in 2003, you may still file as head of household as long as the home was that person's main home for the part of the year he or she was alive.

## Line 5

## Qualifying Widow(er) With Dependent Child

You may check the box on line 5 and use joint return tax rates for 2003 if all five of the following apply.

1. Your spouse died in 2001 or 2002 and you did not remarry in 2003.
2. You have a child, adopted child, stepchild, or foster child whom you claim as a dependent.
3. This child lived in your home for all of 2003. Temporary absences, such as for school, vacation, or medical care, count as time lived in the home.
4. You paid over half the cost of keeping up your home.
5. You could have filed a joint return with your spouse the year he or she died, even if you did not actually do so.

If your spouse died in 2003, you may not file as qualifying widow(er) with dependent child. Instead, see the instructions for line 2 on this page.

## Exemptions

You usually can deduct $\$ 3,050$ on line 39 for each exemption you can take.

## Line 6b

## Spouse

Check the box on line 6 b 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 five 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 all year as a member of your household. 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 $\$ 3,050$. But your child's gross income can be $\$ 3,050$ or more if he or she was either (a) under age 19 at the end of 2003 or (b) under age 24 at the end of 2003 and was a student.

Support Test. You must have provided over half of the person's total support in 2003. 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 $6 \mathbf{c}$, 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) 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.

TMP
For details on how your dependent can get an SSN, see page 19. If your dependent will not have a number by April 15, 2004, see What if You Cannot File on Time? on page 15.

If your dependent child was born and died in 2003 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 a qualifying child, you may be able to take the child tax credit on line 49 and the additional child tax credit on line 65.

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 6 c , and
- Was under age 17 at the end of 2003, and
- Is your (a) son, daughter, adopted child, stepchild, or a descendant of any of them (for example, your grandchild); (b) brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew), whom you cared for as you would your own child; or (c) foster child (any child placed with you by an authorized placement agency whom you cared for as you would your own child), and
- Is a U.S. citizen or resident alien.

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

An adopted child is always treated as your own child. An adopted child includes a child placed with you by an authorized placement agency for legal adoption even if the adoption is not final. An authorized placement agency includes any person or court authorized by state law to place children for legal adoption.

## Children Who Did Not Live With You Due to Divorce or Separation

If you are claiming a child who did not live with you under the rules explained in Pub. 501 for children of divorced or separated parents, attach Form 8332 or similar statement to your return. But see the Exception below.

If your divorce decree or separation agreement went into effect after 1984, you may attach certain pages from the decree or agreement instead of Form 8332. To be able to do this, the decree or agreement must state:

1. You can claim the child as your dependent without regard to any condition, such as payment of support, and
2. The other parent will not claim the child as a dependent, and
3. The years for which the claim is released.

Attach the following pages from the decree or agreement:

- Cover page (include the other parent's SSN on that page), and
- The pages that include all of the information identified in $\mathbf{1}$ through $\mathbf{3}$ above, 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 with your return in an earlier year.

Exception. You do not have to attach Form 8332 or similar statement if your divorce decree or written separation agreement went into effect before 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 6 c not entered above.', Include dependent children who lived in Canada or Mexico during 2003.

## 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.

Foreign Retirement Plans. If you were a beneficiary of a foreign retirement plan, you may have to report the undistributed income earned in your plan. However, if you were the beneficiary of an eligible Canadian retirement plan, you may elect to defer tax on the undistributed income. For details on how to make the election, see Rev. Proc. 2002-23, 2002-1 C.B. 744. Report distributions from foreign pension plans on lines 16a and 16b.

## Community Property States

Community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wiscon$\sin$. 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

You may round off cents to whole dollars on your return and schedules. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.39 becomes $\$ 1$ and $\$ 2.50$ becomes $\$ 3$.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only 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 $\operatorname{Form}(\mathbf{s})$ 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 Form W-2 because your employer paid you less than $\$ 1,400$ in 2003. Also, enter 'HSH' and the amount not reported on a Form W-2 on the dotted line next to line 7.
- Tip income you did not report to your employer. Also include allocated tips shown on your Form(s) W-2 unless you can prove that you received less. Allocated tips should be shown in box 8 of your Form(s) W-2. 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 56 on
page 42 .

- Dependent care benefits, which should be shown in box 10 of your Form(s) W-2. 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 Form(s) W-2 with code T. You may also be able to exclude amounts if you adopted a child with special needs and the adoption became final in 2003. See the Instructions for Form 8839 to find out if you may exclude part or all of the benefits.
- Scholarship and fellowship grants not reported on a Form W-2. 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 Form W-2 and the "Retirement plan" box in box 13 should be checked. If the total amount you (or your spouse if filing jointly) deferred for 2003 under all plans was more than $\$ 12,000$ (excluding catch-up contributions as explained below), include the excess on line 7. This limit is increased to $\$ 15,000$ for section 403(b) plans if you qualify for the 15 -year rule in Pub. 571.

A higher limit may apply to participants in section 457(b) deferred compensation plans for the 3 years before retirement age. Contact your plan administrator for more information.
Catch-up contributions. If you were age 50 or older at the end of 2003, your employer may have allowed an additional deferral of up to $\$ 2,000$ ( $\$ 1,000$ for

SIMPLE plans). This additional deferral amount is not subject to the overall limit on elective deferrals.


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

- 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 payments shown on Form 1099-R (other than payments from an IRA*) are reported on lines 16 a and 16 b . Payments from an IRA 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* on line 7. Instead, report distributions from an IRA 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 Form W-2 should be checked. Statutory employees include fulltime 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 Form W-2 on Schedule C or C-EZ along with your expenses.

## Missing or Incorrect Form W-2?

Your employer is required to provide or send Form W-2 to you no later than February 2,2004 . If you do not receive it by early February, 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 $\$ 1,500$ 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 2003 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 2003 income. For details, see Pub. 550.

If you get a 2003 Form 1099-INT for U.S. savings bond interest that includes amounts you reported before 2003, see Pub. 550.

## Line 8b

## Tax-Exempt Interest

If you received any tax-exempt interest, such as from municipal bonds, report it on line 8 b . 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 9a

## Ordinary Dividends

Each payer should send you a Form 1099-DIV. Enter your total ordinary dividends on line 9a. This amount should be shown in box 1a of your Form(s) 1099-DIV. But you must fill in and attach Schedule B if the total is over $\$ 1,500$ or you received, as a nominee, ordinary dividends that actually belong to someone else.

## Nontaxable Distributions

Some distributions are nontaxable because they are a return of your cost (or other basis). They will not be taxed until you recover your cost (or other basis). You must reduce your cost (or other basis) by these distributions. After you get back all of your cost (or other basis), you must report these distributions as capital gains on Schedule D. For details, see Pub. 550.


Dividends on insurance policies are a partial return of the premiums you paid. Do not report them as dividends. Include them in income only if they exceed the total of all net premiums you paid for the contract.

## Line 9b

## Qualified Dividends

Enter your total qualified dividends on line 9b. Qualified dividends are eligible for a lower tax rate than other ordinary income. Generally, these dividends are shown in box 1b of your Form(s) 1099-DIV. See Pub. 550 for the definition of qualified
dividends if you received dividends not reported on Form 1099-DIV.
Exception. Some dividends may be reported as qualified dividends in box 1 b of Form 1099-DIV but are not qualified dividends. These include:

- Dividends you received as a nominee. See the Instructions for Schedule B.
- Dividends you received on any share of stock that you held for less than 61 days during the 120 -day period that began 60 days before the ex-dividend date. The ex-dividend date is the first date following the declaration of a dividend on which the purchaser of a stock is not entitled to receive the next dividend payment. When counting the number of days you held the stock, include the day you disposed of the stock but not the day you acquired it. See the examples below.
- Dividends attributable to periods totaling more than 366 days that you received on any share of preferred stock held for less than 91 days during the 180-day period that began 90 days before the ex-dividend date. Preferred dividends attributable to periods totaling less than 367 days are subject to the 61-day holding period rule above.
- Dividends on any share of stock to the extent that you are under an obligation (including a short sale) to make related payments with respect to positions in substantially similar or related property.
- Payments in lieu of dividends, but only if you know or have reason to know that the payments are not qualified dividends.

Example 1. You bought 5,000 shares of XYZ Corp. common stock on July 1, 2003. XYZ Corp. paid a cash dividend of 10 cents per share. The ex-dividend date was July 9, 2003. Your Form 1099-DIV from XYZ Corp. shows $\$ 500$ in box 1a (ordinary dividends) and in box 1 b (qualified dividends). However, you sold the 5,000 shares on August 4, 2003. You held your shares of XYZ Corp. for only 34 days of the 120-day period (from July 2, 2003, through August 4, 2003). The 120 -day period began on May 10, 2003 ( 60 days before the ex-dividend date), and ended on September 6, 2003. You have no qualified dividends from XYZ Corp. because you held the XYZ stock for less than 61 days.

Example 2. Assume the same facts as in Example 1 except that you bought the stock on July 8, 2003 (the day before the ex-dividend date), and you sold the stock on September 9, 2003. You held the stock for 63 days (from July 9, 2003, through September 9, 2003). However, you have no qualified dividends from XYZ Corp. because you held the stock for only 60 days of the 120-day period (from July 9, 2003, through September 6, 2003).

Example 3. You bought 10,000 shares of ABC Mutual Fund common stock on July 1, 2003. ABC Mutual Fund paid a cash dividend of 10 cents a share. The ex-dividend date was July 9, 2003. The ABC Mutual Fund advises you that the portion of the dividend eligible to be treated as qualified dividends equals 2 cents per share. Your Form 1099-DIV from ABC Mutual Fund shows total ordinary dividends of $\$ 1,000$ and qualified dividends of $\$ 200$. However, you sold the 10,000 shares on August 4, 2003. You have no qualified dividends from ABC Mutual Fund because you held the ABC Mutual Fund stock for less than 61 days.


Be sure you use Schedule D or the Qualified Dividends and Capital Gain Tax Worksheet, whichever applies, to figure your tax. Your tax may be less. See the instructions for line 41 that begin on page 36 for details.

## Line 10

## Taxable Refunds, Credits, or Offsets of State and Local Income Taxes



None of your refund is taxable if, in the year you paid the tax, you did not itemize deductions.

If you received a refund, credit, or offset of state or local income taxes in 2003, you may receive a Form 1099-G. If you chose to apply part or all of the refund to your 2003 estimated state or local income tax, the amount applied is treated as received in 2003. If the refund was for a tax you paid in 2002 and you itemized deductions for 2002, use the worksheet on page 24 to see if any of your refund is taxable.

Exception. See Recoveries in Pub. 525 instead of using the worksheet on page 24 if any of the following apply.

- You received a refund in 2003 that is for a tax year other than 2002.
- You received a refund other than an income tax refund, such as a real property tax refund, in 2003 of an amount deducted or credit claimed in an earlier year.
- Your 2002 taxable income was less than zero.
- You made your last payment of 2002 estimated state or local income tax in 2003.
- You owed alternative minimum tax in 2002.
- You could not deduct the full amount of credits you were entitled to in 2002 be-
cause the total credits exceeded the amount shown on your 2002 Form 1040, line 44.
- You could be claimed as a dependent by someone else in 2002.

Also, see Tax Benefit Rule in Pub. 525 instead of using the worksheet below if all three of the following apply.

1. You had to use the Itemized Deductions Worksheet in the 2002 Schedule A instructions because your 2002 adjusted gross income was over: $\$ 137,300(\$ 68,650$ if married filing separately).
2. You could not deduct all of the amount on line 1 of the 2002 Itemized Deductions Worksheet.
3. The amount on line 8 of that 2002 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 2003.

## 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 13a

## Capital Gain or (Loss)

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

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

- The only amounts you have to report on Schedule D are capital gain distributions from box 2a of Form(s) 1099-DIV or substitute statements and post-May 5 capital gain distributions from box 2 b .
- None of the Forms 1099-DIV or substitute statements have an amount in box 2c (qualified 5 -year gain), box 2 d (unrecaptured section 1250 gain), box 2 e (section

1. Enter the income tax refund from Form(s) 1099-G (or similar statement). But do not enter more than the amount on your 2002 Schedule A (Form 1040), line 5
2. $\qquad$
3. Enter your total allowable itemized deductions from your 2002 Schedule A (Form 1040), line 28
4. 

Note. If the filing status on your 2002 Form 1040 was married filing separately and your spouse itemized deductions in 2002, skip lines 3 , 4 , and 5 , and enter the amount from line 2 on line 6.
3. Enter the amount shown below for the filing status claimed
on your 2002 Form 1040.

- Single - $\$ 4,700$
- Married filing jointly or qualifying widow(er) - \$7,850
- Married filing separately - $\$ 3,925$
- Head of household - $\$ 6,900$

4. Did you fill in line 37 a on your 2002 Form 1040 ?
$\square$ No. Enter -0-.Yes. Multiply the number in the box on line 37a of your 2002 Form 1040 by: $\$ 900$ if your 2002 filing status was married filing jointly or separately or qualifying widow(er); $\$ 1,150$ if your 2002 filing status was single or head of household.
5. $\square$
6. Add lines 3 and 4 5.
7. Is the amount on line 5 less than the amount on line 2 ?
$\square$ No. stop None of your refund is taxable.Yes. Subtract line 5 from line 2 .
8. 
9. Taxable part of your refund. Enter the smaller of line 1 or line 6 here and on Form 1040, line 10 7. $\qquad$

1202 gain), or box 2 f (collectibles ( $28 \%$ ) gain).

- You are not filing Form 4952 (relating to investment interest expense) or if the amount on line 4 g of that form includes any qualified dividends, it also includes all of your net capital gain from the disposition of property held for investment.

If all of the above apply, enter your total capital gain distributions (from box 2a of Form(s) 1099-DIV) on line 13a and check the box on that line. If you received capital gain distributions as a nominee (that is, they were paid to you but actually belong to someone else), report on line 13a only the amount that belongs to you. Attach a statement showing the full amount you received and the amount you received as a nominee. See the Instructions for Schedule B for filing requirements for Forms 1099-DIV and 1096.

If you do not have to file Schedule $D$, be sure you use the Qualified Dividends and Capital Gain Tax Worksheet on page 37 to figure your tax. Your tax may be less if you use this worksheet.

## Line 13b

## Post-May 5 Capital Gain Distributions

If you checked the box on line 13a because you are not required to file Schedule D, enter your total post-May 5 capital gain distributions on line 13b. This amount should be shown in box 2 b of your Form(s) 1099-DIV or substitute statements. Reduce your total post-May 5 capital gain distributions by any post-May 5 capital gain distributions you received as a nominee (see the instructions for line 13a that begin on page 24).

## Line 14

## Other Gains or (Losses)

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

## Lines 15a and 15b

## IRA Distributions

You should receive a Form 1099-R showing the amount of any distribution from your individual retirement arrangement (IRA). Unless otherwise noted in the line

15 a and 15 b 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 15 b .

Exception 1. Enter the total distribution on line 15 a if you rolled over part or all of the distribution from one:

- IRA to another IRA of the same type (for example, from one traditional IRA to another traditional IRA) or
- SEP or SIMPLE IRA to a traditional IRA.

Also, put "Rollover" next to line 15 b. If the total distribution was rolled over, enter zero on line 15 b . If the total distribution 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 2004 or (b) from an IRA into a qualified plan (other than an IRA), attach a statement explaining what you did.
Exception 2. If any of the following apply, enter the total distribution on line 15a and see Form 8606 and its instructions to figure the amount to enter on line 15 b .

- 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 2003 or an earlier year. If you made nondeductible contributions to these IRAs for 2003, also see Pub. 590.
- You received a distribution from a Roth IRA. But if either $\mathbf{1}$ or $\mathbf{2}$ below applies, enter -0 - on line 15 b ; you do not have to see Form 8606 or its instructions.

1. Distribution code $\mathbf{T}$ is shown in box 7 of your Form 1099-R and you made a contribution (including a conversion) to a Roth IRA for 1998.
2. Distribution code $\mathbf{Q}$ is shown in box 7 of your Form 1099-R.

- You converted part or all of a traditional, SEP, or SIMPLE IRA to a Roth IRA in 2003.
- You had a 2002 or 2003 IRA 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 2003.
- You recharacterized part or all of a contribution to a Roth IRA as a traditional IRA contribution, or vice versa.

Note. If you (or your spouse if filing jointly) received more than one distribution, figure the taxable amount of each distribution and enter the total of the taxable amounts on line 15 b. 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, 1932, and received less than the minimum required distribution from your traditional, SEP, and SIMPLE IRAs. See the instructions for line 57 on page 42 for details.

## Lines 16a and 16b

## Pensions and Annuities

You should receive a Form 1099-R showing the amount of your pension and annuity payments. See page 27 for details on rollovers and lump-sum distributions. Do not include the following payments on lines 16 a and 16 b . 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.


Attach Form(s) 1099-R to Form 1040 if any Federal income tax was withheld.

## Fully Taxable Pensions and Annuities

If your pension or annuity is fully taxable, enter it on line 16b; do not make an entry on line 16a. Your payments are fully taxable if (a) you did not contribute to the cost (see page 27) of your pension or annuity or (b) you got your entire cost back tax free before 2003 .

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 2003 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 26) was after July 1, 1986, see Simplified Method on page 26 to find out if you must use that method to figure the taxable part.

You can ask the IRS to figure the taxable part for you for a $\$ 90$ fee. For details, see Pub. 939.
(Continued on page 26)

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 on this page) 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 both of the following apply.

- The payments are from a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity.
- On your annuity starting date, either you were under age 75 or the number of years of guaranteed payments was fewer


## Simplified Method Worksheet—Lines 16a and 16b



Table 1 for Line 3 Above
AND your annuity starting date was-
before November 19, 1996,
after November 18, 1996, enter on line $3 \ldots \quad$ enter on line $3 \ldots$

300
360
260
310
240
260
170
210
120

## 160

## Table 2 for Line 3 Above

| IF the combined ages at annuity <br> starting date (see page 27) were . . | THEN enter on line 3 . . |
| :---: | :---: |
| 110 or under | 410 |
| $111-120$ | 360 |
| $121-130$ | 310 |
| $131-140$ | 260 |
| 141 or older | 210 |

than 5. See Pub. 575 for the definition of guaranteed payments.

If you must use the Simplified Method, complete the worksheet on page 26 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, see Pub. 721 to figure the taxable part of your annuity. Do not use the worksheet on page 26.

## 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 9 b 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 16 a , 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. Enter the remaining amount, even if zero, on line 16b. Also, enter "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 2 b 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 57 on page 42.

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

TIPYou may be able to pay less tax on the distribution if you were born before January 2, 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 January 2, 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 2003.

If you received an overpayment of unemployment compensation in 2003 and you repaid any of it in 2003, 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 2003, 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 2003. If you received railroad retirement benefits treated as social security, you should receive a Form RRB-1099.

Use the worksheet on page 28 to see if any of your benefits are taxable.
Exception. Do not use the worksheet on page 28 if any of the following apply.

- You made contributions to a traditional IRA for 2003 and you or your spouse 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 2003 and your total repayments (box 4) were more than your total benefits for 2003 (box 3). None of your benefits are taxable for 2003. 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 $\mathbf{8 8 1 5}$, or you exclude employer-provided adoption benefits or income from sources within Puerto Rico. Instead, use the worksheet in Pub. 915.


## Line 21

## Other Income

CAUTION
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 income not reported elsewhere on your return or other schedules. See the examples that begin below. List the type and amount of income. If necessary, show the required information on an attached statement. For more details, see Miscellaneous Income in Pub. 525.


Do not report any nontaxable amounts on line 21 , such as any advance child tax credit payment you received; 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:

- Taxable distributions from a Coverdell education savings account (ESA). Distributions from a Coverdell ESA may be taxable if (a) they are more than the qualified education expenses of the designated beneficiary in 2003 and (b) they were not included in a qualified rollover. See Pub. 970.
(Continued on page 29)

Before you begin: $\sqrt{ }$ Complete Form 1040, lines 21, 23, 24, and 27 through 32a, if they apply to you. $\checkmark$ Figure any amount to be entered on the dotted line next to line 33 (see page 33 ).
$\checkmark$ If you are married filing separately and you lived apart from your spouse for all of 2003, enter "D" to the right of the word "benefits" on line 20a.
$\sqrt{ }$ Be sure you have read the Exception on page 27 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 Forms RRB-1099
2. 
3. Enter one-half of line 1
4. $\qquad$ 2. $\qquad$
5. Enter the total of the amounts from Form 1040 , lines $7,8 \mathrm{a}, 9 \mathrm{a}, 10$ through $12,13 \mathrm{a}, 14,15 \mathrm{~b}, 16 \mathrm{~b}$, 17 through 19, and 21
6. 
7. 
8. Enter the amount, if any, from Form 1040, line 8b
9. 
10. Add lines 2, 3, and 4
11. Enter the total of the amounts from Form 1040, lines 23, 24, and 27 through 32 a, plus any amount you entered on the dotted line next to line 33
12. 

$\square$
7. Is the amount on line 6 less than the amount on line 5 ?
$\square$ No. STOP None of your social security benefits are taxable.
$\square$ Yes. Subtract line 6 from line 5
7.


- Married filing separately and you lived with your spouse at any time in 2003, skip lines 8 through 15; multiply line 7 by $85 \%$ (.85) and enter the result on line 16 . Then go to line 17

9. Is the amount on line 8 less than the amount on line 7 ?
$\square$ No. STOP
None of your social security benefits are taxable. You do not have to enter any amounts on line 20a or 20b of Form 1040. But if you are married filing separately and you lived apart from your spouse for all of 2003, enter - 0 - on line 20 b . Be sure you entered "D" to the right of the word "benefits" on line 20a.
$\square$ Yes. Subtract line 8 from line 7
10. 
11. Enter: $\$ 12,000$ if married filing jointly; $\$ 9,000$ if single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2003
12. 
13. Subtract line 10 from line 9 . If zero or less, enter -0 -
14. 
15. Enter the smaller of line 9 or line 10
16. 
17. Enter one-half of line 12
18. 
19. Enter the smaller of line 2 or line 13
20. 
21. Multiply line 11 by $85 \%$ (.85). If line 11 is zero, enter $-0-$
22. 
23. Add lines 14 and 15
24. 
25. Multiply line 1 by $85 \%$ (.85)
26. 
27. Taxable social security benefits. Enter the smaller of line 16 or line 17
28. 

- Enter the amount from line 1 above on Form 1040, line 20a.
- Enter the amount from line 18 above on Form 1040, line 20 b.

TIP
If part of your benefits are taxable for 2003 and they include benefits paid in 2003 that were for an earlier year,
you may be able to reduce the taxable amount. See Pub. 915 for details.

You may have to pay an additional tax if you received a taxable distribution from a Coverdell ESA. See the Instructions for Form 5329.

- 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 33 that begin on page 33.
- Alaska Permanent Fund dividends.
- Qualified tuition program earnings. However, you may be able to exclude part or all of the earnings from income if (a) the qualified tuition program was established and maintained by a state (or agency or instrumentality of the state) and (b) any part of the distribution was used to pay qualified higher education expenses. Also, you may be able to exclude part or all of the earnings from income if they were included in a qualified rollover. See Pub. 970.

You may have to pay an additional tax if you received qualified tuition program earnings that are included on line 21. See the Instructions for Form 5329.

- 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 33 that begin on page 33 .
- Income from an activity not engaged in for profit. See Pub. 535.
- Loss on certain corrective distributions of excess deferrals. See Retirement Plan Contributions in Pub. 525.


## Adjusted Gross Income

## Line 23

## Educator Expenses

If you were an eligible educator in 2003, you can deduct up to $\$ 250$ of qualified expenses you paid in 2003. If you and your spouse are filing jointly and both of you
were eligible educators, the maximum deduction is $\$ 500$. However, neither spouse can deduct more than $\$ 250$ of his or her qualified expenses. An eligible educator is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in a school for at least 900 hours during a school year.

Qualified expenses include ordinary and necessary expenses paid in connection with books, supplies, equipment (including computer equipment, software, and services), and other materials used in the classroom. An ordinary expense is one that is common and accepted in your educational field. A necessary expense is one that is helpful and appropriate for your profession as an educator. An expense does not have to be required to be considered necessary.

Qualified expenses do not include expenses for home schooling or for nonathletic supplies for courses in health or physical education. You must reduce your qualified expenses by the following amounts.

- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Nontaxable qualified state tuition program earnings.
- Nontaxable earnings from Coverdell education savings accounts.
- Any reimbursements you received for these expenses that were not reported to you in box 1 of your Form W-2.

For more details, use TeleTax topic 458 (see page 11).

## Line 24

## IRA Deduction



If you made any nondeductible contributions to a traditional individual retirement arrangement (IRA) for 2003, you must report them on Form 8606.

If you made contributions to a traditional IRA for 2003, 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. A statement should be sent to you by June 1, 2004, that shows all contributions to your traditional IRA for 2003.

Use the worksheet on page 30 to figure the amount, if any, of your IRA deduction. But read the following list before you fill in the worksheet.

- If you were age $70^{1 / 2}$ or older at the end of 2003, you cannot deduct any contributions made to your traditional IRA for 2003 or treat them as nondeductible contributions.
- You cannot deduct contributions to a Roth IRA. But you may be able to take the retirement savings contributions credit. See the instructions for line 48 on page 39.


If you made contributions to both a traditional IRA and a Roth IRA for 2003, do not use the worksheet on page 30. Instead, use the worksheet in Pub. 590 to figure the amount, if any, of your IRA deduction.

- You cannot deduct elective deferrals to a 401 (k) plan, section 457 plan, SIMPLE plan, or the Federal Thrift Savings Plan. These amounts are not included as income in box 1 of your Form W-2. But you may be able to take the retirement savings contributions credit. See the instructions for line 48 on page 39.
- If you made contributions to your IRA in 2003 that you deducted for 2002, do not include them in the worksheet.
- If you received a distribution from a nonqualified deferred compensation plan or nongovernmental section 457 plan that is included in box 1 of your Form W-2, do not include that distribution on line 8 of the worksheet. The distribution should be shown in box 11 of your Form W-2. 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 24.
- Do not include rollover contributions in figuring your deduction. Instead, see the instructions for lines 15 a and 15 b on page 25 .
- 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 24 plus any nondeductible contribution to your traditional IRAs shown on Form 8606 is less than your total traditional IRA contributions for 2003, see Pub. 590 for special rules.


By April 1 of the year after the year in which you turn age $70^{1 / 2}$, you must start taking minimum required distributions from your traditional IRA. If you do not, you may have to pay a $50 \%$ additional tax on
the amount that should have been distributed. For details, including 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.
(Continued on page 31)

IRA Deduction Worksheet—Line 24
Keep for Your Records
Before you begin: $\sqrt{ }$ Complete Form 1040, lines 27 through 32a, if they apply to you.
$\checkmark$ Figure any amount to be entered on the dotted line next to line 33 (see page 33).
$\checkmark$ Be sure you have read the list that begins on page 29.


If married filing jointly and line 8 is less than $\$ 6,000$ ( $\$ 6,500$ if one spouse is age 50 or older at the end of 2003; $\$ 7,000$ if both spouses are age 50 or older at the end of 2003), stop here and see Pub. 590 to figure your IRA deduction.
9. Enter traditional IRA contributions made, or that will be made by April 15, 2004, for 2003 to your IRA on line 9 a and to your spouse's IRA on line 9 b


TIP
You may be able to take the retirement savings contributions credit. See the instructions for line 48 on page 39 .

The "Retirement plan" box in box 13 of your Form W-2 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 2003.

## Line 25

## Student Loan Interest Deduction

You can take this deduction only if all of the following apply.

- You paid interest in 2003 on a qualified student loan (see this page).
- Your filing status is any status except married filing separately.
- Your modified adjusted gross income (AGI) is less than: $\$ 65,000$ if single, head of household, or qualifying widow(er); $\$ 130,000$ if married filing jointly. Use lines 2 through 4 of the worksheet below to figure your modified AGI.
- You are not claimed as a dependent on someone's (such as your parent's) 2003 tax return.

Use the worksheet below to figure your student loan interest deduction.
Exception. Use Pub. 970 instead of the worksheet below to figure your student loan interest deduction if you file Form $2555,2555-E Z$, or 4563 , or you exclude income from sources within Puerto Rico.
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
page 32 ). 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 education 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 benefits.

- Employer-provided educational assistance benefits that are not included in box 1 of your Form(s) W-2.
- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Nontaxable qualified state tuition


## Student Loan Interest Deduction Worksheet—Line 25

Before you begin: $\sqrt{ } \quad$ Complete Form 1040, lines 27 through 32a, if they apply to you.
$\checkmark \quad$ Figure any amount to be entered on the dotted line next to line 33 (see page 33).
$\sqrt{ }$ See the instructions for line 25 that begin on this page.
$\checkmark \quad$ Be sure you have read the Exception above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.

1. Enter the total interest you paid in 2003 on qualified student loans (defined above). Do not enter more than $\$ 2,500$.
2. 
3. Enter the amount from Form 1040, line 22
4. Enter the total of the amounts from Form 1040, lines $23,24,27$ through 32 a, plus any amount you entered on the dotted line next to line 33
5. 
6. Subtract line 3 from line 2
7. $\square$
8. Enter the amount shown below for your filing status.

- Single, head of household, or qualifying widow(er) - \$50,000
- Married filing jointly- $\$ 100,000$

6. Is the amount on line 4 more than the amount on line 5 ?
$\square$ No. Skip lines 6 and 7 , enter -0 - on line 8 , and go to line 9 .
$\square$ Yes. Subtract line 5 from line 4
7. 
8. $\square$
9. $\square$
program earnings.

- Nontaxable earnings from Coverdell education savings accounts.
- Any scholarship, educational assistance allowance, or other payment (but not gifts, inheritances, etc.) excluded from income.

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 26

## Tuition and Fees Deduction

You can take this deduction only if all of the following apply.

- You paid qualified tuition and fees (see this page) in 2003 for yourself, your spouse, or your dependent(s).
- Your filing status is any status except married filing separately.
- Your modified adjusted gross income (AGI) is not more than: $\$ 65,000$ if single, head of household, or qualifying widow(er); \$130,000 if married filing jointly. Use lines 1 through 3 of the worksheet below to figure your modified AGI.
- You cannot be claimed as a dependent on someone's (such as your parent's) 2003 tax return.
- You are not claiming an education credit for the same student. See the instructions for line 47 on page 39.
- You were a U.S. citizen or resident alien for all of 2003 or you were a nonresident alien for any part of 2003 and you are filing a joint return.

Use the worksheet below to figure your tuition and fees deduction.

Exception. Use Pub. 970 instead of the worksheet below to figure your tuition and fees deduction if you file Form 2555, $2555-E Z$, or 4563 , or you exclude income from sources within Puerto Rico.

Qualified Tuition and Fees. These are amounts paid in 2003 for tuition and fees required for the student's enrollment or attendance at an eligible educational institution during 2003. Tuition and fees paid in 2003 for an academic period that begins in the first 3 months of 2004 can also be used in figuring your deduction. Amounts paid include those paid by credit card or with borrowed funds. An eligible educational institution includes most colleges, universities, and certain vocational schools.

Qualified tuition and fees do not include amounts paid for:

- Room and board, insurance, medical expenses (including student health fees), transportation, or other similar personal, living, or family expenses.
- Course-related books, supplies, equipment, and nonacademic activities, except for fees required to be paid to the institution as a condition of enrollment or attendance.
- Any course involving sports, games, or hobbies, unless such course is part of the student's degree program.

Qualified tuition and fees must be reduced by the following benefits.

- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Nontaxable qualified state tuition program earnings.
- Nontaxable earnings from Coverdell education savings accounts.
- Any scholarship, educational assistance allowance, or other payment (but not gifts, inheritances, etc.) excluded from income.

For more details, use TeleTax topic 457 (see page 11) or see Pub. 970.

## Line 27

## 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.

## Line 28

## 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.

## Tuition and Fees Deduction Worksheet-Line 26

## Before you begin: $\checkmark$ Complete Form 1040, lines 27 through 32 a, if they apply to you.

$\checkmark$ Figure any amount to be entered on the dotted line next to line 33 (see page 33).
$\sqrt{ }$ See the instructions for line 26 above.
$\checkmark \quad$ Be sure you have read the Exception above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.

1. Enter the amount from Form 1040, line 22
2. 
3. Enter the total of the amounts from Form 1040, lines 23 through 25, 27 through 32a, plus any amount you entered on the dotted line next to line 33
4. 
5. Subtract line 2 from line 1. If the result is more than $\$ 65,000$ ( $\$ 130,000$ if married filing jointly),

STOP You cannot take the deduction for tuition and fees
3.
4. Tuition and fees deduction. Enter the total qualified tuition and fees (defined above) you paid in 2003. Do not enter more than $\$ 3,000$. Also, enter this amount on Form 1040, line 26. Do not include this amount in figuring any other deduction on your return (such as on Schedule A, C, E, etc.) . . . . .
4.

## Line 29

## Self-Employed Health Insurance Deduction

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

- You were self-employed and had a net profit for the year or
- You received wages in 2003 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 Form W-2.

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 2003, 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.
Note. If, during 2003, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation pension recipient, you must complete Form 8885 before completing the worksheet below. When figuring the amount to enter on line 1 of the worksheet below, do not include any
health coverage tax credit advance payments shown in box 1 of Form 1099-H. Also, subtract the amount shown on line 4 of Form 8885 (reduced by any advance payments shown on line 6 of that form) from the total insurance premiums you paid.

If you qualify to take the deduction, use the worksheet below to figure the amount you can deduct.
Exception. Use Pub. 535 instead of the worksheet below to find out how to figure your deduction if any of the following apply.

- You had more than one source of income subject to self-employment tax.
- You file Form 2555 or 2555-EZ.
- You are using amounts paid for qualified long-term care insurance to figure the deduction.


## Line 30

## 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 31 <br> 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 32a and 32b

## 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.

## Line 33

Include in the total on line 33 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 33 , enter the amount of your deduction and identify it as indicated.

- Archer MSA deduction (see Form 8853). Identify as "MSA."
- Deduction for clean-fuel vehicles (see Pub. 535). Identify as "Clean-Fuel."
- 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

Self-Employed Health Insurance Deduction Worksheet—Line 29
$\checkmark$ Complete Form 1040, line 30, if it applies to you.
$\checkmark$ If, during 2003, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation pension recipient, see the Note above.
$\checkmark$ 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 2003 for health insurance coverage established under your business for 2003 for you, your spouse, and your dependents. But do not include amounts for any month you were eligible to participate in an employer-sponsored health plan
2. 
3. Enter your net profit and any other earned income* from the business under which the insurance plan is established, minus any deductions on Form 1040, lines 28 and 30
4. 
5. Self-employed health insurance deduction. Enter the smaller of line 1 or line 2 here and on Form 1040, line 29. Do not include this amount in figuring any medical expense deduction on Schedule A (Form 1040)
6. $\square$

* 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.
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)(D) pension plans (see Pub. 525). Identify as "501(c)(18)(D)."
- Contributions by certain chaplains to section 403(b) plans (see Pub. 517). Identify as "403(b)."
- Employee business expenses of fee-basis state or local government officials (see Form 2106 or 2106-EZ). Identify as "FBO."


## Line 34

If line 34 is less than zero, you may have a net operating loss that you can carry to another tax year. See the Instructions for Form 1045 for details.

## Tax and Credits

## Line 36a

If you were born before January 2, 1939, or were blind at the end of 2003, check the appropriate box(es) on line 36a. If you were married and checked the box on line 6 b of Form 1040 and your spouse was born
before January 2, 1939, or was blind at the end of 2003, also check the appropriate box(es) for your spouse. Be sure to enter the total number of boxes checked.

## Blindness

If you were partially blind as of December 31,2003 , 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 36b

If your spouse itemizes deductions on a separate return or if you were a dual-status alien, check the box on line 36b. 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 2003 and you and your spouse agree to be taxed on your combined worldwide income, do not check the box.

## Line 37

## Itemized Deductions or Standard Deduction

In most cases, your Federal income tax will be less if you take the larger of your:

- Itemized deductions or
- Standard deduction.


If you checked the box on line $\mathbf{3 6 b}$, 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 37 of Form 1040. But if you, or your spouse if filing jointly, can be claimed as a dependent on someone's 2003 return or you checked any box on line 36a, use the worksheet below or the chart on page 35, whichever applies, to figure your standard deduction. Also, if you checked the box on line 36 b , your standard deduction is zero, even if you were born before January 2, 1939, or were blind.

## Electing To Itemize for State Tax or Other Purposes

If you itemize even though your itemized deductions are less than your standard deduction, enter "IE" on the dotted line next to line 37 .

## Standard Deduction Worksheet for Dependents—Line 37

Use this worksheet only if someone can claim you, or your spouse if filing jointly, as a dependent.


## Standard Deduction Chart for People Who Were Born Before January 2, 1939, or Were Blind-Line 37

| 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 34 . <br> Enter the number from the box on line 36a of Form 1040 <br> Do not use the number of exemptions from line 6 d . |  |  |
| :---: | :---: | :---: |
| IF your filing status is . | AND the number in the box above is | THEN your standard deduction is . . . |
| Single | $\begin{aligned} & 1 \\ & 2 \end{aligned}$ | $\begin{array}{r} \$ 5,900 \\ 7,050 \end{array}$ |
| Married filing jointly or Qualifying widow(er) | 1 2 3 4 | $\begin{array}{r} \$ 10,450 \\ 11,400 \\ 12,350 \\ 13,300 \end{array}$ |
| Married filing separately | $\begin{aligned} & 1 \\ & 2 \\ & 3 \\ & 4 \end{aligned}$ | $\begin{array}{r} \hline \$ 5,700 \\ 6,650 \\ 7,600 \\ 8,550 \end{array}$ |
| Head of household | $\begin{aligned} & 1 \\ & 2 \end{aligned}$ | $\begin{array}{r} \hline \$ 8,150 \\ 9,300 \end{array}$ |

## Deduction for Exemptions Worksheet—Line 39

Keep for Your Records

1. Is the amount on Form 1040 , line 35 , more than the amount shown on line 4 below for your filing status?
 Multiply $\$ 3,050$ by the total number of exemptions claimed on Form 1040, line 6d, and enter the result on line 39.Yes. Continue
2. Multiply $\$ 3,050$ by the total number of exemptions claimed on Form 1040, line 6 d
3. 
4. Enter the amount from Form 1040, line 35
5. $\qquad$
6. Enter the amount shown below for your filing status.

- Single- $\$ 139,500$
- Married filing jointly or qualifying widow(er) - $\$ 209,250$
- Married filing separately - $\$ 104,625$
- Head of household- $\$ 174,400$

4. $\qquad$
5. Subtract line 4 from line 3. If the result is more than $\$ 122,500$ ( $\$ 61,250$ if married filing separately) You cannot take a deduction for exemptions
6. $\qquad$
7. Divide line 5 by $\$ 2,500$ ( $\$ 1,250$ 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 )
8. $\qquad$
9. Multiply line 6 by $2 \%$ (.02) and enter the result as a decimal
10. $\qquad$
11. Multiply line 2 by line 7
12. 

 $\qquad$
9. Deduction for exemptions. Subtract line 8 from line 2. Enter the result here and on Form 1040, line 39
9.

## Line 41

## Tax

Do you want the IRS to figure your tax for you?
$\square$ 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.
$\square$ No. Use one of the following methods to figure your tax. Also include in the total on line 41 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 2003 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 41.

Tax Table or Tax Rate Schedules. If your taxable income is less than $\$ 100,000$, you must use the Tax Table, that begins on page 62 , 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 74.
Exception. Do not use the Tax Table or Tax Rate Schedules to figure your tax if either of the following applies.

- You are required to figure your tax using Form 8615, Schedule D, or the Qualified Dividends and Capital Gain Tax Worksheet on page 37.
- You use Schedule J (for farm income) to figure your tax.
Form 8615. Form 8615 must generally be used to figure the tax for any child who was under age 14 at the end of 2003, 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 at the end of 2003, do not use Form 8615 to figure the child's tax. Also, a child born on January 1, 1990, is considered to be age 14 at the end of 2003. Do not use Form 8615 for such a child.
Schedule D. Use Part IV of Schedule D to figure your tax if you are required to file Schedule D and (a) you had a net capital gain (both lines 16 and 17a of Schedule D are gains) or (b) you have qualified dividends on Form 1040, line 9b.
Qualified Dividends and Capital Gain Tax Worksheet. If you received qualified dividends or capital gain distributions but you are not required to file Schedule D, use the worksheet on page 37 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.

1. Enter the amount from Form 1040, line 40
2. Enter the amount from Form 1040, line $9 b$
3. Enter the amount from Form 1040, line 13a
4. Add lines 2 and 3
5. If you are claiming investment interest expense on Form 4952, enter the amount from line 4 g of that form. Otherwise, enter -0-
6. Subtract line 5 from line 4 . If zero or less, enter -0-
7. Subtract line 6 from line 1 . If zero or less, enter $-0-$
8. Enter the smaller of:

- The amount on line 1 or
- $\$ 56,800$ if married filing jointly or qualifying widow(er), $\$ 28,400$ if single or married filing separately, or $\$ 38,050$ if head of household.

9. Is the amount on line 7 equal to or more than the amount on line 8 ?
$\square$ Yes. Skip lines 9 through 15 ; go to line 16 and check the "No"' box.
No. Enter the amount from line 7
10. $\qquad$
11. Subtract line 9 from line 8
12. $\qquad$
13. Add the amounts from Form 1040, line 13b, and line 2 above
14. $\qquad$
15. $\qquad$
16. $\qquad$
17. $\qquad$
18. $\qquad$
19. Are the amounts on lines 6 and 10 the same?
$\square$ Yes. Skip lines 16 through 25; go to line 26 .
No. Enter the smaller of line 1 or line 6
20. $\square$
21. Enter the amount from line 10 (if line 10 is blank, enter $-0-$ )
22. 
23. $\qquad$
24. Add the amounts from Form 1040, line 13b, and line 2 above
25. $\square$
26. Enter the amount from line 12 (if line 12 is blank, enter $-0-$ )
27. 
28. $\qquad$
29. Subtract line 20 from line 19
................ 22 $\qquad$
30. $\qquad$
31. Multiply line 22 by $15 \%$ (.15)
32. $\qquad$
33. $\qquad$
34. Multiply line 24 by $20 \%$ (.20)
35. 
36. 
37. Add lines $13,15,23,25$, and 26
38. 
39. Tax on
40. 

## Line 42

## Alternative Minimum Tax

Use the worksheet below to see if you should fill in Form 6251.

Exception. Fill in Form 6251 instead of using the worksheet below if you claimed or received any of the following items.

- Accelerated depreciation.
- Stock by exercising an incentive stock option and you did not dispose of the stock in the same year.
- Tax-exempt interest from private activity bonds.
- Intangible drilling, circulation, research, experimental, or mining costs.
- Amortization of pollution-control facilities or depletion.
- Income or (loss) from tax-shelter farm activities or passive activities.
- Income from long-term contracts not figured using the percentage-of-completion method.
- Interest paid on a home mortgage not used to buy, build, or substantially improve your home.
- Investment interest expense reported on Form 4952.
- Net operating loss deduction.
- Alternative minimum tax adjustments from an estate, trust, electing large partnership, or cooperative.
- Section 1202 exclusion.
(Continued on page 39)


## Worksheet To See if You Should Fill in Form 6251—Line 42

Before you begin: $\quad \checkmark \quad$| Be sure you have read the Exception above to see if you must fill in Form 6251 |
| :--- |
| instead of using this worksheet. |

\[\)|  If you are claiming the foreign tax credit (see the instructions for Form 1040, line  |
| :--- |
| 44,  on page 39), enter that credit on line  $44 .$ |

\]

1. Are you filing Schedule A?
$\square$ Yes. Enter the amount from Form 1040, line 38.
No. Enter the amount from Form 1040, line 35, and go to line 4
2. 


2.
3.
4.
4. Add lines 1 through 3 above .
5. Enter the amount shown below for your filing status.

- Single or head of household-\$40,250
- Married filing jointly or qualifying widow(er) - \$58,000
- Married filing separately-\$29,000

6. Is the amount on line 4 more than the amount on line 5 ?No. STOP You do not need to fill in Form 6251.Yes. Subtract line 5 from line 4
7. 
8. Enter the amount shown below for your filing status.

- Single or head of household-\$112,500
- Married filing jointly or qualifying widow(er) - $\$ 150,000$
- Married filing separately-\$75,000

8. Is the amount on line 4 more than the amount on line 7 ?No. Enter the amount from line 6 on line 10 and go to line 11 .
Yes. Subtract line 7 from line 4 .
9. 
10. 
11. 

$\square$
Enter the sma
1040, line 35
$\%$ (.025) of the amount on Form
$\qquad$ 3.
$\qquad$

9
9.
9. Multiply line 8 by $25 \%$ (.25) and enter the result but do not enter more than line 5 above
10.
11. Is the amount on line 10 more than $\$ 175,000$ ( $\$ 87,500$ if married filing separately)?
Y
Yes. stop Fill in Form 6251 to see if you owe the alternative minimum tax.No. Multiply line 10 by $26 \%$ (.26)
11.
12. Enter the amount from Form 1040, line 41, minus the total of any tax from Form 4972 and any amount on Form 1040, line 44
12.
2.

Next. Is the amount on line 11 more than the amount on line 12 ?
Yes. Fill in Form 6251 to see if you owe the alternative minimum tax.
No. You do not need to fill in Form 6251.

Form 6251 should be filled in for a child who was under age 14 at the end of 2003 if the child's adjusted gross income from Form 1040, line 35, exceeds the child's earned income by more than \$5,600.

## Line 44

## 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.
Exception. You do not have to complete 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 $\mathbf{4 5 6 3}$ 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.

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

Do you meet all five requirements above?
$\square$ Yes. Enter on line 44 the smaller of your total foreign taxes or the amount on Form 1040, line 41.
$\square$ 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 45 <br> 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 46

## Credit for the Elderly or the Disabled

You may be able to take this credit if by the end of 2003 (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 35, is $\$ 17,500$ or more ( $\$ 20,000$ or more if married filing jointly and only one spouse is eligible for the credit; $\$ 25,000$ or more if married filing jointly and both spouses are eligible; $\$ 12,500$ or more if married filing separately). See Schedule $\mathbf{R}$ 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 47

## Education Credits

If you (or your dependent) paid qualified expenses in 2003 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 $\mathbf{8 8 6 3}$ 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) 2003 tax return.
- Your filing status is married filing separately.
- The amount on Form 1040, line 35, is $\$ 51,000$ or more ( $\$ 103,000$ or more if married filing jointly).
- You are taking a deduction for tuition and fees on Form 1040, line 26, for the same student.
- You (or your spouse) were a nonresident alien for any part of 2003 unless your filing status is married filing jointly.


## Line 48

## Retirement Savings Contributions Credit

You may be able to take this credit if you, or your spouse if filing jointly, made (a) contributions to a traditional or Roth IRA, (b) elective deferrals to a $401(\mathrm{k}), 403(\mathrm{~b})$, governmental 457, SEP, or SIMPLE plan, (c) voluntary employee contributions to a qualified retirement plan (including the Federal Thrift Savings Plan), or (d) contributions to a 501(c)(18)(D) plan.

However, you cannot take the credit if either of the following applies.

- The amount on Form 1040, line 35, is more than $\$ 25,000$ ( $\$ 37,500$ if head of household; $\$ 50,000$ if married filing jointly).
- The person(s) who made the qualified contribution or elective deferral (a) was born after January 1, 1986, (b) is claimed as a dependent on someone else's 2003 tax return, or (c) was a student (defined below).

You were a student if during any 5 months of 2003 you:

- Were enrolled as a full-time student at a school or
- Took a full-time, on-farm training course given by a school or a state, county, or local government agency.

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

For more details, use TeleTax topic 610 (see page 11) or see Form $\mathbf{8 8 8 0}$.

## Line 49—Child Tax Credit

## What Is the Child Tax Credit?

This credit is for people who have a qualifying child (defined below). It is in addition to the credit for child and dependent care expenses on Form 1040, line 45, and the earned income credit on Form 1040, line 63.

## Four Steps To Take the Child Tax Credit!

Step 1. Make sure you have a qualifying child for the child tax credit (defined below).
Step 2. Make sure you checked the box in column (4) of line 6 c on Form 1040 for each qualifying child.
Step 3. Make sure you know the amount of any advance child tax credit payment you received (before offset) in 2003 (see below).
Step 4. Answer the questions on this page to see if you may use the worksheet on page 41 to figure your credit or if you must use Pub. 972, Child Tax Credit. If you need Pub. 972, see page 7.

## Qualifying Child for Child Tax Credit

A qualifying child for purposes of the child tax credit is a child who:

- Is claimed as your dependent on line 6 c , and
- Was under age 17 at the end of 2003, and
- Is your (a) son, daughter, adopted child, stepchild, or a descendant of any of them (for example, your grandchild); (b) brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew), whom you cared for as you would your own child; or (c) foster child (any child placed with you by an authorized placement agency whom you cared for as you would your own child), and
- Is a U.S. citizen or resident alien.

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

An adopted child is always treated as your own child. An adopted child includes a child placed with you by an authorized placement agency for legal adoption even if the adoption is not final. An authorized placement agency includes any person or court authorized by state law to place children for legal adoption.

## Advance Child Tax Credit Payment

You must reduce your 2003 child tax credits by any advance child tax credit payment you received in 2003. Enter the amount of any advance payment you received (before offset) on line 2 of your Child Tax Credit Worksheet. The amount of your advance payment (before offset) is shown on Notice 1319. This notice was mailed to you in 2003. If you do not have this notice, you can check the amount of your advance payment (before offset) on the IRS website at www.irs.gov or call us at 1-800-829-1040. For details on offsets, see Refund Offset on page 56.

If you filed a joint return for 2002, but for 2003 you are not filing a joint return (or a joint return with the same spouse), you are considered to have received one-half of the advance payment.

Example 1. You filed a joint return for 2002 and received an advance child tax credit payment (before offset) of $\$ 800$. You were divorced and are filing using head of household status for 2003. You are considered to have received an advance payment (before offset) of $\$ 400$. When figuring your child tax credit for 2003, you would enter $\$ 400$ on line 2 of your Child Tax Credit Worksheet.

Example 2. You filed a joint return for 2002 with your wife, Jane. You and Jane received an advance child tax credit payment (before offset) of $\$ 400$. In 2003, you and Jane got divorced. After the divorce became final, you married Mary, with whom you are filing a joint return for 2003. Mary filed using head of household status for 2002 and received an advance child tax credit payment (before offset) of $\$ 400$. When figuring your child tax credit for 2003, you and Mary would enter $\$ 600$ (Mary's $\$ 400$ advance payment plus your $\$ 200$ advance payment) on line 2 of your Child Tax Credit Worksheet. You would include $\$ 600$ on line 2 of the worksheet even if you are claiming only Mary's child.

If you received an advance payment but did not have a qualifying child for 2003, you do not have to pay back the amount you received. Do not enter the amount of your advance payment on your return.

## Questions Who Must Use Pub. 972

1. 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)


2. Is the amount on Form 1040, line 35, 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 - \$55,000No. Continue

You must use Pub. 972 to figure your credit.

3. Are you claiming any of the following credits?

- Adoption credit, Form 8839 (see the instructions for Form 1040, line 50, on page 42)
- Mortgage interest credit, Form 8396 (see the instructions for Form 1040, line 51, on page 42)
- District of Columbia first-time homebuyer credit, Form 8859
$\square$ No. Use the worksheet on page 41 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.

Before you begin: $\sqrt{ }$ If you received (before offset) an advance child tax credit payment, see Advance Child Tax Credit Payment on page 40.

- To be a qualifying child for the child tax credit, the child must be under age 17 at the end of 2003 and meet the other requirements listed on page 40.
- Do not use this worksheet if you answered "Yes" to question 1, 2, or 3 on page 40. Instead, use Pub. 972.

1. Number of qualifying children: $\qquad$ $\times \$ 1,000 .$| $\mathbf{1}$ |  |
| :--- | :--- | Enter the result.

$\qquad$
2. Enter the amount, if any, of your advance child tax credit payment (before offset). For details, see page 40.
3. Is line 1 less than or equal to line 2 ?

You cannot take this credit. If line 2 is more than
line 1 , you do not have to pay back the difference.
No. Subtract line 2 from line 1 .

4. Enter the amount from Form 1040, line 43.

5. Enter the total of the amounts from Form 1040 , lines 44 through 48.

6. Are the amounts on lines 4 and 5 the same?Yes.


You cannot take this credit because there is no tax
to reduce. However, you may be able to take the
additional child tax credit. See the TIP below.No. Subtract line 5 from line 4.

7. Is the amount on line 3 more than the amount on line 6 ?Yes. Enter the amount from line 6. Also, you may be able to take the additional child tax credit. See the TIP below.

This is your child tax credit.


Enter this amount on Form 1040, line 49.

No. Enter the amount from line 3 .

You may be able to take the additional child tax credit on Form 1040, line 65, if you answered "Yes" on line 6 or line 7 above.


- First, complete your Form 1040 through line 64.
- Then, use Form 8812 to figure any additional child tax credit.


## Line 50

## Adoption Credit

You may be able to take this credit if either of the following applies.

- You paid expenses to adopt a child.
- You adopted a child with special needs and the adoption became final in 2003.

See the Instructions for Form 8839 for details.

## Line 51

Include the following credits on line 51 and check the appropriate box(es). To find out if you can take the credit, see the form indicated.

- Mortgage interest credit. If a state or local government gave you a mortgage credit certificate, see Form 8396.
- District of Columbia first-time homebuyer credit. See Form 8859.


## Line 52

## Other Credits

Include the following credits on line 52 and check the appropriate box(es). If box $\mathbf{c}$ is checked, also enter the form number, if applicable. To find out if you can take the credit, see the form or publication indicated.

- Credit for prior year minimum tax. If you paid alternative minimum tax in a prior year, see Form 8801.
- Qualified electric vehicle credit. If you placed a new electric vehicle in service in 2003, 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 and renewal community employment credit. See Form 8844.
- New York Liberty Zone business employee credit. See Form 8884.
- Nonconventional source fuel credit. If you sold fuel produced from a nonconventional source, see Internal Revenue Code section 29 to find out if you can take this credit. Attach a schedule showing how you figured the credit. Check box $\mathbf{c}$ and enter "FNS" on the line to the right of box $\mathbf{c}$.
- Qualified zone academy bond credit. This credit applies only to $S$ corporation shareholders. See Form 8860.


## Other Taxes

## Line 56

## Social Security and Medicare Tax on Tip Income Not Reported to Employer

If you received tips of $\$ 20$ or more in any month and you did not report the full amount to your employer, you must pay the social security and Medicare or railroad retirement (RRTA) tax on the unreported tips. You must also pay this tax if your Form(s) W-2 shows allocated tips that you are including in your income on Form 1040, line 7.

To figure the 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 57

## 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 education savings accounts (ESAs), or Archer MSAs.
3. You received taxable distributions from Coverdell ESAs or qualified tuition programs.
4. You were born before July 1, 1932, 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 57. The taxable amount of the distribution is the part of the distribution you reported on line 15 b or line 16 b of Form 1040 or on Form 4972. Also, put "No" under the heading "Other Taxes" to the left of line 57 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 58

## 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 Form(s) W-2.

## Line 59

## 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 $\$ 1,400$ or more in 2003. Cash wages include wages paid by checks, money orders, etc.
2. You withheld Federal income tax during 2003 at the request of any household employee.
3. You paid total cash wages of $\$ 1,000$ or more in any calendar quarter of 2002 or 2003 to household employees.


For item 1, do not count amounts paid to an employee who was under age 18 at any time in 2003 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 60

## Total Tax

Include in the total on line 60 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 60, enter the amount of the tax and identify it as indicated.

## 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 (see Form 8845). Identify as "IECR."
- New markets credit (see Form 8874). Identify as "NMCR."
- Credit for employer-provided child care facilities (see Form 8882). Identify as "ECCFR."


## Recapture of Federal Mortgage Subsidy.

 If you sold your home in 2003 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 $\mathbf{A}$ and $\mathbf{B}$ or $\mathbf{M}$ and $\mathbf{N}$. 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 Form W-2 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 61

## 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 61. 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 61 includes amounts withheld as shown on Form 1099-R, attach the Form 1099-R to the front of your return.

If you received a 2003 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 61. This should be shown in box 4 of the Form 1099 or box 6 of Form SSA-1099.

## Line 62

## 2003 Estimated Tax Payments

Enter any estimated Federal income tax payments you made using Form 1040-ES
for 2003. Include any overpayment from your 2002 return that you applied to your 2003 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 2003. 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 2003 or in 2004 before filing a 2003 return.

## Divorced Taxpayers

If you got divorced in 2003 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 2003, 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 62, 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 2003 and the name(s) and $\operatorname{SSN}(\mathrm{s})$ under which you made them.

## Line 63 <br> 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.

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. If, in 2003:

- 2 children lived with you, is the amount on Form 1040, line 35 , less than $\$ 33,692$ ( $\$ 34,692$ if married filing jointly)?
- 1 child lived with you, is the amount on Form 1040, line 35, less than $\$ 29,666$ ( $\$ 30,666$ if married filing jointly)?
- No children lived with you, is the amount on Form 1040, line 35 , less than $\$ 11,230$ ( $\$ 12,230$ if married filing jointly)?Yes. ContinueNo. stop
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 47)?Yes. ContinueNo. sTOP
You cannot take the credit. Put "No" on the dotted line next to line 63.
3. Is your filing status married filing separately?Yes. STOP
No. Continue
You cannot take the credit.
4. Are you filing Form 2555 or $2555-\mathrm{EZ}$ (relating to foreign earned income)?Yes. stop
You cannot take the
credit.

5. Were you a nonresident alien for any part of 2003?Yes. See NonresidentNo. Go to Step 2. Aliens on page 47.

## Step 2 Investment Income

1. Add the amounts from Form 1040:

$$
\begin{array}{cc}
\begin{array}{l}
\text { Line 8a } \\
\text { Line } 8 \mathrm{~b}
\end{array} & + \\
\text { Line 9a } & + \\
\text { Line 13a* } & +\square \\
\text { Investment Income }=
\end{array}
$$

*Do not include if line 13 a is a loss.
2. Is your investment income more than $\$ 2,600$ ?Yes. Continue

No. Skip question 3; go to question 4.
3. Are you filing Form 4797 (relating to sales of business property)?
Yes. See Form 4797
No. stop
Filers on page 46.
You cannot take the credit.
4. Do any of the following apply for 2003?

- You are filing Schedule E.
- You are reporting income or a loss from the rental of personal property not used in a trade or business.
- You are reporting income on Form 1040, line 21, from Form 8814 (relating to election to report child's interest and dividends).

Yes. You must use
No. Continue
Worksheet 1 in Pub.
596 to see if you can
take the credit. To get
Pub. 596, see page 7.
5. Did a child live with you in 2003 ?Yes. Go to Step 3 No. Go to Step 4 on on page 45 . page 45.

## Step 3 Qualifying Child

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

Son, daughter, adopted child, stepchild, or a descendant of any of them (for example, your grandchild)
or
Brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew), whom you cared for as you would your own child
or
Foster child (any child placed with you by an authorized placement agency whom you cared for as you would your own child)

was at the end of 2003...
Under age 19
or
Under age 24 and a student (see page 47)
or
Any age and permanently and totally disabled (see page 47)

## AND

## who...

Lived with you in the United States for more than half of 2003 .
If the child did not live with you for the required time, see Exception to "Time Lived With You" Condition on page 46.

Note. If the child was married, see page 47.

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 2003?

2. Do you have at least one child who meets the above conditions to be your qualifying child?
Yes. Go to question 3.

No. Skip the next two questions; go to Step 4, 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 2003?

Yes. See Qualifying
Child of More Than
One Person on page 47.No. This child is your qualifying child. The child must have a valid social security number as defined on page 47 unless the child was born and died in 2003.
Skip Step 4; go to Step 5
on page 46 .

## Step 4 Filers Without a Qualifying Child

1. Look at the qualifying child conditions in Step 3. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2003?Yes. stop
No. Continue
You cannot take the
credit. Put "No" on
the dotted line next to
line 63.
2. Can you, or your spouse if filing a joint return, be claimed as a dependent on someone else's 2003 tax return?Yes. stop
No. Continue
You cannot take the
credit.
3. Were you, or your spouse if filing a joint return, at least age 25 but under age 65 at the end of 2003 ?

4. Was your home, and your spouse's if filing a joint return, in the United States for more than half of 2003? Members of the military stationed outside the United States, see page 47 before you answer.

Yes. Go to Step 5 on page 46.

No. sTop
You cannot take the credit. Put "No" on the dotted line next to line 63.

## Step 5 Earned Income

1. Are you filing Schedule SE because you were a member of the clergy or you had church employee income of $\$ 108.28$ or more?Yes. See Clergy or
No. Continue
Church Employees, whichever applies, on this page.
2. Figure earned income:

$$
\text { Form 1040, line } 7
$$

Subtract, if included on line 7, any:

- Taxable scholarship or fellowship grant not reported on a Form W-2.
- Amount paid to an inmate in a penal institution for work (put "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 nongovernmental 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 Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity.


3. Were you self-employed, or are you filing Schedule SE because you were a member of the clergy or you had church employee income, or are you filing Schedule C or C-EZ as a statutory employee?

4. If you have:

- 2 or more qualifying children, is your earned income less than $\$ 33,692$ ( $\$ 34,692$ if married filing jointly)?
- 1 qualifying child, is your earned income less than \$29,666 (\$30,666 if married filing jointly)?
- No qualifying children, is your earned income less than $\$ 11,230$ ( $\$ 12,230$ if married filing jointly)?Yes. Go to Step 6.
No. sTOP

You cannot take the credit.

## Step 6 How To Figure the Credit

1. Do you want the IRS to figure the credit for you?
$\square$ Yes. See Credit $\quad \square$ No. Go to Worksheet A on page 48.

## Definitions and Special Rules

## (listed in alphabetical order)

Adopted Child. An adopted child is always treated as your own child. An adopted child includes a child placed with you by an authorized placement agency for legal adoption even if the adoption is not final. An authorized placement agency includes any person or court authorized by state law to place children for legal adoption.

Church Employees. Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, line 5a. Subtract that amount from the amount on Form 1040, line 7, and enter the result in the first space of Step 5, line 2 . Be sure to answer "Yes" on line 3 of Step 5.
Clergy. The following instructions apply to ministers, members of religious orders who have not taken a vow of poverty, and Christian Science practitioners. If you are filing Schedule SE and the amount on line 2 of that schedule includes an amount that was also reported on Form 1040, line 7:

1. Put "Clergy" on the dotted line next to line 63 of Form 1040.
2. Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, line 2.
3. Subtract that amount from the amount on Form 1040, line 7. Enter the result in the first space of Step 5, line 2.
4. Be sure to answer "Yes" on line 3 of Step 5.

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

1. Put "EIC" on the dotted line next to line 63 of Form 1040.
2. 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 2003 if the child was born or died in 2003 and your home was this child's home for the entire time he or she was alive in 2003. 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 on page 47.

Form 4797 Filers. If the amount on Form 1040, line 13a, includes an amount from Form 4797, you must use Worksheet 1 in Pub. 596 to see if you can take the EIC. To get Pub. 596, see page 7. Otherwise, stop; you cannot take the EIC.
Form 8862, Who Must File. You must file Form 8862 if your EIC for a year after 1996 was reduced or disallowed for any reason other than a math or clerical error. But do not file Form 8862 if either of the following applies.

- After your EIC was reduced or disallowed in an earlier year (a) you filed Form 8862 (or other documents) and your EIC was then allowed and (b) your EIC has not been reduced or disallowed again for any reason other than a math or clerical error.
- You are taking the EIC without a qualifying child and the only reason your EIC was reduced or disallowed in the earlier year was because it was determined that a child listed on Schedule EIC was not your qualifying child.
Also, do not file Form 8862 or take the credit for 2 years if it was determined that your error was due to reckless or intentional disregard of the EIC rules (10 years if due to fraud).


## Continued from page 46

Married Child. A child who was married at the end of 2003 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 44. 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 one person can take the EIC based on that child. The other person(s) cannot take the EIC for people without a qualifying child, but may take the EIC based on a different qualifying child. If you and the other person(s) cannot agree who will take the EIC, then the following rules apply.

- If only one of the persons is the child's parent, the child will be treated as the qualifying child of the parent.
- If both persons are the child's parents, the child will be treated as the qualifying child of the parent with whom the child lived for the longer period of time during 2003. If the child lived with each parent for the same amount of time, the child will be treated as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2003.
- If none of the persons is the child's parent, the child will be treated as the qualifying child of the person who had the highest AGI for 2003.
The child must have a valid social security number as defined on this page unless the child was born and died in 2003. If you do not
have a qualifying child, stop; you cannot take the EIC. Put "No" on the dotted line next to line 63. If you have a qualifying child, skip Step 4; go to Step 5 on page 46.

Example. You and your 5 -year-old daughter moved in with your mother in April 2003. You are not a qualifying child of your mother. Your daughter meets the conditions to be a qualifying child for both you and your mother. If you and your mother cannot agree on who will treat your daughter as a qualifying child, the rules above apply. Under these rules, you are entitled to treat your daughter as a qualifying child because you are the child's parent. Your mother would not be entitled to claim any EIC unless she has a different qualifying child.
Social Security Number (SSN). For purposes of taking the EIC, a valid SSN is a number issued by the Social Security Administration unless "Not Valid for Employment" is printed on the social security card and the number was issued solely to apply for or receive a Federally funded benefit.

To find out how to get an SSN, see page 19. If you will not have an SSN by April 15, 2004, see What if You Cannot File on Time? on page 15 .
Student. A child who during any 5 months of 2003:

- 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. But if the refund you receive because of the EIC is not spent within a certain period of time, it may count as an asset (or resource) and affect your eligibility.

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

Be sure you are using the correct worksheet. Do not use this worksheet if you were self-employed, or you are filing Schedule SE because you were a member of the clergy or you had church employee income, or you are filing Schedule C or C-EZ as a statutory employee. Instead, use Worksheet B that begins on page 49.

## Part 1

All Filers Using Worksheet A

1. Enter your earned income from Step 5 on page 46.
2. Look up the amount on line 1 above in the EIC Table on pages $51-55$ to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.


If line 2 is zero, You cannot take the credit.
Put "No" on the dotted line next to line 63.
3. Enter the amount from Form 1040, line 35.

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 .
5. If you have:

## Part 2

Filers Who
Answered
"No" on
Line 4

- No qualifying children, is the amount on line 3 less than $\$ 6,250$ ( $\$ 7,250$ if married filing jointly)?
- 1 or more qualifying children, is the amount on line 3 less than \$13,750 (\$14,750 if married filing jointly)?
$\square$ 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 51-55 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.


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

## Part 3

Your Earned Income Credit
6. This is your earned income credit.

## Reminder-

$\sqrt{ }$ If you have a qualifying child, complete and attach Schedule EIC.


If your EIC for a year after 1996 was reduced or disallowed, see page 46 to find out if you must file Form 8862 to take the credit for 2003.

Use this worksheet if you were self-employed, or you are filing Schedule SE because you
were a member of the clergy or you had church employee income, or you are filing Schedule C or C-EZ as a statutory employee.
$\sqrt{ }$ Complete the parts below (Parts 1 through 3) that apply to you. Then, continue to Part 4.
$\checkmark$ 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, Members of the Clergy, 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.
b. Enter any amount from Schedule SE, Section B, line 4b, and line 5a.
c. Combine lines 1a and 1 b .
d. Enter the amount from Schedule SE, Section A, line 6, or Section B, line 13, whichever applies.

e. Subtract line 1 d from 1 c.
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*.
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*.

c. Combine lines 2 a and 2 b .

*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

## Part 4

All Filers Using
Worksheet B
Note. If line $4 b$ includes income on which you should have paid selfemployment tax but did not, we may reduce your credit by the amount of self-employment tax not paid.
3. Enter the amount from Schedule C, line 1, or Schedule C-EZ, line 1 , that you are filing as a statutory employee.


4a. Enter your earned income from Step 5 on page 46.
b. Combine lines $1 \mathrm{e}, 2 \mathrm{c}, 3$, and 4 a . This is your total earned income.


If line 4 b is zero or less, STOP You cannot take the credit. Put "No" on the dotted line next to line 63.
5. If you have:

- 2 or more qualifying children, is line 4 b less than $\$ 33,692$ ( $\$ 34,692$ if married filing jointly)?
- 1 qualifying child, is line 4 b less than $\$ 29,666$ ( $\$ 30,666$ if married filing jointly)?
- No qualifying children, is line 4 b less than $\$ 11,230$ ( $\$ 12,230$ if married filing jointly)?
$\square$ Yes. If you want the IRS to figure your credit, see page 46. If you want to figure the credit yourself, enter the amount from line $4 b$ on line 6 (page 50).
$\square$ No. STOP You cannot take the credit. Put "No" on the dotted line next to line 63.
(Continued on page 50)


## Part 5

## All Filers Using

Worksheet B
6. Enter your total earned income from Part 4 , line 4 b, on page 49. $\square$
7. Look up the amount on line 6 above in the EIC Table on pages 51-55 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.


If line 7 is zero, stop You cannot take the credit.
Put "No" on the dotted line next to line 63.
8. Enter the amount from Form 1040, line 35.

## 8

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

## Part 6

Filers Who
Answered
"No" on
Line 9
10. If you have:

- No qualifying children, is the amount on line 8 less than $\$ 6,250$ ( $\$ 7,250$ if married filing jointly)?
- 1 or more qualifying children, is the amount on line 8 less than $\$ 13,750$ ( $\$ 14,750$ if married filing jointly)?Yes. Leave line 10 blank; enter the amount from line 7 on line 11 .No. Look up the amount on line 8 in the EIC Table on pages $51-55$ to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.


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

## Part 7

Your Earned Income Credit
11. This is your earned income credit.

## Reminder-

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


If your EIC for a year after 1996 was reduced or disallowed, see page 46 to find out if you must file Form 8862 to take the credit for 2003.

## 2003 Earned Income Credit (EIC) Table

 Caution. 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, go to the column that includes your filing status children you have. Enter the credit from that column on your EIC Worksheet.

Example. If your filing
status is single, you have one qualifying child, and the amount you are looking up from your EIC Worksheet is $\$ 2,455$, you would enter $\$ 842$.
 looking up from the worksheet is-

| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Single, or qualif you hav No children | ead of h ying wido <br> One child | ousehold, w(er) and <br> Two children | Married you ha No children | filing joi ve- <br> One child | ntly and <br> Two children |  |  | Single, or qualif you have No children | ad of hour ng wido One child | usehold, $w(e r)$ and <br> Two children | Married filing jointly and you have- |  |  |
| At least | But less than |  | r cred | is- |  | ur credit | s- | At least | But less than |  | ur credit | is- |  | r credit | is- |
| \$1 | \$50 | \$2 | \$9 | \$10 | \$2 | \$9 | \$10 | 3,000 | 3,050 | 231 | 1,029 | 1,210 | 231 | 1,029 | 1,210 |
| 50 | 100 | 6 | 26 | 30 | 6 | 26 | 30 | 3,050 | 3,100 | 235 | 1,046 | 1,230 | 235 | 1,046 | 1,230 |
| 100 | 150 | 10 | 43 | 50 | 10 | 43 | 50 | 3,100 | 3,150 | 239 | 1,063 | 1,250 | 239 | 1,063 | 1,250 |
| 150 | 200 | 13 | 60 | 70 | 13 | 60 | 70 | 3,150 | 3,200 | 243 | 1,080 | 1,270 | 243 | 1,080 | 1,270 |
| 200 | 250 | 17 | 77 | 90 | 17 | 77 | 90 | 3,200 | 3,250 | 247 | 1,097 | 1,290 | 247 | 1,097 | 1,290 |
| 250 | 300 | 21 | 94 | 110 | 21 | 94 | 110 | 3,250 | 3,300 | 251 | 1,114 | 1,310 | 251 | 1,114 | 1,310 |
| 300 | 350 | 25 | 111 | 130 | 25 | 111 | 130 | 3,300 | 3,350 | 254 | 1,131 | 1,330 | 254 | 1,131 | 1,330 |
| 350 | 400 | 29 | 128 | 150 | 29 | 128 | 150 | 3,350 | 3,400 | 258 | 1,148 | 1,350 | 258 | 1,148 | 1,350 |
| 400 | 450 | 33 | 145 | 170 | 33 | 145 | 170 | 3,400 | 3,450 | 262 | 1,165 | 1,370 | 262 | 1,165 | 1,370 |
| 450 | 500 | 36 | 162 | 190 | 36 | 162 | 190 | 3,450 | 3,500 | 266 | 1,182 | 1,390 | 266 | 1,182 | 1,390 |
| 500 | 550 | 40 | 179 | 210 | 40 | 179 | 210 | 3,500 | 3,550 | 270 | 1,199 | 1,410 | 270 | 1,199 | 1,410 |
| 550 | 600 | 44 | 196 | 230 | 44 | 196 | 230 | 3,550 | 3,600 | 273 | 1,216 | 1,430 | 273 | 1,216 | 1,430 |
| 600 | 650 | 48 | 213 | 250 | 48 | 213 | 250 | 3,600 | 3,650 | 277 | 1,233 | 1,450 | 277 | 1,233 | 1,450 |
| 650 | 700 | 52 | 230 | 270 | 52 | 230 | 270 | 3,650 | 3,700 | 281 | 1,250 | 1,470 | 281 | 1,250 | 1,470 |
| 700 | 750 | 55 | 247 | 290 | 55 | 247 | 290 | 3,700 | 3,750 | 285 | 1,267 | 1,490 | 285 | 1,267 | 1,490 |
| 750 | 800 | 59 | 264 | 310 | 59 | 264 | 310 | 3,750 | 3,800 | 289 | 1,284 | 1,510 | 289 | 1,284 | 1,510 |
| 800 | 850 | 63 | 281 | 330 | 63 | 281 | 330 | 3,800 | 3,850 | 293 | 1,301 | 1,530 | 293 | 1,301 | 1,530 |
| 850 | 900 | 67 | 298 | 350 | 67 | 298 | 350 | 3,850 | 3,900 | 296 | 1,318 | 1,550 | 296 | 1,318 | 1,550 |
| 900 | 950 | 71 | 315 | 370 | 71 | 315 | 370 | 3,900 | 3,950 | 300 | 1,335 | 1,570 | 300 | 1,335 | 1,570 |
| 950 | 1,000 | 75 | 332 | 390 | 75 | 332 | 390 | 3,950 | 4,000 | 304 | 1,352 | 1,590 | 304 | 1,352 | 1,590 |
| 1,000 | 1,050 | 78 | 349 | 410 | 78 | 349 | 410 | 4,000 | 4,050 | 308 | 1,369 | 1,610 | 308 | 1,369 | 1,610 |
| 1,050 | 1,100 | 82 | 366 | 430 | 82 | 366 | 430 | 4,050 | 4,100 | 312 | 1,386 | 1,630 | 312 | 1,386 | 1,630 |
| 1,100 | 1,150 | 86 | 383 | 450 | 86 | 383 | 450 | 4,100 | 4,150 | 316 | 1,403 | 1,650 | 316 | 1,403 | 1,650 |
| 1,150 | 1,200 | 90 | 400 | 470 | 90 | 400 | 470 | 4,150 | 4,200 | 319 | 1,420 | 1,670 | 319 | 1,420 | 1,670 |
| 1,200 | 1,250 | 94 | 417 | 490 | 94 | 417 | 490 | 4,200 | 4,250 | 323 | 1,437 | 1,690 | 323 | 1,437 | 1,690 |
| 1,250 | 1,300 | 98 | 434 | 510 | 98 | 434 | 510 | 4,250 | 4,300 | 327 | 1,454 | 1,710 | 327 | 1,454 | 1,710 |
| 1,300 | 1,350 | 101 | 451 | 530 | 101 | 451 | 530 | 4,300 | 4,350 | 331 | 1,471 | 1,730 | 331 | 1,471 | 1,730 |
| 1,350 | 1,400 | 105 | 468 | 550 | 105 | 468 | 550 | 4,350 | 4,400 | 335 | 1,488 | 1,750 | 335 | 1,488 | 1,750 |
| 1,400 | 1,450 | 109 | 485 | 570 | 109 | 485 | 570 | 4,400 | 4,450 | 339 | 1,505 | 1,770 | 339 | 1,505 | 1,770 |
| 1,450 | 1,500 | 113 | 502 | 590 | 113 | 502 | 590 | 4,450 | 4,500 | 342 | 1,522 | 1,790 | 342 | 1,522 | 1,790 |
| 1,500 | 1,550 | 117 | 519 | 610 | 117 | 519 | 610 | 4,500 | 4,550 | 346 | 1,539 | 1,810 | 346 | 1,539 | 1,810 |
| 1,550 | 1,600 | 120 | 536 | 630 | 120 | 536 | 630 | 4,550 | 4,600 | 350 | 1,556 | 1,830 | 350 | 1,556 | 1,830 |
| 1,600 | 1,650 | 124 | 553 | 650 | 124 | 553 | 650 | 4,600 | 4,650 | 354 | 1,573 | 1,850 | 354 | 1,573 | 1,850 |
| 1,650 | 1,700 | 128 | 570 | 670 | 128 | 570 | 670 | 4,650 | 4,700 | 358 | 1,590 | 1,870 | 358 | 1,590 | 1,870 |
| 1,700 | 1,750 | 132 | 587 | 690 | 132 | 587 | 690 | 4,700 | 4,750 | 361 | 1,607 | 1,890 | 361 | 1,607 | 1,890 |
| 1,750 | 1,800 | 136 | 604 | 710 | 136 | 604 | 710 | 4,750 | 4,800 | 365 | 1,624 | 1,910 | 365 | 1,624 | 1,910 |
| 1,800 | 1,850 | 140 | 621 | 730 | 140 | 621 | 730 | 4,800 | 4,850 | 369 | 1,641 | 1,930 | 369 | 1,641 | 1,930 |
| 1,850 | 1,900 | 143 | 638 | 750 | 143 | 638 | 750 | 4,850 | 4,900 | 373 | 1,658 | 1,950 | 373 | 1,658 | 1,950 |
| 1,900 | 1,950 | 147 | 655 | 770 | 147 | 655 | 770 | 4,900 | 4,950 | 377 | 1,675 | 1,970 | 377 | 1,675 | 1,970 |
| 1,950 | 2,000 | 151 | 672 | 790 | 151 | 672 | 790 | 4,950 | 5,000 | 382 | 1,692 | 1,990 | 382 | 1,692 | 1,990 |
| 2,000 | 2,050 | 155 | 689 | 810 | 155 | 689 | 810 | 5,000 | 5,050 | 382 | 1,709 | 2,010 | 382 | 1,709 | 2,010 |
| 2,050 | 2,100 | 159 | 706 | 830 | 159 | 706 | 830 | 5,050 | 5,100 | 382 | 1,726 | 2,030 | 382 | 1,726 | 2,030 |
| 2,100 | 2,150 | 163 | 723 | 850 | 163 | 723 | 850 | 5,100 | 5,150 | 382 | 1,743 | 2,050 | 382 | 1,743 | 2,050 |
| 2,150 | 2,200 | 166 | 740 | 870 | 166 | 740 | 870 | 5,150 | 5,200 | 382 | 1,760 | 2,070 | 382 | 1,760 | 2,070 |
| 2,200 | 2,250 | 170 | 757 | 890 | 170 | 757 | 890 | 5,200 | 5,250 | 382 | 1,777 | 2,090 | 382 | 1,777 | 2,090 |
| 2,250 | 2,300 | 174 | 774 | 910 | 174 | 774 | 910 | 5,250 | 5,300 | 382 | 1,794 | 2,110 | 382 | 1,794 | 2,110 |
| 2,300 | 2,350 | 178 | 791 | 930 | 178 | 791 | 930 | 5,300 | 5,350 | 382 | 1,811 | 2,130 | 382 | 1,811 | 2,130 |
| 2,350 | 2,400 | 182 | 808 | 950 | 182 | 808 | 950 | 5,350 | 5,400 | 382 | 1,828 | 2,150 | 382 | 1,828 | 2,150 |
| 2,400 | 2,450 | 186 | 825 | 970 | 186 | 825 | 970 | 5,400 | 5,450 | 382 | 1,845 | 2,170 | 382 | 1,845 | 2,170 |
| 2,450 | 2,500 | 189 | 842 | 990 | 189 | 842 | 990 | 5,450 | 5,500 | 382 | 1,862 | 2,190 | 382 | 1,862 | 2,190 |
| 2,500 | 2,550 | 193 | 859 | 1,010 | 193 | 859 | 1,010 | 5,500 | 5,550 | 382 | 1,879 | 2,210 | 382 | 1,879 | 2,210 |
| 2,550 | 2,600 | 197 | 876 | 1,030 | 197 | 876 | 1,030 | 5,550 | 5,600 | 382 | 1,896 | 2,230 | 382 | 1,896 | 2,230 |
| 2,600 | 2,650 | 201 | 893 | 1,050 | 201 | 893 | 1,050 | 5,600 | 5,650 | 382 | 1,913 | 2,250 | 382 | 1,913 | 2,250 |
| 2,650 | 2,700 | 205 | 910 | 1,070 | 205 | 910 | 1,070 | 5,650 | 5,700 | 382 | 1,930 | 2,270 | 382 | 1,930 | 2,270 |
| 2,700 | 2,750 | 208 | 927 | 1,090 | 208 | 927 | 1,090 | 5,700 | 5,750 | 382 | 1,947 | 2,290 | 382 | 1,947 | 2,290 |
| 2,750 | 2,800 | 212 | 944 | 1,110 | 212 | 944 | 1,110 | 5,750 | 5,800 | 382 | 1,964 | 2,310 | 382 | 1,964 | 2,310 |
| 2,800 | 2,850 | 216 | 961 | 1,130 | 216 | 961 | 1,130 | 5,800 | 5,850 | 382 | 1,981 | 2,330 | 382 | 1,981 | 2,330 |
| 2,850 | 2,900 | 220 | 978 | 1,150 | 220 | 978 | 1,150 | 5,850 | 5,900 | 382 | 1,998 | 2,350 | 382 | 1,998 | 2,350 |
| 2,900 | 2,950 | 224 | 995 | 1,170 | 224 | 995 | 1,170 | 5,900 | 5,950 | 382 | 2,015 | 2,370 | 382 | 2,015 | 2,370 |
| 2,950 | 3,000 | 228 | 1,012 | 1,190 | 228 | 1,012 | 1,190 | 5,950 | 6,000 | 382 | 2,032 | 2,390 | 382 | 2,032 | 2,390 |

[^0]2003 Earned Income Credit (EIC) Table-Continued If the amount you are
looking up from the worksheet is-
(Caution. This is not a tax table.)
And your filing status is-

| If the amount you are looking up from the worksheet is- |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Single, or qualify you have |  | ousehold w(er) and | $\begin{aligned} & \text { Marie } \\ & \text { you ha } \end{aligned}$ | ling joi | ty and |
|  | chidren | One child | $\left\lvert\, \begin{gathered}\text { Twido } \\ \text { chidren }\end{gathered}\right.$ | children | One child |  |



2003 Earned Income Credit (EIC) Table—Continued If the amount you are
looking up from the worksheet is-
(Caution. This is not a tax table.)

| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Single, or qualify you hav No children | head of h ing wid <br> One child | usehold, $w(e r)$ and <br> Two children | Marrie you ha <br> No children | filing jo <br> - <br> One child | tly and <br> Two children |
| At least | But less than | Your credit is- |  |  | Your credit is- |  |  |
| 17,950 | 18,000 | 0 | 1,868 | 3,310 | 0 | 2,028 | 3,521 |
| 18,000 | 18,050 | 0 | 1,860 | 3,299 | 0 | 2,020 | 3,510 |
| 18,050 | 18,100 | 0 | 1,852 | 3,289 | 0 | 2,012 | 3,500 |
| 18,100 | 18,150 | 0 | 1,844 | 3,278 | 0 | 2,004 | 3,489 |
| 18,150 | 18,200 | 0 | 1,836 | 3,268 | 0 | 1,996 | 3,478 |
| 18,200 | 18,250 | 0 | 1,828 | 3,257 | 0 | 1,988 | 3,468 |
| 18,250 | 18,300 | 0 | 1,820 | 3,247 | 0 | 1,980 | 3,457 |
| 18,300 | 18,350 | 0 | 1,812 | 3,236 | 0 | 1,972 | 3,447 |
| 18,350 | 18,400 | 0 | 1,804 | 3,226 | 0 | 1,964 | 3,436 |
| 18,400 | 18,450 | 0 | 1,796 | 3,215 | 0 | 1,956 | 3,426 |
| 18,450 | 18,500 | 0 | 1,788 | 3,205 | 0 | 1,948 | 3,415 |
| 18,500 | 18,550 | 0 | 1,780 | 3,194 | 0 | 1,940 | 3,405 |
| 18,550 | 18,600 | 0 | 1,772 | 3,184 | 0 | 1,932 | 3,394 |
| 18,600 | 18,650 | 0 | 1,764 | 3,173 | 0 | 1,924 | 3,384 |
| 18,650 | 18,700 | 0 | 1,756 | 3,163 | 0 | 1,916 | 3,373 |
| 18,700 | 18,750 | 0 | 1,748 | 3,152 | 0 | 1,908 | 3,363 |
| 18,750 | 18,800 | 0 | 1,740 | 3,142 | 0 | 1,900 | 3,352 |
| 18,800 | 18,850 | 0 | 1,732 | 3,131 | 0 | 1,892 | 3,342 |
| 18,850 | 18,900 | 0 | 1,724 | 3,120 | 0 | 1,884 | 3,331 |
| 18,900 | 18,950 | 0 | 1,716 | 3,110 | 0 | 1,876 | 3,321 |
| 18,950 | 19,000 | 0 | 1,708 | 3,099 | 0 | 1,868 | 3,310 |
| 19,000 | 19,050 | 0 | 1,700 | 3,089 | 0 | 1,860 | 3,299 |
| 19,050 | 19,100 | 0 | 1,692 | 3,078 | 0 | 1,852 | 3,289 |
| 19,100 | 19,150 | 0 | 1,684 | 3,068 | 0 | 1,844 | 3,278 |
| 19,150 | 19,200 | 0 | 1,676 | 3,057 | 0 | 1,836 | 3,268 |
| 19,200 | 19,250 | 0 | 1,668 | 3,047 | 0 | 1,828 | 3,257 |
| 19,250 | 19,300 | 0 | 1,661 | 3,036 | 0 | 1,820 | 3,247 |
| 19,300 | 19,350 | 0 | 1,653 | 3,026 | 0 | 1,812 | 3,236 |
| 19,350 | 19,400 | 0 | 1,645 | 3,015 | 0 | 1,804 | 3,226 |
| 19,400 | 19,450 | 0 | 1,637 | 3,005 | 0 | 1,796 | 3,215 |
| 19,450 | 19,500 | 0 | 1,629 | 2,994 | 0 | 1,788 | 3,205 |
| 19,500 | 19,550 | 0 | 1,621 | 2,984 | 0 | 1,780 | 3,194 |
| 19,550 | 19,600 | 0 | 1,613 | 2,973 | 0 | 1,772 | 3,184 |
| 19,600 | 19,650 | 0 | 1,605 | 2,963 | 0 | 1,764 | 3,173 |
| 19,650 | 19,700 | 0 | 1,597 | 2,952 | 0 | 1,756 | 3,163 |
| 19,700 | 19,750 | 0 | 1,589 | 2,941 | 0 | 1,748 | 3,152 |
| 19,750 | 19,800 | 0 | 1,581 | 2,931 | 0 | 1,740 | 3,142 |
| 19,800 | 19,850 | 0 | 1,573 | 2,920 | 0 | 1,732 | 3,131 |
| 19,850 | 19,900 | 0 | 1,565 | 2,910 | 0 | 1,724 | 3,120 |
| 19,900 | 19,950 | 0 | 1,557 | 2,899 | 0 | 1,716 | 3,110 |
| 19,950 | 20,000 | 0 | 1,549 | 2,889 | 0 | 1,708 | 3,099 |
| 20,000 | 20,050 | 0 | 1,541 | 2,878 | 0 | 1,700 | 3,089 |
| 20,050 | 20,100 | 0 | 1,533 | 2,868 | 0 | 1,692 | 3,078 |
| 20,100 | 20,150 | 0 | 1,525 | 2,857 | 0 | 1,684 | 3,068 |
| 20,150 | 20,200 | 0 | 1,517 | 2,847 | 0 | 1,676 | 3,057 |
| 20,200 | 20,250 | 0 | 1,509 | 2,836 | 0 | 1,668 | 3,047 |
| 20,250 | 20,300 | 0 | 1,501 | 2,826 | 0 | 1,661 | 3,036 |
| 20,300 | 20,350 | 0 | 1,493 | 2,815 | 0 | 1,653 | 3,026 |
| 20,350 | 20,400 | 0 | 1,485 | 2,805 | 0 | 1,645 | 3,015 |
| 20,400 | 20,450 | 0 | 1,477 | 2,794 | 0 | 1,637 | 3,005 |
| 20,450 | 20,500 | 0 | 1,469 | 2,784 | 0 | 1,629 | 2,994 |
| 20,500 | 20,550 | 0 | 1,461 | 2,773 | 0 | 1,621 | 2,984 |
| 20,550 | 20,600 | 0 | 1,453 | 2,762 | 0 | 1,613 | 2,973 |
| 20,600 | 20,650 | 0 | 1,445 | 2,752 | 0 | 1,605 | 2,963 |
| 20,650 | 20,700 | 0 | 1,437 | 2,741 | 0 | 1,597 | 2,952 |
| 20,700 | 20,750 | 0 | 1,429 | 2,731 | 0 | 1,589 | 2,941 |
| 20,750 | 20,800 | 0 | 1,421 | 2,720 | 0 | 1,581 | 2,931 |
| 20,800 | 20,850 | 0 | 1,413 | 2,710 | 0 | 1,573 | 2,920 |
| 20,850 | 20,900 | 0 | 1,405 | 2,699 | 0 | 1,565 | 2,910 |
| 20,900 | 20,950 | 0 | 1,397 | 2,689 | 0 | 1,557 | 2,899 |
| 20,950 | 21,000 | 0 | 1,389 | 2,678 | 0 | 1,549 | 2,889 |
| 21,000 | 21,050 | 0 | 1,381 | 2,668 | 0 | 1,541 | 2,878 |
| 21,050 | 21,100 | 0 | 1,373 | 2,657 | 0 | 1,533 | 2,868 |
| 21,100 | 21,150 | 0 | 1,365 | 2,647 | 0 | 1,525 | 2,857 |
| 21,150 | 21,200 | 0 | 1,357 | 2,636 | 0 | 1,517 | 2,847 |
| 21,200 | 21,250 | 0 | 1,349 | 2,626 | 0 | 1,509 | 2,836 |
| 21,250 | 21,300 | 0 | 1,341 | 2,615 | 0 | 1,501 | 2,826 |
| 21,300 | 21,350 | 0 | 1,333 | 2,604 | 0 | 1,493 | 2,815 |
| 21,350 | 21,400 | 0 | 1,325 | 2,594 | 0 | 1,485 | 2,805 |
| 21,400 | 21,450 | 0 | 1,317 | 2,583 | 0 | 1,477 | 2,794 |

(Continued on page 54

| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Single, head of household,   <br> or qualifying widow(er) and   <br> you have-   <br> No <br> No <br> children One <br> child Two <br> children |  |  | Married filing jointly and you have- |  |  |  |  | Single, he or qualify you have No children | ad of hous ing wido <br> One child | usehold, (er) and <br> Two children | Married you ha <br> No children | filing jo <br> One child | tly and <br> Two children |
| At least | But less than | Your credit is- |  |  | Your credit is- |  |  | At least | But less than | Your credit is- |  |  | Your credit is- |  |  |
| 21,450 | 21,500 | 0 | 1,309 | 2,573 | 0 | 1,469 | 2,784 | 24,950 | 25,000 | 0 | 750 | 1,836 | 0 | 909 | 2,046 |
| 21,500 | 21,550 | 0 | 1,301 | 2,562 | 0 | 1,461 | 2,773 | 25,000 | 25,050 | 0 | 742 | 1,825 | 0 | 901 | 2,036 |
| 21,550 | 21,600 | 0 | 1,293 | 2,552 | 0 | 1,453 | 2,762 | 25,050 | 25,100 | 0 | 734 | 1,815 | 0 | 893 | 2,025 |
| 21,600 | 21,650 | 0 | 1,285 | 2,541 | 0 | 1,445 | 2,752 | 25,100 | 25,150 | 0 | 726 | 1,804 | 0 | 885 | 2,015 |
| 21,650 | 21,700 | 0 | 1,277 | 2,531 | 0 | 1,437 | 2,741 | 25,150 | 25,200 | 0 | 718 | 1,794 | 0 | 877 | 2,004 |
| 21,700 | 21,750 | 0 | 1,269 | 2,520 | 0 | 1,429 | 2,731 | 25,200 | 25,250 | 0 | 710 | 1,783 | 0 | 869 | 1,994 |
| 21,750 | 21,800 | 0 | 1,261 | 2,510 | 0 | 1,421 | 2,720 | 25,250 | 25,300 | 0 | 702 | 1,773 | 0 | 862 | 1,983 |
| 21,800 | 21,850 | 0 | 1,253 | 2,499 | 0 | 1,413 | 2,710 | 25,300 | 25,350 | 0 | 694 | 1,762 | 0 | 854 | 1,973 |
| 21,850 | 21,900 | 0 | 1,245 | 2,489 | 0 | 1,405 | 2,699 | 25,350 | 25,400 | 0 | 686 | 1,752 | 0 | 846 | 1,962 |
| 21,900 | 21,950 | 0 | 1,237 | 2,478 | 0 | 1,397 | 2,689 | 25,400 | 25,450 | 0 | 678 | 1,741 | 0 | 838 | 1,952 |
| 21,950 | 22,000 | 0 | 1,229 | 2,468 | 0 | 1,389 | 2,678 | 25,450 | 25,500 | 0 | 670 | 1,731 | 0 | 830 | 1,941 |
| 22,000 | 22,050 | 0 | 1,221 | 2,457 | 0 | 1,381 | 2,668 | 25,500 | 25,550 | 0 | 662 | 1,720 | 0 | 822 | 1,931 |
| 22,050 | 22,100 | 0 | 1,213 | 2,447 | 0 | 1,373 | 2,657 | 25,550 | 25,600 | 0 | 654 | 1,709 | 0 | 814 | 1,920 |
| 22,100 | 22,150 | 0 | 1,205 | 2,436 | 0 | 1,365 | 2,647 | 25,600 | 25,650 | 0 | 646 | 1,699 | 0 | 806 | 1,910 |
| 22,150 | 22,200 | 0 | 1,197 | 2,425 | 0 | 1,357 | 2,636 | 25,650 | 25,700 | 0 | 638 | 1,688 | 0 | 798 | 1,899 |
| 22,200 | 22,250 | 0 | 1,189 | 2,415 | 0 | 1,349 | 2,626 | 25,700 | 25,750 | 0 | 630 | 1,678 | 0 | 790 | 1,888 |
| 22,250 | 22,300 | 0 | 1,181 | 2,404 | 0 | 1,341 | 2,615 | 25,750 | 25,800 | 0 | 622 | 1,667 | 0 | 782 | 1,878 |
| 22,300 | 22,350 | 0 | 1,173 | 2,394 | 0 | 1,333 | 2,604 | 25,800 | 25,850 | 0 | 614 | 1,657 | 0 | 774 | 1,867 |
| 22,350 | 22,400 | 0 | 1,165 | 2,383 | 0 | 1,325 | 2,594 | 25,850 | 25,900 | 0 | 606 | 1,646 | 0 | 766 | 1,857 |
| 22,400 | 22,450 | 0 | 1,157 | 2,373 | 0 | 1,317 | 2,583 | 25,900 | 25,950 | 0 | 598 | 1,636 | 0 | 758 | 1,846 |
| 22,450 | 22,500 | 0 | 1,149 | 2,362 | 0 | 1,309 | 2,573 | 25,950 | 26,000 | 0 | 590 | 1,625 | 0 | 750 | 1,836 |
| 22,500 | 22,550 | 0 | 1,141 | 2,352 | 0 | 1,301 | 2,562 | 26,000 | 26,050 | 0 | 582 | 1,615 | 0 | 742 | 1,825 |
| 22,550 | 22,600 | 0 | 1,133 | 2,341 | 0 | 1,293 | 2,552 | 26,050 | 26,100 | 0 | 574 | 1,604 | 0 | 734 | 1,815 |
| 22,600 | 22,650 | 0 | 1,125 | 2,331 | 0 | 1,285 | 2,541 | 26,100 | 26,150 | 0 | 566 | 1,594 | 0 | 726 | 1,804 |
| 22,650 | 22,700 | 0 | 1,117 | 2,320 | 0 | 1,277 | 2,531 | 26,150 | 26,200 | 0 | 558 | 1,583 | 0 | 718 | 1,794 |
| 22,700 | 22,750 | 0 | 1,109 | 2,310 | 0 | 1,269 | 2,520 | 26,200 | 26,250 | 0 | 550 | 1,573 | 0 | 710 | 1,783 |
| 22,750 | 22,800 | 0 | 1,101 | 2,299 | 0 | 1,261 | 2,510 | 26,250 | 26,300 | 0 | 542 | 1,562 | 0 | 702 | 1,773 |
| 22,800 | 22,850 | 0 | 1,093 | 2,289 | 0 | 1,253 | 2,499 | 26,300 | 26,350 | 0 | 534 | 1,551 | 0 | 694 | 1,762 |
| 22,850 | 22,900 | 0 | 1,085 | 2,278 | 0 | 1,245 | 2,489 | 26,350 | 26,400 | 0 | 526 | 1,541 | 0 | 686 | 1,752 |
| 22,900 | 22,950 | 0 | 1,077 | 2,268 | 0 | 1,237 | 2,478 | 26,400 | 26,450 | 0 | 518 | 1,530 | 0 | 678 | 1,741 |
| 22,950 | 23,000 | 0 | 1,069 | 2,257 | 0 | 1,229 | 2,468 | 26,450 | 26,500 | 0 | 510 | 1,520 | 0 | 670 | 1,731 |
| 23,000 | 23,050 | 0 | 1,061 | 2,246 | 0 | 1,221 | 2,457 | 26,500 | 26,550 | 0 | 502 | 1,509 | 0 | 662 | 1,720 |
| 23,050 | 23,100 | 0 | 1,053 | 2,236 | 0 | 1,213 | 2,447 | 26,550 | 26,600 | 0 | 494 | 1,499 | 0 | 654 | 1,709 |
| 23,100 | 23,150 | 0 | 1,045 | 2,225 | 0 | 1,205 | 2,436 | 26,600 | 26,650 | 0 | 486 | 1,488 | 0 | 646 | 1,699 |
| 23,150 | 23,200 | 0 | 1,037 | 2,215 | 0 | 1,197 | 2,425 | 26,650 | 26,700 | 0 | 478 | 1,478 | 0 | 638 | 1,688 |
| 23,200 | 23,250 | 0 | 1,029 | 2,204 | 0 | 1,189 | 2,415 | 26,700 | 26,750 | 0 | 470 | 1,467 | 0 | 630 | 1,678 |
| 23,250 | 23,300 | 0 | 1,021 | 2,194 | 0 | 1,181 | 2,404 | 26,750 | 26,800 | 0 | 462 | 1,457 | 0 | 622 | 1,667 |
| 23,300 | 23,350 | 0 | 1,013 | 2,183 | 0 | 1,173 | 2,394 | 26,800 | 26,850 | 0 | 454 | 1,446 | 0 | 614 | 1,657 |
| 23,350 | 23,400 | 0 | 1,005 | 2,173 | 0 | 1,165 | 2,383 | 26,850 | 26,900 | 0 | 446 | 1,436 | 0 | 606 | 1,646 |
| 23,400 | 23,450 | 0 | 997 | 2,162 | 0 | 1,157 | 2,373 | 26,900 | 26,950 | 0 | 438 | 1,425 | 0 | 598 | 1,636 |
| 23,450 | 23,500 | 0 | 989 | 2,152 | 0 | 1,149 | 2,362 | 26,950 | 27,000 | 0 | 430 | 1,415 | 0 | 590 | 1,625 |
| 23,500 | 23,550 | 0 | 981 | 2,141 | 0 | 1,141 | 2,352 | 27,000 | 27,050 | 0 | 422 | 1,404 | 0 | 582 | 1,615 |
| 23,550 | 23,600 | 0 | 973 | 2,131 | 0 | 1,133 | 2,341 | 27,050 | 27,100 | 0 | 414 | 1,394 | 0 | 574 | 1,604 |
| 23,600 | 23,650 | 0 | 965 | 2,120 | 0 | 1,125 | 2,331 | 27,100 | 27,150 | 0 | 406 | 1,383 | 0 | 566 | 1,594 |
| 23,650 | 23,700 | 0 | 957 | 2,110 | 0 | 1,117 | 2,320 | 27,150 | 27,200 | 0 | 398 | 1,372 | 0 | 558 | 1,583 |
| 23,700 | 23,750 | 0 | 949 | 2,099 | 0 | 1,109 | 2,310 | 27,200 | 27,250 | 0 | 390 | 1,362 | 0 | 550 | 1,573 |
| 23,750 | 23,800 | 0 | 941 | 2,089 | 0 | 1,101 | 2,299 | 27,250 | 27,300 | 0 | 382 | 1,351 | 0 | 542 | 1,562 |
| 23,800 | 23,850 | 0 | 933 | 2,078 | 0 | 1,093 | 2,289 | 27,300 | 27,350 | 0 | 374 | 1,341 | 0 | 534 | 1,551 |
| 23,850 | 23,900 | 0 | 925 | 2,067 | 0 | 1,085 | 2,278 | 27,350 | 27,400 | 0 | 366 | 1,330 | 0 | 526 | 1,541 |
| 23,900 | 23,950 | 0 | 917 | 2,057 | 0 | 1,077 | 2,268 | 27,400 | 27,450 | 0 | 358 | 1,320 | 0 | 518 | 1,530 |
| 23,950 | 24,000 | 0 | 909 | 2,046 | 0 | 1,069 | 2,257 | 27,450 | 27,500 | 0 | 350 | 1,309 | 0 | 510 | 1,520 |
| 24,000 | 24,050 | 0 | 901 | 2,036 | 0 | 1,061 | 2,246 | 27,500 | 27,550 | 0 | 342 | 1,299 | 0 | 502 | 1,509 |
| 24,050 | 24,100 | 0 | 893 | 2,025 | 0 | 1,053 | 2,236 | 27,550 | 27,600 | 0 | 334 | 1,288 | 0 | 494 | 1,499 |
| 24,100 | 24,150 | 0 | 885 | 2,015 | 0 | 1,045 | 2,225 | 27,600 | 27,650 | 0 | 326 | 1,278 | 0 | 486 | 1,488 |
| 24,150 | 24,200 | 0 | 877 | 2,004 | 0 | 1,037 | 2,215 | 27,650 | 27,700 | 0 | 318 | 1,267 | 0 | 478 | 1,478 |
| 24,200 | 24,250 | 0 | 869 | 1,994 | 0 | 1,029 | 2,204 | 27,700 | 27,750 | 0 | 310 | 1,257 | 0 | 470 | 1,467 |
| 24,250 | 24,300 | 0 | 862 | 1,983 | 0 | 1,021 | 2,194 | 27,750 | 27,800 | 0 | 302 | 1,246 | 0 | 462 | 1,457 |
| 24,300 | 24,350 | 0 | 854 | 1,973 | 0 | 1,013 | 2,183 | 27,800 | 27,850 | 0 | 294 | 1,236 | 0 | 454 | 1,446 |
| 24,350 | 24,400 | 0 | 846 | 1,962 | 0 | 1,005 | 2,173 | 27,850 | 27,900 | 0 | 286 | 1,225 | 0 | 446 | 1,436 |
| 24,400 | 24,450 | 0 | 838 | 1,952 | 0 | 997 | 2,162 | 27,900 | 27,950 | 0 | 278 | 1,215 | 0 | 438 | 1,425 |
| 24,450 | 24,500 | 0 | 830 | 1,941 | 0 | 989 | 2,152 | 27,950 | 28,000 | 0 | 270 | 1,204 | 0 | 430 | 1,415 |
| 24,500 | 24,550 | 0 | 822 | 1,931 | 0 | 981 | 2,141 | 28,000 | 28,050 | 0 | 262 | 1,193 | 0 | 422 | 1,404 |
| 24,550 | 24,600 | 0 | 814 | 1,920 | 0 | 973 | 2,131 | 28,050 | 28,100 | 0 | 254 | 1,183 | 0 | 414 | 1,394 |
| 24,600 | 24,650 | 0 | 806 | 1,910 | 0 | 965 | 2,120 | 28,100 | 28,150 | 0 | 246 | 1,172 | 0 | 406 | 1,383 |
| 24,650 | 24,700 | 0 | 798 | 1,899 | 0 | 957 | 2,110 | 28,150 | 28,200 | 0 | 238 | 1,162 | 0 | 398 | 1,372 |
| 24,700 | 24,750 | 0 | 790 | 1,888 | 0 | 949 | 2,099 | 28,200 | 28,250 | 0 | 230 | 1,151 | 0 | 390 | 1,362 |
| 24,750 | 24,800 | 0 | 782 | 1,878 | 0 | 941 | 2,089 | 28,250 | 28,300 | 0 | 222 | 1,141 | 0 | 382 | 1,351 |
| 24,800 | 24,850 | 0 | 774 | 1,867 | 0 | 933 | 2,078 | 28,300 | 28,350 | 0 | 214 | 1,130 | 0 | 374 | 1,341 |
| 24,850 | 24,900 | 0 | 766 | 1,857 | 0 | 925 | 2,067 | 28,350 | 28,400 | 0 | 206 | 1,120 | 0 | 366 | 1,330 |
| 24,900 | 24,950 | 0 | 758 | 1,846 | 0 | 917 | 2,057 | 28,400 | 28,450 | 0 | 198 | 1,109 | 0 | 358 | 1,320 |

2003 Earned Income Credit (EIC) Table-Continued

| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Single, head of household, or qualifying widow(er) and you have- |  |  | Married filing jointly and you have- |  |  |  |  | Single, he or qualify you have No children | ad of hou ng wid <br> One child | usehold, $w(e r)$ and <br> Two children | Married filing jointly and you have- |  |  |
| At least B | But less than | Your credit is- |  |  | Your credit is- |  |  | At least But less than |  | Your credit is- |  |  | Your credit is- |  |  |
| 28,450 | 28,500 | 0 | 190 | 1,099 | 0 | 350 | 1,309 | 31,700 | 31,750 | 0 | 0 | 414 | 0 | 0 | 625 |
| 28,500 | 28,550 | 0 | 182 | 1,088 | 0 | 342 | 1,299 | 31,750 | 31,800 | 0 | 0 | 404 | 0 | 0 | 614 |
| 28,550 | 28,600 | 0 | 174 | 1,078 | 0 | 334 | 1,288 | 31,800 | 31,850 | 0 | 0 | 393 | 0 | 0 | 604 |
| 28,600 | 28,650 | 0 | 166 | 1,067 | 0 | 326 | 1,278 | 31,850 | 31,900 | 0 | 0 | 383 | 0 | 0 | 593 |
| 28,650 | 28,700 | 0 | 158 | 1,057 | 0 | 318 | 1,267 | 31,900 | 31,950 | 0 | 0 | 372 | 0 | 0 | 583 |
| 28,700 | 28,750 | 0 | 150 | 1,046 | 0 | 310 | 1,257 | 31,950 | 32,000 | 0 | 0 | 362 | 0 | 0 | 572 |
| 28,750 | 28,800 | 0 | 142 | 1,036 | 0 | 302 | 1,246 | 32,000 | 32,050 | 0 | 0 | 351 | 0 | 0 | 562 |
| 28,800 | 28,850 | 0 | 134 | 1,025 | 0 | 294 | 1,236 | 32,050 | 32,100 | 0 | 0 | 341 | 0 | 0 | 551 |
| 28,850 | 28,900 | 0 | 126 | 1,014 | 0 | 286 | 1,225 | 32,100 | 32,150 | 0 | 0 | 330 | 0 | 0 | 541 |
| 28,900 | 28,950 | 0 | 118 | 1,004 | 0 | 278 | 1,215 | 32,150 | 32,200 | 0 | 0 | 319 | 0 | 0 | 530 |
| 28,950 | 29,000 | 0 | 110 | 993 | 0 | 270 | 1,204 | 32,200 | 32,250 | 0 | 0 | 309 | 0 | 0 | 520 |
| 29,000 | 29,050 | 0 | 102 | 983 | 0 | 262 | 1,193 | 32,250 | 32,300 | 0 | 0 | 298 | 0 | 0 | 509 |
| 29,050 | 29,100 | 0 | 94 | 972 | 0 | 254 | 1,183 | 32,300 | 32,350 | 0 | 0 | 288 | 0 | 0 | 498 |
| 29,100 | 29,150 | 0 | 86 | 962 | 0 | 246 | 1,172 | 32,350 | 32,400 | 0 | 0 | 277 | 0 | 0 | 488 |
| 29,150 | 29,200 | 0 | 78 | 951 | 0 | 238 | 1,162 | 32,400 | 32,450 | 0 | 0 | 267 | 0 | 0 | 477 |
| 29,200 | 29,250 | 0 | 70 | 941 | 0 | 230 | 1,151 | 32,450 | 32,500 | 0 | 0 | 256 | 0 | 0 | 467 |
| 29,250 | 29,300 | 0 | 63 | 930 | 0 | 222 | 1,141 | 32,500 | 32,550 | 0 | 0 | 246 | 0 | 0 | 456 |
| 29,300 | 29,350 | 0 | 55 | 920 | 0 | 214 | 1,130 | 32,550 | 32,600 | 0 | 0 | 235 | 0 | 0 | 446 |
| 29,350 | 29,400 | 0 | 47 | 909 | 0 | 206 | 1,120 | 32,600 | 32,650 | 0 | 0 | 225 | 0 | 0 | 435 |
| 29,400 | 29,450 | 0 | 39 | 899 | 0 | 198 | 1,109 | 32,650 | 32,700 | 0 | 0 | 214 | 0 | 0 | 425 |
| 29,450 | 29,500 | 0 | 31 | 888 | 0 | 190 | 1,099 | 32,700 | 32,750 | 0 | 0 | 204 | 0 | 0 | 414 |
| 29,500 | 29,550 | 0 | 23 | 878 | 0 | 182 | 1,088 | 32,750 | 32,800 | 0 | 0 | 193 | 0 | 0 | 404 |
| 29,550 | 29,600 | 0 | 15 | 867 | 0 | 174 | 1,078 | 32,800 | 32,850 | 0 | 0 | 183 | 0 | 0 | 393 |
| 29,600 | 29,650 | 0 | 7 | 857 | 0 | 166 | 1,067 | 32,850 | 32,900 | 0 | 0 | 172 | 0 | 0 | 383 |
| 29,650 | 29,700 | 0 | ** | 846 | 0 | 158 | 1,057 | 32,900 | 32,950 | 0 | 0 | 162 | 0 | 0 | 372 |
| 29,700 | 29,750 | 0 | 0 | 835 | 0 | 150 | 1,046 | 32,950 | 33,000 | 0 | 0 | 151 | 0 | 0 | 362 |
| 29,750 | 29,800 | 0 | 0 | 825 | 0 | 142 | 1,036 | 33,000 | 33,050 | 0 | 0 | 140 | 0 | 0 | 351 |
| 29,800 | 29,850 | 0 | 0 | 814 | 0 | 134 | 1,025 | 33,050 | 33,100 | 0 | 0 | 130 | 0 | 0 | 341 |
| 29,850 | 29,900 | 0 | 0 | 804 | 0 | 126 | 1,014 | 33,100 | 33,150 | 0 | 0 | 119 | 0 | 0 | 330 |
| 29,900 | 29,950 | 0 | 0 | 793 | 0 | 118 | 1,004 | 33,150 | 33,200 | 0 | 0 | 109 | 0 | 0 | 319 |
| 29,950 | 30,000 | 0 | 0 | 783 | 0 | 110 | 993 | 33,200 | 33,250 | 0 | 0 | 98 | 0 | 0 | 309 |
| 30,000 | 30,050 | 0 | 0 | 772 | 0 | 102 | 983 | 33,250 | 33,300 | 0 | 0 | 88 | 0 | 0 | 298 |
| 30,050 | 30,100 | 0 | 0 | 762 | 0 | 94 | 972 | 33,300 | 33,350 | 0 | 0 | 77 | 0 | 0 | 288 |
| 30,100 | 30,150 | 0 | 0 | 751 | 0 | 86 | 962 | 33,350 | 33,400 | 0 | 0 | 67 | 0 | 0 | 277 |
| 30,150 | 30,200 | 0 | 0 | 741 | 0 | 78 | 951 | 33,400 | 33,450 | 0 | 0 | 56 | 0 | 0 | 267 |
| 30,200 | 30,250 | 0 | 0 | 730 | 0 | 70 | 941 | 33,450 | 33,500 | 0 | 0 | 46 | 0 | 0 | 256 |
| 30,250 | 30,300 | 0 | 0 | 720 | 0 | 63 | 930 | 33,500 | 33,550 | 0 | 0 | 35 | 0 | 0 | 246 |
| 30,300 | 30,350 | 0 | 0 | 709 | 0 | 55 | 920 | 33,550 | 33,600 | 0 | 0 | 25 | 0 | 0 | 235 |
| 30,350 | 30,400 | 0 | 0 | 699 | 0 | 47 | 909 | 33,600 | 33,650 | 0 | 0 | 14 | 0 | 0 | 225 |
| 30,400 | 30,450 | 0 | 0 | 688 | 0 | 39 | 899 | 33,650 | 33,700 | 0 | 0 | *** | 0 | 0 | 214 |
| 30,450 | 30,500 | 0 | 0 | 678 | 0 | 31 | 888 | 33,700 | 33,750 | 0 | 0 | 0 | 0 | 0 | 204 |
| 30,500 | 30,550 | 0 | 0 | 667 | 0 | 23 | 878 | 33,750 | 33,800 | 0 | 0 | 0 | 0 | 0 | 193 |
| 30,550 | 30,600 | 0 | 0 | 656 | 0 | 15 | 867 | 33,800 | 33,850 | 0 | 0 | 0 | 0 | 0 | 183 |
| 30,600 | 30,650 | 0 | 0 | 646 | 0 | 7 | 857 | 33,850 | 33,900 | 0 | 0 | 0 | 0 | 0 | 172 |
| 30,650 | 30,700 | 0 | 0 | 635 | 0 | ** | 846 | 33,900 | 33,950 | 0 | 0 | 0 | 0 | 0 | 162 |
| 30,700 | 30,750 | 0 | 0 | 625 | 0 | 0 | 835 | 33,950 | 34,000 | 0 | 0 | 0 | 0 | 0 | 151 |
| 30,750 | 30,800 | 0 | 0 | 614 | 0 | 0 | 825 | 34,000 | 34,050 | 0 | 0 | 0 | 0 | 0 | 140 |
| 30,800 | 30,850 | 0 | 0 | 604 | 0 | 0 | 814 | 34,050 | 34,100 | 0 | 0 | 0 | 0 | 0 | 130 |
| 30,850 | 30,900 | 0 | 0 | 593 | 0 | 0 | 804 | 34,100 | 34,150 | 0 | 0 | 0 | 0 | 0 | 119 |
| 30,900 | 30,950 | 0 | 0 | 583 | 0 | 0 | 793 | 34,150 | 34,200 | 0 | 0 | 0 | 0 | 0 | 109 |
| 30,950 | 31,000 | 0 | 0 | 572 | 0 | 0 | 783 | 34,200 | 34,250 | 0 | 0 | 0 | 0 | 0 | 98 |
| 31,000 | 31,050 | 0 | 0 | 562 | 0 | 0 | 772 | 34,250 | 34,300 | 0 | 0 | 0 | 0 | 0 | 88 |
| 31,050 | 31,100 | 0 | 0 | 551 | 0 | 0 | 762 | 34,300 | 34,350 | 0 | 0 | 0 | 0 | 0 | 77 |
| 31,100 | 31,150 | 0 | 0 | 541 | 0 | 0 | 751 | 34,350 | 34,400 | 0 | 0 | 0 | 0 | 0 | 67 |
| 31,150 | 31,200 | 0 | 0 | 530 | 0 | 0 | 741 | 34,400 | 34,450 | 0 | 0 | 0 | 0 | 0 | 56 |
| 31,200 | 31,250 | 0 | 0 | 520 | 0 | 0 | 730 | 34,450 | 34,500 | 0 | 0 | 0 | 0 | 0 | 46 |
| 31,250 | 31,300 | 0 | 0 | 509 | 0 | 0 | 720 | 34,500 | 34,550 | 0 | 0 | 0 | 0 | 0 | 35 |
| 31,300 | 31,350 | 0 | 0 | 498 | 0 | 0 | 709 | 34,550 | 34,600 | 0 | 0 | 0 | 0 | 0 | 25 |
| 31,350 | 31,400 | 0 | 0 | 488 | 0 | 0 | 699 | 34,600 | 34,650 | 0 | 0 | 0 | 0 | 0 | 14 |
| 31,400 | 31,450 | 0 | 0 | 477 | 0 | 0 | 688 | 34,650 | 34,692 | 0 | 0 | 0 | 0 | 0 | 4 |
| 31,450 | 31,500 | 0 | 0 | 467 | 0 | 0 | 678 | 34,692 | or more | 0 | 0 | 0 | 0 | 0 | 0 |
| 31,500 | 31,550 | 0 | 0 | 456 | 0 | 0 | 667 |  |  |  |  |  |  |  |  |
| 31,550 | 31,600 | 0 | 0 | 446 | 0 | 0 | 656 |  |  |  |  |  |  |  |  |
| 31,600 | 31,650 | 0 | 0 | 435 | 0 | 0 | 646 |  |  |  |  |  |  |  |  |
| 31,650 | 31,700 | 0 | 0 | 425 | 0 | 0 | 635 |  |  |  |  |  |  |  |  |

${ }^{* *}$ If the amount you are looking up from the worksheet is at least $\$ 29,650$ ( $\$ 30,650$ if married filing jointly) but less than $\$ 29,666$ ( $\$ 30,666$ if married filing jointly), your credit is $\$ 1$. Otherwise, you cannot take the credit.
${ }^{* * *}$ If the amount you are looking up from the worksheet is at least $\$ 33,650$ but less than $\$ 33,692$, your credit is $\$ 4$. Otherwise, you cannot take the credit.

## Line 64

## Excess Social Security and Tier 1 RRTA Tax Withheld

If you, or your spouse if filing a joint return, had more than one employer for 2003 and total wages of more than $\$ 87,000$, too much social security or tier 1 railroad retirement (RRTA) tax may have been withheld. You can take a credit on this line for the amount withheld in excess of $\$ 5,394$. But if any one employer withheld more than $\$ 5,394$, you must ask that employer to refund the excess to you. You cannot claim it on your return. Figure this amount separately for you and your spouse.

You cannot claim a refund for excess tier 2 RRTA tax on Form 1040. Instead, use Form 843.

For more details, see Pub. 505.

## Line 65

## 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 49 on page 40 . 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 49 that begin on page 40.

Step 2. Read the TIP at the end of your Child Tax Credit Worksheet. Use Form 8812 to see if you can take the additional child tax credit, but only if you meet the condition given in that TIP.

## Line 66

## 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 66 the convenience fee you were charged. Also, include any amounts paid with Form 2688 or 2350.

## Line 67

## Other Payments

Check the box(es) on line 67 to report any credit from Form 2439, 4136, or 8885.

## Refund

## Line 69

## Amount Overpaid

If line 69 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 6 weeks (3 weeks if you filed electronically) from the date you filed your return to do so. But if you filed Form 8379 with your return, allow 14 weeks ( 11 weeks if you filed electronically). 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 2004 on page 60.

## 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 69 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 69 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 70b Through 70d

## DIRECT >DEPOSIT <br> Simple. Safe. Secure.

## Receive your refund in as few as 10

 days with IRS e-file!Complete lines 70b through 70d if you want us to directly deposit the amount shown on line 70a into your checking or savings account at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) instead of sending you a check.
Note. If you do not want your refund directly deposited into your account, draw a line through the boxes on lines 70 b and 70d.

## Why Use Direct Deposit?

- You get your refund fast-in half the time as paper filers 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 direct 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 70b through 70d, you are appointing your spouse as an agent to receive the refund. This appointment cannot be changed later.

## Line 70b

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 57, 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 70 b .

## Line 70d

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


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 71

## Applied to Your 2004 Estimated Tax

Enter on line 71 the amount, if any, of the overpayment on line 69 you want applied to your 2004 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 2004 estimated tax cannot be changed later.

## Amount You Owe

PrimIRS e-file offers an additional payment option: Electronic Funds Withdrawal. This option allows you to file your return early and schedule your payment for withdrawal from your checking or savings account on a future date up to and including April 15, 2004. IRS e-file also provides proof of re-
ceipt of your return and payment by email or through your software package. Visit www.irs.gov/efile for details.

## Line 72

## Amount You Owe



You do not have to pay if line 72 is under $\$ 1$.

Include any estimated tax penalty from line 73 in the amount you enter on line 72 .

You can pay by check, money order, or credit card. Do not include any estimated tax payment for 2004 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 "2003 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 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 " $\$ \mathrm{XXX}^{\left.\frac{\mathrm{xx}}{100} "\right) \text {. }}$

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.

## Sample Check—Lines 70b Through 70d



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

To Pay by Credit Card. You may use your American Express ${ }^{\circledR}$ Card, Discover ${ }^{\circledR}$ Card, MasterCard ${ }^{\circledR}$ card, or Visa ${ }^{\circledR}$ card. To pay by credit card, call toll free or visit the website of either service provider listed below 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 website shown below. If you pay by credit card before filing your return, please enter on page 1 of Form 1040 in the upper left corner the confirmation number you were given at the end of the transaction and the amount you charged (not including the convenience fee).

> Link2Gov Corporation 1-888-PAY-1040 ${ }^{\text {SM }}$ (1-888-729-1040)
> 1-888-658-5465 (Customer Service)
> www.PAY1040.com
> Official Payments Corporation
> 1-800-2PAY-TAX
> 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 2004. See Income Tax Withholding and Estimated Tax Payments for 2004 on page 60.

## What if You Cannot Pay?

If you cannot pay the full amount shown on line 72 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, 2004, 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 73

## Estimated Tax Penalty

You may owe this penalty if:

- Line 72 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 60 minus the total of any amounts shown on lines 63 and 65 and Forms 8828, 4137, 4136, 5329 (Parts III, IV, V, VI, and VII only), and 8885. When figuring the amount on line 60, include the amount on line 59 only if line 61 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 59 .

Exception. You will not owe the penalty if your 2002 tax return was for a tax year of 12 full months and either of the following applies.

1. You had no tax liability for 2002 and you were a U.S. citizen or resident for all of 2002 or
2. The total of lines 61,62 , and 64 on your 2003 return is at least as much as the tax liability shown on your 2002 return. Your estimated tax payments for 2003 must have been made on time and for the required amount.

If your 2002 adjusted gross income was over $\$ 150,000$ (over $\$ 75,000$ if your 2003 filing status is married filing separately), item 2 above applies only if the total of lines 61,62 , and 64 on your 2003 return is at least $110 \%$ of the tax liability shown on your 2002 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.

Enter the penalty on line 73. Add the penalty to any tax due and enter the total on line 72 . If you are due a refund, subtract the penalty from the overpayment you show on line 69. 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 73 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. If your income varied during the year, the annualized income installment method may reduce the amount of your penalty. But you must file Form 2210 because the IRS cannot figure your penalty under this method. See the Instructions for Form 2210 for other situations in which you may be able to lower your penalty by filing Form 2210.

## Third Party Designee

If you want to allow a friend, family member, or any other person you choose to discuss your 2003 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),
- Receive copies of notices or transcripts related to your return, upon request, and
- Respond to certain IRS notices about math errors, offsets, and return preparation.

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 will automatically end no later than the due date (without regard to extensions) for filing your 2004 tax return. This is April 15, 2005, for most people. If you wish to revoke the authorization before it ends, see Pub. 947.

## Sign Your Return

Form 1040 is not considered a valid return unless you sign it. If you are filing a joint return, your spouse must also sign. If your spouse cannot sign the return, see Pub. 501. Be sure to date your return and enter your occupation(s). 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 61.

## 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 in the space provided. The preparer must give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return.

## Cutio

## Electronic Return Signatures!

Create your own personal identification number (PIN) and file a paperless return electronically or use a tax professional. If you are married filing jointly, you and your spouse will each need to create a PIN and enter these PINs as your electronic signatures.

A PIN is any combination of five numbers you choose except five zeros. If you use a PIN, there is nothing to sign and nothing to mail-not even your Forms W-2. For more details on the Self-Select PIN method, visit www.irs.gov/efile and click on "IRS e-file for Individual Taxpayers."

To verify your identity, you will be prompted to enter your adjusted gross income (AGI) from your originally filed 2002 Federal income tax return, if applicable. Do not use your AGI from an amended return (Form 1040X). AGI is the amount shown on your 2002 Form 1040, line 35;

Form 1040A, line 21; Form 1040EZ, line 4; or on the TeleFile Tax Record, line I. If you do not have your 2002 income tax return, call the IRS at 1-800-829-1040 to get a free transcript of your account. You will also be prompted to enter your date of birth (DOB). Make sure your DOB is accurate and matches the information on record with the Social Security Administration by checking your annual Social Security Statement.

You cannot sign your return electronically if you are a first-time filer under age 16 at the end of 2003 or if you are
filing Form 3115, 3468 (if attachments are required), 5713, $\mathbf{8 2 8 3}$ (if Section B is completed), 8332, or 8885 .

If you use a paid preparer, ask to sign your return electronically!

## Assemble Your Return

quence 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 6 c . Check that each dependent's name and SSN agrees with his or her social security card. 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 (EIC), 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. If you are taking the child tax credit or additional child tax credit, make sure you entered any advance child tax credit payment you received (before offset) in 2003 on line 2 of your Child Tax Credit Worksheet. Do not enter your advance payment anywhere on your tax return.
4. Be sure you use the correct method to figure your tax. See the instructions for line 41 that begin on page 36 .
5. Be sure to enter your $\operatorname{SSN}$ 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. Check that your SSN agrees with your social security card.
6. 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. Check that your name agrees with your social security card.
7. If you are taking the standard deduction and you checked any box on line 36a or 36 b or you (or your spouse if filing jointly) can be claimed as a dependent on someone else's 2003 return, see page 34 to be sure you entered the correct amount on line 37.
8. If you received capital gain distributions but were not required to file Schedule D, make sure you check the box on line 13a. Also make sure you entered any post-May 5 capital gain distributions on line 13b.
9. If you are taking the EIC, be sure you used the correct column of the EIC Table for your filing status and the number of children you have.
10. Remember to sign and date Form 1040 and enter your occupation(s).
11. Attach your Form(s) W-2 and other required forms and schedules. Put all forms and schedules in the proper order. See Assemble Your Return on page 59.
12. 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 72 on page 57 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 for the tax. See Form 8857 or Pub. 971 for more details.

## Income Tax <br> Withholding and Estimated Tax Payments for 2004

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 2004 pay. For details on how to complete Form W-4, see Pub. 919.

In general, you do not have to make estimated tax payments if you expect that your 2004 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 2004 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 57 for details on how to pay any tax you owe.


You may be able to deduct this gift on your 2004 tax return.

## Address Change

If you move after you file, always notify the IRS of your new address. To do this, 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 Forms W-2 and 1099) 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 want a free printed copy of your account, call us. See page 13 for the number.

## Death of a Taxpayer

If a taxpayer died before filing a return for 2003, 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 must enter "DECEASED," the deceased taxpayer's name, and the date of death across the top of the return. If this information is not provided, it may delay the processing of the return.

If your spouse died in 2003 and you did not remarry in 2003, or if your spouse died in 2004 before filing a return for 2003, you can file a joint return. A joint return should show your spouse's 2003 income before death and your income for all of 2003. 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.

## 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, use TeleTax topic 357 (see page 11) or see Pub. 501 (Pub. 596 for the EIC).

## Other Ways To Get Help

## Send or Email Your Written Tax Questions to the IRS

You should get an answer in about 30 days. If you do not have the mailing address, call us. See page 13 for the number. Or email your questions to us through the IRS website at www.irs.gov/help and click on Tax Law Questions. Do not send questions with your return.

## Free Help With Your Return

Free help in preparing your return is available nationwide from IRS-trained volunteers. The Volunteer Income Tax Assistance (VITA) program is designed to help low-income taxpayers and the Tax Counseling for the Elderly (TCE) program is designed to assist taxpayers age 60 or older with their tax returns. Some locations offer free electronic filing and all volunteers will let you know about the credits and deductions you may be entitled to claim. 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 2002 tax return (if available), all your Forms W-2 and 1099 for 2003, any other information about your 2003 income and expenses, and the social security number (or individual taxpayer identification number) for your spouse, your dependents, and yourself. Or to find the nearest AARP Tax-Aide site, visit AARP's website at www.aarp.org/taxaide or call 1-888-227-7669.

## Everyday Tax Solutions

You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to www.irs.gov or look in the phone book under "United States Government, Internal Revenue Service."

## Online Services

If you subscribe to an online service, ask about online filing or tax information.

## Large-Print Forms and Instructions

Pub. 1614 has large-print copies of Form 1040, Schedules A, B, D, E, EIC, and R, and Forms $1040-\mathrm{V}$ 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 75 .

## Help for People With Disabilities

Telephone help is available using TTY/ TDD equipment. See page 13 for the num-
ber. Braille materials are available at libraries that have special services for people with disabilities.

## Interest and Penalties

You do not have to figure the amount of any interest or penalties you may owe. Because figuring these amounts can be complicated, we will do it for you if you want. We will send you a bill for any amount due.

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 72.

## 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 $1 / 2$ 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.

## 2003

Tax Table

Use if your taxable income is less than $\$ 100,000$. If $\mathbf{\$ 1 0 0 , 0 0 0}$ or more, use the Tax Rate Schedules.
Example. Mr. and Mrs. Brown are filing a joint return. Their taxable income on line 40 of Form 1040 is $\$ 25,300$. First, they find the $\$ 25,300-25,350$ income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is $\$ 3,099$. This is the tax amount they should enter on line 41 of their Form 1040.

Sample Table

| At <br> least | But <br> less <br> than | Single | Married <br> filing <br> jointly <br> $\star$ | Married <br> filing <br> sepa- <br> rately | Head <br> of a <br> house- <br> hold |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 25,200 | $\mathbf{2 5 , 2 5 0}$ | 3,434 | 3,084 | 3,434 | 3,284 |
| $\mathbf{2 5 , 2 5 0}$ | $\mathbf{2 5 , 3 0 0}$ | 3,441 | 3,091 | 3,441 | 3,291 |
| $\mathbf{2 5 , 3 0 0}$ | $\mathbf{2 5 , 3 5 0}$ | 3,449 | 3,099 | 3,449 | 3,299 |
| $\mathbf{2 5 , 3 5 0}$ | $\mathbf{2 5 , 4 0 0}$ | 3,456 | 3,106 | 3,456 | 3,306 |



[^1]| If line 40 (taxable income) |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | But less than | Single | Married <br> filing jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | But less than | Single | Married filing jointly Your | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household |
| 5,000 |  |  |  |  |  | 8,000 |  |  |  |  |  | 11,000 |  |  |  |  |  |
| 5,000 | 5,050 | 503 | 503 | 503 | 503 | 8,000 | 8,050 | 854 | 803 | 854 | 803 | 11,000 | 11,050 | 1,304 | 1,103 | 1,304 | 1,154 |
| 5,050 | 5,100 | 508 | 508 | 508 | 508 | 8,050 | 8,100 | 861 | 808 | 861 | 808 | 11,050 | 11,100 | 1,311 | 1,108 | 1,311 | 1,161 |
| 5,100 | 5,150 | 513 | 513 | 513 | 513 | 8,100 | 8,150 | 869 | 813 | 869 | 813 | 11,100 | 11,150 | 1,319 | 1,113 | 1,319 | 1,169 |
| 5,150 | 5,200 | 518 | 518 | 518 | 518 | 8,150 | 8,200 | 876 | 818 | 876 | 818 | 11,150 | 11,200 | 1,326 | 1,118 | 1,326 | 1,176 |
| 5,200 | 5,250 | 523 | 523 | 523 | 523 | 8,200 | 8,250 | 884 | 823 | 884 | 823 | 11,200 | 11,250 | 1,334 | 1,123 | 1,334 | 1,184 |
| 5,250 | 5,300 | 528 | 528 | 528 | 528 | 8,250 | 8,300 | 891 | 828 | 891 | 828 | 11,250 | 11,300 | 1,341 | 1,128 | 1,341 | 1,191 |
| 5,300 | 5,350 | 533 | 533 | 533 | 533 | 8,300 | 8,350 | 899 | 833 | 899 | 833 | 11,300 | 11,350 | 1,349 | 1,133 | 1,349 | 1,199 |
| 5,350 | 5,400 | 538 | 538 | 538 | 538 | 8,350 | 8,400 | 906 | 838 | 906 | 838 | 11,350 | 11,400 | 1,356 | 1,138 | 1,356 | 1,206 |
| 5,400 | 5,450 | 543 | 543 | 543 | 543 | 8,400 | 8,450 | 914 | 843 | 914 | 843 | 11,400 | 11,450 | 1,364 | 1,143 | 1,364 | 1,214 |
| 5,450 | 5,500 | 548 | 548 | 548 | 548 | 8,450 | 8,500 | 921 | 848 | 921 | 848 | 11,450 | 11,500 | 1,371 | 1,148 | 1,371 | 1,221 |
| 5,500 | 5,550 | 553 | 553 | 553 | 553 | 8,500 | 8,550 | 929 | 853 | 929 | 853 | 11,500 | 11,550 | 1,379 | 1,153 | 1,379 | 1,229 |
| 5,550 | 5,600 | 558 | 558 | 558 | 558 | 8,550 | 8,600 | 936 | 858 | 936 | 858 | 11,550 | 11,600 | 1,386 | 1,158 | 1,386 | 1,236 |
| 5,600 | 5,650 | 563 | 563 | 563 | 563 | 8,600 | 8,650 | 944 | 863 | 944 | 863 | 11,600 | 11,650 | 1,394 | 1,163 | 1,394 | 1,244 |
| 5,650 | 5,700 | 568 | 568 | 568 | 568 | 8,650 | 8,700 | 951 | 868 | 951 | 868 | 11,650 | 11,700 | 1,401 | 1,168 | 1,401 | 1,251 |
| 5,700 | 5,750 | 573 | 573 | 573 | 573 | 8,700 | 8,750 | 959 | 873 | 959 | 873 | 11,700 | 11,750 | 1,409 | 1,173 | 1,409 | 1,259 |
| 5,750 | 5,800 | 578 | 578 | 578 | 578 | 8,750 | 8,800 | 966 | 878 | 966 | 878 | 11,750 | 11,800 | 1,416 | 1,178 | 1,416 | 1,266 |
| 5,800 | 5,850 | 583 | 583 | 583 | 583 | 8,800 | 8,850 | 974 | 883 | 974 | 883 | 11,800 | 11,850 | 1,424 | 1,183 | 1,424 | 1,274 |
| 5,850 | 5,900 | 588 | 588 | 588 | 588 | 8,850 | 8,900 | 981 | 888 | 981 | 888 | 11,850 | 11,900 | 1,431 | 1,188 | 1,431 | 1,281 |
| 5,900 | 5,950 | 593 | 593 | 593 | 593 | 8,900 | 8,950 | 989 | 893 | 989 | 893 | 11,900 | 11,950 | 1,439 | 1,193 | 1,439 | 1,289 |
| 5,950 | 6,000 | 598 | 598 | 598 | 598 | 8,950 | 9,000 | 996 | 898 | 996 | 898 | 11,950 | 12,000 | 1,446 | 1,198 | 1,446 | 1,296 |
| 6,000 |  |  |  |  |  | 9,000 |  |  |  |  |  | 12,000 |  |  |  |  |  |
| 6,000 | 6,050 | 603 | 603 | 603 | 603 | 9,000 | 9,050 | 1,004 | 903 | 1,004 | 903 | 12,000 | 12,050 | 1,454 | 1,203 | 1,454 | 1,304 |
| 6,050 | 6,100 | 608 | 608 | 608 | 608 | 9,050 | 9,100 | 1,011 | 908 | 1,011 | 908 | 12,050 | 12,100 | 1,461 | 1,208 | 1,461 | 1,311 |
| 6,100 | 6,150 | 613 | 613 | 613 | 613 | 9,100 | 9,150 | 1,019 | 913 | 1,019 | 913 | 12,100 | 12,150 | 1,469 | 1,213 | 1,469 | 1,319 |
| 6,150 | 6,200 | 618 | 618 | 618 | 618 | 9,150 | 9,200 | 1,026 | 918 | 1,026 | 918 | 12,150 | 12,200 | 1,476 | 1,218 | 1,476 | 1,326 |
| 6,200 | 6,250 | 623 | 623 | 623 | 623 | 9,200 | 9,250 | 1,034 | 923 | 1,034 | 923 | 12,200 | 12,250 | 1,484 | 1,223 | 1,484 | 1,334 |
| 6,250 | 6,300 | 628 | 628 | 628 | 628 | 9,250 | 9,300 | 1,041 | 928 | 1,041 | 928 | 12,250 | 12,300 | 1,491 | 1,228 | 1,491 | 1,341 |
| 6,300 | 6,350 | 633 | 633 | 633 | 633 | 9,300 | 9,350 | 1,049 | 933 | 1,049 | 933 | 12,300 | 12,350 | 1,499 | 1,233 | 1,499 | 1,349 |
| 6,350 | 6,400 | 638 | 638 | 638 | 638 | 9,350 | 9,400 | 1,056 | 938 | 1,056 | 938 | 12,350 | 12,400 | 1,506 | 1,238 | 1,506 | 1,356 |
| 6,400 | 6,450 | 643 | 643 | 643 | 643 | 9,400 | 9,450 | 1,064 | 943 | 1,064 | 943 | 12,400 | 12,450 | 1,514 | 1,243 | 1,514 | 1,364 |
| 6,450 | 6,500 | 648 | 648 | 648 | 648 | 9,450 | 9,500 | 1,071 | 948 | 1,071 | 948 | 12,450 | 12,500 | 1,521 | 1,248 | 1,521 | 1,371 |
| 6,500 | 6,550 | 653 | 653 | 653 | 653 | 9,500 | 9,550 | 1,079 | 953 | 1,079 | 953 | 12,500 | 12,550 | 1,529 | 1,253 | 1,529 | 1,379 |
| 6,550 | 6,600 | 658 | 658 | 658 | 658 | 9,550 | 9,600 | 1,086 | 958 | 1,086 | 958 | 12,550 | 12,600 | 1,536 | 1,258 | 1,536 | 1,386 |
| 6,600 | 6,650 | 663 | 663 | 663 | 663 | 9,600 | 9,650 | 1,094 | 963 | 1,094 | 963 | 12,600 | 12,650 | 1,544 | 1,263 | 1,544 | 1,394 |
| 6,650 | 6,700 | 668 | 668 | 668 | 668 | 9,650 | 9,700 | 1,101 | 968 | 1,101 | 968 | 12,650 | 12,700 | 1,551 | 1,268 | 1,551 | 1,401 |
| 6,700 | 6,750 | 673 | 673 | 673 | 673 | 9,700 | 9,750 | 1,109 | 973 | 1,109 | 973 | 12,700 | 12,750 | 1,559 | 1,273 | 1,559 | 1,409 |
| 6,750 | 6,800 | 678 | 678 | 678 | 678 | 9,750 | 9,800 | 1,116 | 978 | 1,116 | 978 | 12,750 | 12,800 | 1,566 | 1,278 | 1,566 | 1,416 |
| 6,800 | 6,850 | 683 | 683 | 683 | 683 | 9,800 | 9,850 | 1,124 | 983 | 1,124 | 983 | 12,800 | 12,850 | 1,574 | 1,283 | 1,574 | 1,424 |
| 6,850 | 6,900 | 688 | 688 | 688 | 688 | 9,850 | 9,900 | 1,131 | 988 | 1,131 | 988 | 12,850 | 12,900 | 1,581 | 1,288 | 1,581 | 1,431 |
| 6,900 | 6,950 | 693 | 693 | 693 | 693 | 9,900 | 9,950 | 1,139 | 993 | 1,139 | 993 | 12,900 | 12,950 | 1,589 | 1,293 | 1,589 | 1,439 |
| 6,950 | 7,000 | 698 | 698 | 698 | 698 | 9,950 | 10,000 | 1,146 | 998 | 1,146 | 998 | 12,950 | 13,000 | 1,596 | 1,298 | 1,596 | 1,446 |
| 7,000 |  |  |  |  |  | 10,000 |  |  |  |  |  | 13,000 |  |  |  |  |  |
| 7,000 | 7,050 | 704 | 703 | 704 | 703 | 10,000 | 10,050 | 1,154 | 1,003 | 1,154 | 1,004 | 13,000 | 13,050 | 1,604 | 1,303 | 1,604 | 1,454 |
| 7,050 | 7,100 | 711 | 708 | 711 | 708 | 10,050 | 10,100 | 1,161 | 1,008 | 1,161 | 1,011 | 13,050 | 13,100 | 1,611 | 1,308 | 1,611 | 1,461 |
| 7,100 | 7,150 | 719 | 713 | 719 | 713 | 10,100 | 10,150 | 1,169 | 1,013 | 1,169 | 1,019 | 13,100 | 13,150 | 1,619 | 1,313 | 1,619 | 1,469 |
| 7,150 | 7,200 | 726 | 718 | 726 | 718 | 10,150 | 10,200 | 1,176 | 1,018 | 1,176 | 1,026 | 13,150 | 13,200 | 1,626 | 1,318 | 1,626 | 1,476 |
| 7,200 | 7,250 | 734 | 723 | 734 | 723 | 10,200 | 10,250 | 1,184 | 1,023 | 1,184 | 1,034 | 13,200 | 13,250 | 1,634 | 1,323 | 1,634 | 1,484 |
| 7,250 | 7,300 | 741 | 728 | 741 | 728 | 10,250 | 10,300 | 1,191 | 1,028 | 1,191 | 1,041 | 13,250 | 13,300 | 1,641 | 1,328 | 1,641 | 1,491 |
| 7,300 | 7,350 | 749 | 733 | 749 | 733 | 10,300 | 10,350 | 1,199 | 1,033 | 1,199 | 1,049 | 13,300 | 13,350 | 1,649 | 1,333 | 1,649 | 1,499 |
| 7,350 | 7,400 | 756 | 738 | 756 | 738 | 10,350 | 10,400 | 1,206 | 1,038 | 1,206 | 1,056 | 13,350 | 13,400 | 1,656 | 1,338 | 1,656 | 1,506 |
| 7,400 | 7,450 | 764 | 743 | 764 | 743 | 10,400 | 10,450 | 1,214 | 1,043 | 1,214 | 1,064 | 13,400 | 13,450 | 1,664 | 1,343 | 1,664 | 1,514 |
| 7,450 | 7,500 | 771 | 748 | 771 | 748 | 10,450 | 10,500 | 1,221 | 1,048 | 1,221 | 1,071 | 13,450 | 13,500 | 1,671 | 1,348 | 1,671 | 1,521 |
| 7,500 | 7,550 | 779 | 753 | 779 | 753 | 10,500 | 10,550 | 1,229 | 1,053 | 1,229 | 1,079 | 13,500 | 13,550 | 1,679 | 1,353 | 1,679 | 1,529 |
| 7,550 | 7,600 | 786 | 758 | 786 | 758 | 10,550 | 10,600 | 1,236 | 1,058 | 1,236 | 1,086 | 13,550 | 13,600 | 1,686 | 1,358 | 1,686 | 1,536 |
| 7,600 | 7,650 | 794 | 763 | 794 | 763 | 10,600 | 10,650 | 1,244 | 1,063 | 1,244 | 1,094 | 13,600 | 13,650 | 1,694 | 1,363 | 1,694 | 1,544 |
| 7,650 | 7,700 | 801 | 768 | 801 | 768 | 10,650 | 10,700 | 1,251 | 1,068 | 1,251 | 1,101 | 13,650 | 13,700 | 1,701 | 1,368 | 1,701 | 1,551 |
| 7,700 | 7,750 | 809 | 773 | 809 | 773 | 10,700 | 10,750 | 1,259 | 1,073 | 1,259 | 1,109 | 13,700 | 13,750 | 1,709 | 1,373 | 1,709 | 1,559 |
| 7,750 | 7,800 | 816 | 778 | 816 | 778 | 10,750 | 10,800 | 1,266 | 1,078 | 1,266 | 1,116 | 13,750 | 13,800 | 1,716 | 1,378 | 1,716 | 1,566 |
| 7,800 | 7,850 | 824 | 783 | 824 | 783 | 10,800 | 10,850 | 1,274 | 1,083 | 1,274 | 1,124 | 13,800 | 13,850 | 1,724 | 1,383 | 1,724 | 1,574 |
| 7,850 | 7,900 | 831 | 788 | 831 | 788 | 10,850 | 10,900 | 1,281 | 1,088 | 1,281 | 1,131 | 13,850 | 13,900 | 1,731 | 1,388 | 1,731 | 1,581 |
| 7,900 | 7,950 | 839 | 793 | 839 | 793 | 10,900 | 10,950 | 1,289 | 1,093 | 1,289 | 1,139 | 13,900 | 13,950 | 1,739 | 1,393 | 1,739 | 1,589 |
| 7,950 | 8,000 | 846 | 798 | 846 | 798 | 10,950 | 11,000 | 1,296 | 1,098 | 1,296 | 1,146 | 13,950 | 14,000 | 1,746 | 1,398 | 1,746 | 1,596 |
| * This column must also be used by a qualifying widow(er). |  |  |  |  |  |  |  |  |  |  |  | (Continued on page 64) |  |  |  |  |  |


| If line (taxab incom |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married filing jointly Your t | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | But less than | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | But less than | Single | Married filing jointly Your | Married filing separately ax is- | Head of a household |
| 14,000 |  |  |  |  |  | 17,000 |  |  |  |  |  | 20,000 |  |  |  |  |  |
| 14,000 | 14,050 | 1,754 | 1,404 | 1,754 | 1,604 | 17,000 | 17,050 | 2,204 | 1,854 | 2,204 | 2,054 | 20,000 | 20,050 | 2,654 | 2,304 | 2,654 | 2,504 |
| 14,050 | 14,100 | 1,761 | 1,411 | 1,761 | 1,611 | 17,050 | 17,100 | 2,211 | 1,861 | 2,211 | 2,061 | 20,050 | 20,100 | 2,661 | 2,311 | 2,661 | 2,511 |
| 14,100 | 14,150 | 1,769 | 1,419 | 1,769 | 1,619 | 17,100 | 17,150 | 2,219 | 1,869 | 2,219 | 2,069 | 20,100 | 20,150 | 2,669 | 2,319 | 2,669 | 2,519 |
| 14,150 | 14,200 | 1,776 | 1,426 | 1,776 | 1,626 | 17,150 | 17,200 | 2,226 | 1,876 | 2,226 | 2,076 | 20,150 | 20,200 | 2,676 | 2,326 | 2,676 | 2,526 |
| 14,200 | 14,250 | 1,784 | 1,434 | 1,784 | 1,634 | 17,200 | 17,250 | 2,234 | 1,884 | 2,234 | 2,084 | 20,200 | 20,250 | 2,684 | 2,334 | 2,684 | 2,534 |
| 14,250 | 14,300 | 1,791 | 1,441 | 1,791 | 1,641 | 17,250 | 17,300 | 2,241 | 1,891 | 2,241 | 2,091 | 20,250 | 20,300 | 2,691 | 2,341 | 2,691 | 2,541 |
| 14,300 | 14,350 | 1,799 | 1,449 | 1,799 | 1,649 | 17,300 | 17,350 | 2,249 | 1,899 | 2,249 | 2,099 | 20,300 | 20,350 | 2,699 | 2,349 | 2,699 | 2,549 |
| 14,350 | 14,400 | 1,806 | 1,456 | 1,806 | 1,656 | 17,350 | 17,400 | 2,256 | 1,906 | 2,256 | 2,106 | 20,350 | 20,400 | 2,706 | 2,356 | 2,706 | 2,556 |
| 14,400 | 14,450 | 1,814 | 1,464 | 1,814 | 1,664 | 17,400 | 17,450 | 2,264 | 1,914 | 2,264 | 2,114 | 20,400 | 20,450 | 2,714 | 2,364 | 2,714 | 2,564 |
| 14,450 | 14,500 | 1,821 | 1,471 | 1,821 | 1,671 | 17,450 | 17,500 | 2,271 | 1,921 | 2,271 | 2,121 | 20,450 | 20,500 | 2,721 | 2,371 | 2,721 | 2,571 |
| 14,500 | 14,550 | 1,829 | 1,479 | 1,829 | 1,679 | 17,500 | 17,550 | 2,279 | 1,929 | 2,279 | 2,129 | 20,500 | 20,550 | 2,729 | 2,379 | 2,729 | 2,579 |
| 14,550 | 14,600 | 1,836 | 1,486 | 1,836 | 1,686 | 17,550 | 17,600 | 2,286 | 1,936 | 2,286 | 2,136 | 20,550 | 20,600 | 2,736 | 2,386 | 2,736 | 2,586 |
| 14,600 | 14,650 | 1,844 | 1,494 | 1,844 | 1,694 | 17,600 | 17,650 | 2,294 | 1,944 | 2,294 | 2,144 | 20,600 | 20,650 | 2,744 | 2,394 | 2,744 | 2,594 |
| 14,650 | 14,700 | 1,851 | 1,501 | 1,851 | 1,701 | 17,650 | 17,700 | 2,301 | 1,951 | 2,301 | 2,151 | 20,650 | 20,700 | 2,751 | 2,401 | 2,751 | 2,601 |
| 14,700 | 14,750 | 1,859 | 1,509 | 1,859 | 1,709 | 17,700 | 17,750 | 2,309 | 1,959 | 2,309 | 2,159 | 20,700 | 20,750 | 2,759 | 2,409 | 2,759 | 2,609 |
| 14,750 | 14,800 | 1,866 | 1,516 | 1,866 | 1,716 | 17,750 | 17,800 | 2,316 | 1,966 | 2,316 | 2,166 | 20,750 | 20,800 | 2,766 | 2,416 | 2,766 | 2,616 |
| 14,800 | 14,850 | 1,874 | 1,524 | 1,874 | 1,724 | 17,800 | 17,850 | 2,324 | 1,974 | 2,324 | 2,174 | 20,800 | 20,850 | 2,774 | 2,424 | 2,774 | 2,624 |
| 14,850 | 14,900 | 1,881 | 1,531 | 1,881 | 1,731 | 17,850 | 17,900 | 2,331 | 1,981 | 2,331 | 2,181 | 20,850 | 20,900 | 2,781 | 2,431 | 2,781 | 2,631 |
| 14,900 | 14,950 | 1,889 | 1,539 | 1,889 | 1,739 | 17,900 | 17,950 | 2,339 | 1,989 | 2,339 | 2,189 | 20,900 | 20,950 | 2,789 | 2,439 | 2,789 | 2,639 |
| 14,950 | 15,000 | 1,896 | 1,546 | 1,896 | 1,746 | 17,950 | 18,000 | 2,346 | 1,996 | 2,346 | 2,196 | 20,950 | 21,000 | 2,796 | 2,446 | 2,796 | 2,646 |
| 15,000 |  |  |  |  |  | 18,000 |  |  |  |  |  | 21,000 |  |  |  |  |  |
| 15,000 | 15,050 | 1,904 | 1,554 | 1,904 | 1,754 | 18,000 | 18,050 | 2,354 | 2,004 | 2,354 | 2,204 | 21,000 | 21,050 | 2,804 | 2,454 | 2,804 | 2,654 |
| 15,050 | 15,100 | 1,911 | 1,561 | 1,911 | 1,761 | 18,050 | 18,100 | 2,361 | 2,011 | 2,361 | 2,211 | 21,050 | 21,100 | 2,811 | 2,461 | 2,811 | 2,661 |
| 15,100 | 15,150 | 1,919 | 1,569 | 1,919 | 1,769 | 18,100 | 18,150 | 2,369 | 2,019 | 2,369 | 2,219 | 21,100 | 21,150 | 2,819 | 2,469 | 2,819 | 2,669 |
| 15,150 | 15,200 | 1,926 | 1,576 | 1,926 | 1,776 | 18,150 | 18,200 | 2,376 | 2,026 | 2,376 | 2,226 | 21,150 | 21,200 | 2,826 | 2,476 | 2,826 | 2,676 |
| 15,200 | 15,250 | 1,934 | 1,584 | 1,934 | 1,784 | 18,200 | 18,250 | 2,384 | 2,034 | 2,384 | 2,234 | 21,200 | 21,250 | 2,834 | 2,484 | 2,834 | 2,684 |
| 15,250 | 15,300 | 1,941 | 1,591 | 1,941 | 1,791 | 18,250 | 18,300 | 2,391 | 2,041 | 2,391 | 2,241 | 21,250 | 21,300 | 2,841 | 2,491 | 2,841 | 2,691 |
| 15,300 | 15,350 | 1,949 | 1,599 | 1,949 | 1,799 | 18,300 | 18,350 | 2,399 | 2,049 | 2,399 | 2,249 | 21,300 | 21,350 | 2,849 | 2,499 | 2,849 | 2,699 |
| 15,350 | 15,400 | 1,956 | 1,606 | 1,956 | 1,806 | 18,350 | 18,400 | 2,406 | 2,056 | 2,406 | 2,256 | 21,350 | 21,400 | 2,856 | 2,506 | 2,856 | 2,706 |
| 15,400 | 15,450 | 1,964 | 1,614 | 1,964 | 1,814 | 18,400 | 18,450 | 2,414 | 2,064 | 2,414 | 2,264 | 21,400 | 21,450 | 2,864 | 2,514 | 2,864 | 2,714 |
| 15,450 | 15,500 | 1,971 | 1,621 | 1,971 | 1,821 | 18,450 | 18,500 | 2,421 | 2,071 | 2,421 | 2,271 | 21,450 | 21,500 | 2,871 | 2,521 | 2,871 | 2,721 |
| 15,500 | 15,550 | 1,979 | 1,629 | 1,979 | 1,829 | 18,500 | 18,550 | 2,429 | 2,079 | 2,429 | 2,279 | 21,500 | 21,550 | 2,879 | 2,529 | 2,879 | 2,729 |
| 15,550 | 15,600 | 1,986 | 1,636 | 1,986 | 1,836 | 18,550 | 18,600 | 2,436 | 2,086 | 2,436 | 2,286 | 21,550 | 21,600 | 2,886 | 2,536 | 2,886 | 2,736 |
| 15,600 | 15,650 | 1,994 | 1,644 | 1,994 | 1,844 | 18,600 | 18,650 | 2,444 | 2,094 | 2,444 | 2,294 | 21,600 | 21,650 | 2,894 | 2,544 | 2,894 | 2,744 |
| 15,650 | 15,700 | 2,001 | 1,651 | 2,001 | 1,851 | 18,650 | 18,700 | 2,451 | 2,101 | 2,451 | 2,301 | 21,650 | 21,700 | 2,901 | 2,551 | 2,901 | 2,751 |
| 15,700 | 15,750 | 2,009 | 1,659 | 2,009 | 1,859 | 18,700 | 18,750 | 2,459 | 2,109 | 2,459 | 2,309 | 21,700 | 21,750 | 2,909 | 2,559 | 2,909 | 2,759 |
| 15,750 | 15,800 | 2,016 | 1,666 | 2,016 | 1,866 | 18,750 | 18,800 | 2,466 | 2,116 | 2,466 | 2,316 | 21,750 | 21,800 | 2,916 | 2,566 | 2,916 | 2,766 |
| 15,800 | 15,850 | 2,024 | 1,674 | 2,024 | 1,874 | 18,800 | 18,850 | 2,474 | 2,124 | 2,474 | 2,324 | 21,800 | 21,850 | 2,924 | 2,574 | 2,924 | 2,774 |
| 15,850 | 15,900 | 2,031 | 1,681 | 2,031 | 1,881 | 18,850 | 18,900 | 2,481 | 2,131 | 2,481 | 2,331 | 21,850 | 21,900 | 2,931 | 2,581 | 2,931 | 2,781 |
| 15,900 | 15,950 | 2,039 | 1,689 | 2,039 | 1,889 | 18,900 | 18,950 | 2,489 | 2,139 | 2,489 | 2,339 | 21,900 | 21,950 | 2,939 | 2,589 | 2,939 | 2,789 |
| 15,950 | 16,000 | 2,046 | 1,696 | 2,046 | 1,896 | 18,950 | 19,000 | 2,496 | 2,146 | 2,496 | 2,346 | 21,950 | 22,000 | 2,946 | 2,596 | 2,946 | 2,796 |
| 16,000 |  |  |  |  |  | 19,000 |  |  |  |  |  | 22,000 |  |  |  |  |  |
| 16,000 | 16,050 | 2,054 | 1,704 | 2,054 | 1,904 | 19,000 | 19,050 | 2,504 | 2,154 | 2,504 | 2,354 | 22,000 | 22,050 | 2,954 | 2,604 | 2,954 | 2,804 |
| 16,050 | 16,100 | 2,061 | 1,711 | 2,061 | 1,911 | 19,050 | 19,100 | 2,511 | 2,161 | 2,511 | 2,361 | 22,050 | 22,100 | 2,961 | 2,611 | 2,961 | 2,811 |
| 16,100 | 16,150 | 2,069 | 1,719 | 2,069 | 1,919 | 19,100 | 19,150 | 2,519 | 2,169 | 2,519 | 2,369 | 22,100 | 22,150 | 2,969 | 2,619 | 2,969 | 2,819 |
| 16,150 | 16,200 | 2,076 | 1,726 | 2,076 | 1,926 | 19,150 | 19,200 | 2,526 | 2,176 | 2,526 | 2,376 | 22,150 | 22,200 | 2,976 | 2,626 | 2,976 | 2,826 |
| 16,200 | 16,250 | 2,084 | 1,734 | 2,084 | 1,934 | 19,200 | 19,250 | 2,534 | 2,184 | 2,534 | 2,384 | 22,200 | 22,250 | 2,984 | 2,634 | 2,984 | 2,834 |
| 16,250 | 16,300 | 2,091 | 1,741 | 2,091 | 1,941 | 19,250 | 19,300 | 2,541 | 2,191 | 2,541 | 2,391 | 22,250 | 22,300 | 2,991 | 2,641 | 2,991 | 2,841 |
| 16,300 | 16,350 | 2,099 | 1,749 | 2,099 | 1,949 | 19,300 | 19,350 | 2,549 | 2,199 | 2,549 | 2,399 | 22,300 | 22,350 | 2,999 | 2,649 | 2,999 | 2,849 |
| 16,350 | 16,400 | 2,106 | 1,756 | 2,106 | 1,956 | 19,350 | 19,400 | 2,556 | 2,206 | 2,556 | 2,406 | 22,350 | 22,400 | 3,006 | 2,656 | 3,006 | 2,856 |
| 16,400 | 16,450 | 2,114 | 1,764 | 2,114 | 1,964 | 19,400 | 19,450 | 2,564 | 2,214 | 2,564 | 2,414 | 22,400 | 22,450 | 3,014 | 2,664 | 3,014 | 2,864 |
| 16,450 | 16,500 | 2,121 | 1,771 | 2,121 | 1,971 | 19,450 | 19,500 | 2,571 | 2,221 | 2,571 | 2,421 | 22,450 | 22,500 | 3,021 | 2,671 | 3,021 | 2,871 |
| 16,500 | 16,550 | 2,129 | 1,779 | 2,129 | 1,979 | 19,500 | 19,550 | 2,579 | 2,229 | 2,579 | 2,429 | 22,500 | 22,550 | 3,029 | 2,679 | 3,029 | 2,879 |
| 16,550 | 16,600 | 2,136 | 1,786 | 2,136 | 1,986 | 19,550 | 19,600 | 2,586 | 2,236 | 2,586 | 2,436 | 22,550 | 22,600 | 3,036 | 2,686 | 3,036 | 2,886 |
| 16,600 | 16,650 | 2,144 | 1,794 | 2,144 | 1,994 | 19,600 | 19,650 | 2,594 | 2,244 | 2,594 | 2,444 |  |  | 3,044 | 2,694 |  |  |
| 16,650 | 16,700 | 2,151 | 1,801 | 2,151 | 2,001 | 19,650 | 19,700 | 2,601 | 2,251 | 2,601 | 2,451 | 22,650 | 22,700 | 3,051 | 2,701 | 3,051 | 2,901 |
| 16,700 | 16,750 | 2,159 | 1,809 | 2,159 | 2,009 | 19,700 | 19,750 | 2,609 | 2,259 | 2,609 | 2,459 | 22,700 | 22,750 | 3,059 | 2,709 | 3,059 | 2,909 |
| 16,750 | 16,800 | 2,166 | 1,816 | 2,166 | 2,016 | 19,750 | 19,800 | 2,616 | 2,266 | 2,616 | 2,466 | 22,750 | 22,800 | 3,066 | 2,716 | 3,066 | 2,916 |
| 16,800 | 16,850 | 2,174 | 1,824 | 2,174 | 2,024 | 19,800 | 19,850 | 2,624 | 2,274 | 2,624 | 2,474 | 22,800 | 22,850 | 3,074 | 2,724 | 3,074 | 2,924 |
| 16,850 | 16,900 | 2,181 | 1,831 | 2,181 | 2,031 | 19,850 | 19,900 | 2,631 | 2,281 | 2,631 | 2,481 | 22,850 | 22,900 | 3,081 | 2,731 | 3,081 | 2,931 |
| 16,900 | 16,950 | 2,189 | 1,839 | 2,189 | 2,039 | 19,900 | 19,950 | 2,639 | 2,289 | 2,639 | 2,489 | 22,900 | 22,950 | 3,089 | 2,739 | 3,089 | 2,939 |
| 16,950 | 17,000 | 2,196 | 1,846 | 2,196 | 2,046 | 19,950 | 20,000 | 2,646 | 2,296 | 2,646 | 2,496 | 22,950 | 23,000 | 3,096 | 2,746 | 3,096 | 2,946 |

[^2]| If line (taxab incom | - | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married <br> filing jointly <br> Your tax | Married <br> filing <br> sepa- <br> rately <br> x is- | Head of a household | At least | But <br> less <br> than | Single | Married <br> filing <br> jointly <br> Your tax | Married <br> filing <br> sepa- <br> rately <br> x is- | Head of a household | At least | But less than | Single | Married <br> filing jointly <br> Your | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household |
| 23,000 |  |  |  |  |  | 26,000 |  |  |  |  |  | $29,000$ |  |  |  |  |  |
| 23,000 | 23,050 | 3,104 | 2,754 | 3,104 | 2,954 | 26,000 | 26,050 | 3,554 | 3,204 | 3,554 | 3,404 | 29,000 | 29,050 | 4,066 | 3,654 | 4,066 | 3,85 |
| 23,050 | 23,100 | 3,111 | 2,761 | 3,111 | 2,961 | 26,050 | 26,100 | 3,561 | 3,211 | 3,561 | 3,411 | 29,050 | 29,100 | 4,079 | 3,661 | 4,079 | 3,861 |
| 23,100 | 23,150 | 3,119 | 2,769 | 3,119 | 2,969 | 26,100 | 26,150 | 3,569 | 3,219 | 3,569 | 3,419 | 29,100 | 29,150 | 4,091 | 3,669 | 4,091 | 3,869 |
| 23,150 | 23,200 | 3,126 | 2,776 | 3,126 | 2,976 | 26,150 | 26,200 | 3,576 | 3,226 | 3,576 | 3,426 | 29,150 | 29,200 | 4,104 | 3,676 | 4,104 | 3,876 |
| 23,200 | 23,250 | 3,134 | 2,784 | 3,134 | 2,984 | 26,200 | 26,250 | 3,584 | 3,234 | 3,584 | 3,434 | 29,200 | 29,250 | 4,116 | 3,684 | 4,116 | 84 |
| 23,250 | 23,300 | 3,141 | 2,791 | 3,141 | 2,991 | 26,250 | 26,300 | 3,591 | 3,241 | 3,591 | 3,441 | 29,250 | 29,300 | 4,129 | 3,691 | 4,129 | 3,891 |
| 23,300 | 23,350 | 3,149 | 2,799 | 3,149 | 2,999 | 26,300 | 26,350 | 3,599 | 3,249 | 3,599 | 3,449 | 29,300 | 29,350 | 4,141 | 3,699 | 4,141 | 3,899 |
| 23,350 | 23,400 | 3,156 | 2,806 | 3,156 | 3,006 | 26,350 | 26,400 | 3,606 | 3,256 | 3,606 | 3,456 | 29,350 | 29,400 | 4,154 | 3,706 | 4,154 | 3,906 |
| 23,400 | 23,450 | 3,164 | 2,814 | 3,164 | 3,014 | 26,400 | 26,450 | 3,614 | 3,264 | 3,614 | 3,464 | 29,400 | 29,450 | 4,166 | 3,714 | 4,166 | 14 |
| 23,450 | 23,500 | 3,171 | 2,821 | 3,171 | 3,021 | 26,450 | 26,500 | 3,621 | 3,271 | 3,621 | 3,471 | 29,450 | 29,500 | 4,179 | 3,721 | 4,179 | 3,921 |
| 23,500 | 23,550 | 3,179 | 2,829 | 3,179 | 3,029 | 26,500 | 26,550 | 3,629 | 3,279 | 3,629 | 3,479 | 29,500 | 29,550 | 4,191 | 3,729 | 4,191 | 3,929 |
| 23,550 | 23,600 | 3,186 | 2,836 | 3,186 | 3,036 | 26,550 | 26,600 | 3,636 | 3,286 | 3,636 | 3,486 | 29,550 | 29,600 | 4,204 | 3,736 | 4,204 | 3,936 |
| 23,600 | 23,650 | 3,194 | 2,844 | 3,194 | 3,044 | 26,600 | 26,650 | 3,644 | 3,294 | 3,644 | 3,494 | 29,600 | 29,650 | 4,216 | 3,744 | 4,216 | 3,944 |
| 23,650 | 23,700 | 3,201 | 2,851 | 3,201 | 3,051 | 26,650 | 26,700 | 3,651 | 3,301 | 3,651 | 3,501 | 29,650 | 29,700 | 4,229 | 3,751 | 4,229 | 3,951 |
| 23,700 | 23,750 | 3,209 | 2,859 | 3,209 | 3,059 | 26,700 | 26,750 | 3,659 | 3,309 | 3,659 | 3,509 | 29,700 | 29,750 | 4,241 | 3,759 | 4,241 | 3,959 |
| 23,750 | 23,800 | 3,216 | 2,866 | 3,216 | 3,066 | 26,750 | 26,800 | 3,666 | 3,316 | 3,666 | 3,516 | 29,750 | 29,800 | 4,254 | 3,766 | 4,254 | 3,966 |
| 23,800 | 23,850 | 3,224 | 2,874 | 3,224 | 3,074 | 26,800 | 26,850 | 3,674 | 3,324 | 3,674 | 3,524 | 29,800 | 29,850 | 4,266 | 3,774 | 4,266 | 3,974 |
| 23,850 | 23,900 | 3,231 | 2,881 | 3,231 | 3,081 | 26,850 | 26,900 | 3,681 | 3,331 | 3,681 | 3,531 | 29,850 | 29,900 | 4,279 | 3,781 | 4,279 | 3,981 |
| 23,900 | 23,950 | 3,239 | 2,889 | 3,239 | 3,089 | 26,900 | 26,950 | 3,689 | 3,339 | 3,689 | 3,539 | 29,900 | 29,950 | 4,291 | 3,789 | 4,291 | 3,989 |
| 23,950 | 24,000 | 3,246 | 2,896 | 3,246 | 3,096 | 26,950 | 27,000 | 3,696 | 3,346 | 3,696 | 3,546 | 29,950 | 30,000 | 4,304 | 3,796 | 4,304 | 3,996 |
| 24,000 |  |  |  |  |  | 27,000 |  |  |  |  |  | 30,000 |  |  |  |  |  |
| 24,000 | 24,050 | 3,254 | 2,904 | 3,254 | 3,104 | 27,000 | 27,050 | 3,704 | 3,354 | 3,704 | 3,554 | 30,000 | 30,050 | 4,316 | 3,804 | 4,316 | 4,004 |
| 24,050 | 24,100 | 3,261 | 2,911 | 3,261 | 3,111 | 27,050 | 27,100 | 3,711 | 3,361 | 3,711 | 3,561 | 30,050 | 30,100 | 4,329 | 3,811 | 4,329 | 4,011 |
| 24,100 | 24,150 | 3,269 | 2,919 | 3,269 | 3,119 | 27,100 | 27,150 | 3,719 | 3,369 | 3,719 | 3,569 | 30,100 | 30,150 | 4,341 | 3,819 | 4,341 | 4,019 |
| 24,150 | 24,200 | 3,276 | 2,926 | 3,276 | 3,126 | 27,150 | 27,200 | 3,726 | 3,376 | 3,726 | 3,576 | 30,150 | 30,200 | 4,354 | 3,826 | 4,354 | 4,026 |
| 24,200 | 24,250 | 3,284 | 2,934 | 3,284 | 3,134 | 27,200 | 27,250 | 3,734 | 3,384 | 3,734 | 3,584 | 30,200 | 30,250 | 4,366 | 3,834 | 4,366 | 4,034 |
| 24,250 | 24,300 | 3,291 | 2,941 | 3,291 | 3,141 | 27,250 | 27,300 | 3,741 | 3,391 | 3,741 | 3,591 | 30,250 | 30,300 | 4,379 | 3,841 | 4,379 | 4,041 |
| 24,300 | 24,350 | 3,299 | 2,949 | 3,299 | 3,149 | 27,300 | 27,350 | 3,749 | 3,399 | 3,749 | 3,599 | 30,300 | 30,350 | 4,391 | 3,849 | 4,391 | 4,049 |
| 24,350 | 24,400 | 3,306 | 2,956 | 3,306 | 3,156 | 27,350 | 27,400 | 3,756 | 3,406 | 3,756 | 3,606 | 30,350 | 30,400 | 4,404 | 3,856 | 4,404 | 4,056 |
| 24,400 | 24,450 | 3,314 | 2,964 | 3,314 | 3,164 | 27,400 | 27,450 | 3,764 | 3,414 | 3,764 | 3,614 | 30,400 | 30,450 | 4,416 | 3,864 | 4,416 | 4,064 |
| 24,450 | 24,500 | 3,321 | 2,971 | 3,321 | 3,171 | 27,450 | 27,500 | 3,771 | 3,421 | 3,771 | 3,621 | 30,450 | 30,500 | 4,429 | 3,871 | 4,429 | 4,071 |
| 24,500 | 24,550 | 3,329 | 2,979 | 3,329 | 3,179 | 27,500 | 27,550 | 3,779 | 3,429 | 3,779 | 3,629 | 30,500 | 30,550 | 4,441 | 3,879 | 4,441 | 4,079 |
| 24,550 | 24,600 | 3,336 | 2,986 | 3,336 | 3,186 | 27,550 | 27,600 | 3,786 | 3,436 | 3,786 | 3,636 | 30,550 | 30,600 | 4,454 | 3,886 | 4,454 | 4,086 |
| 24,600 | 24,650 | 3,344 | 2,994 | 3,344 | 3,194 | 27,600 | 27,650 | 3,794 | 3,444 | 3,794 | 3,644 | 30,600 | 30,650 | 4,466 | 3,894 | 4,466 | 4,094 |
| 24,650 | 24,700 | 3,351 | 3,001 | 3,351 | 3,201 | 27,650 | 27,700 | 3,801 | 3,451 | 3,801 | 3,651 | 30,650 | 30,700 | 4,479 | 3,901 | 4,479 | 4,101 |
| 24,700 | 24,750 | 3,359 | 3,009 | 3,359 | 3,209 | 27,700 | 27,750 | 3,809 | 3,459 | 3,809 | 3,659 | 30,700 | 30,750 | 4,491 | 3,909 | 4,491 | 4,109 |
| 24,750 | 24,800 | 3,366 | 3,016 | 3,366 | 3,216 | 27,750 | 27,800 | 3,816 | 3,466 | 3,816 | 3,666 | 30,750 | 30,800 | 4,504 | 3,916 | 4,504 | 4,116 |
| 24,800 | 24,850 | 3,374 | 3,024 | 3,374 | 3,224 | 27,800 | 27,850 | 3,824 | 3,474 | 3,824 | 3,674 | 30,800 | 30,850 | 4,516 | 3,924 | 4,516 | 4,124 |
| 24,850 | 24,900 | 3,381 | 3,031 | 3,381 | 3,231 | 27,850 | 27,900 | 3,831 | 3,481 | 3,831 | 3,681 | 30,850 | 30,900 | 4,529 | 3,931 | 4,529 | 4,131 |
| 24,900 | 24,950 | 3,389 | 3,039 | 3,389 | 3,239 | 27,900 | 27,950 | 3,839 | 3,489 | 3,839 | 3,689 | 30,900 | 30,950 | 4,541 | 3,939 | 4,541 | 4,139 |
| 24,950 | 25,000 | 3,396 | 3,046 | 3,396 | 3,246 | 27,950 | 28,000 | 3,846 | 3,496 | 3,846 | 3,696 | 30,950 | 31,000 | 4,554 | 3,946 | 4,554 | 4,146 |
| 25,000 |  |  |  |  |  | 28,000 |  |  |  |  |  | 31,000 |  |  |  |  |  |
| 25,000 | 25,050 | 3,404 | 3,054 | 3,404 | 3,254 | 28,000 | 28,050 | 3,854 | 3,504 | 3,854 | 3,704 | 31,000 | 31,050 | 4,566 | 3,954 | 4,566 | 4,154 |
| 25,050 | 25,100 | 3,411 | 3,061 | 3,411 | 3,261 | 28,050 | 28,100 | 3,861 | 3,511 | 3,861 | 3,711 | 31,050 | 31,100 | 4,579 | 3,961 | 4,579 | 4,161 |
| 25,100 | 25,150 | 3,419 | 3,069 | 3,419 | 3,269 | 28,100 | 28,150 | 3,869 | 3,519 | 3,869 | 3,719 | 31,100 | 31,150 | 4,591 | 3,969 | 4,591 | 4,169 |
| 25,150 | 25,200 | 3,426 | 3,076 | 3,426 | 3,276 | 28,150 | 28,200 | 3,876 | 3,526 | 3,876 | 3,726 | 31,150 | 31,200 | 4,604 | 3,976 | 4,604 | 4,176 |
| 25,200 | 25,250 | 3,434 | 3,084 | 3,434 | 3,284 | 28,200 | 28,250 | 3,884 | 3,534 | 3,884 | 3,734 | 31,200 | 31,250 | 4,616 | 3,984 | 4,616 | 4,184 |
| 25,250 | 25,300 | 3,441 | 3,091 | 3,441 | 3,291 | 28,250 | 28,300 | 3,891 | 3,541 | 3,891 | 3,741 | 31,250 | 31,300 | 4,629 | 3,991 | 4,629 | 4,191 |
| 25,300 | 25,350 | 3,449 | 3,099 | 3,449 | 3,299 | 28,300 | 28,350 | 3,899 | 3,549 | 3,899 | 3,749 | 31,300 | 31,350 | 4,641 | 3,999 | 4,641 | 4,199 |
| 25,350 | 25,400 | 3,456 | 3,106 | 3,456 | 3,306 | 28,350 | 28,400 | 3,906 | 3,556 | 3,906 | 3,756 | 31,350 | 31,400 | 4,654 | 4,006 | 4,654 | 4,206 |
| 25,400 | 25,450 | 3,464 | 3,114 | 3,464 | 3,314 | 28,400 | 28,450 | 3,916 | 3,564 | 3,916 | 3,764 | 31,400 | 31,450 | 4,666 | 4,014 | 4,666 | 4,214 |
| 25,450 | 25,500 | 3,471 | 3,121 | 3,471 | 3,321 | 28,450 | 28,500 | 3,929 | 3,571 | 3,929 | 3,771 | 31,450 | 31,500 | 4,679 | 4,021 | 4,679 | 4,221 |
| 25,500 | 25,550 | 3,479 | 3,129 | 3,479 | 3,329 | 28,500 | 28,550 | 3,941 | 3,579 | 3,941 | 3,779 | 31,500 | 31,550 | 4,691 | 4,029 | 4,691 | 4,229 |
| 25,550 | 25,600 | 3,486 | 3,136 | 3,486 | 3,336 | 28,550 | 28,600 | 3,954 | 3,586 | 3,954 | 3,786 | 31,550 | 31,600 | 4,704 | 4,036 | 4,704 | 4,236 |
| 25,600 | 25,650 | 3,494 | 3,144 | 3,494 | 3,344 | 28,600 | 28,650 | 3,966 | 3,594 | 3,966 | 3,794 | 31,600 | 31,650 | 4,716 | 4,044 | 4,716 | 4,244 |
| 25,650 | 25,700 | 3,501 | 3,151 | 3,501 | 3,351 | 28,650 | 28,700 | 3,979 | 3,601 | 3,979 | 3,801 | 31,650 | 31,700 | 4,729 | 4,051 | 4,729 | 4,251 |
| 25,700 | 25,750 | 3,509 | 3,159 | 3,509 | 3,359 | 28,700 | 28,750 | 3,991 | 3,609 | 3,991 | 3,809 | 31,700 | 31,750 | 4,741 | 4,059 | 4,741 | 4,259 |
| 25,750 | 25,800 | 3,516 | 3,166 | 3,516 | 3,366 | 28,750 | 28,800 | 4,004 | 3,616 | 4,004 | 3,816 | 31,750 | 31,800 | 4,754 | 4,066 | 4,754 | 4,266 |
| 25,800 | 25,850 | 3,524 | 3,174 | 3,524 | 3,374 | 28,800 | 28,850 | 4,016 | 3,624 | 4,016 | 3,824 | 31,800 | 31,850 | 4,766 | 4,074 | 4,766 | 4,274 |
| 25,850 | 25,900 | 3,531 | 3,181 | 3,531 | 3,381 | 28,850 | 28,900 | 4,029 | 3,631 | 4,029 | 3,831 | 31,850 | 31,900 | 4,779 | 4,081 | 4,779 | 4,281 |
| 25,900 | 25,950 | 3,539 | 3,189 | 3,539 | 3,389 | 28,900 | 28,950 | 4,041 | 3,639 | 4,041 | 3,839 | 31,900 | 31,950 | 4,791 | 4,089 | 4,791 | 4,289 |
| 25,950 | 26,000 | 3,546 | 3,196 | 3,546 | 3,396 | 28,950 | 29,000 | 4,054 | 3,646 | 4,054 | 3,846 | 31,950 | 32,000 | 4,804 | 4,096 | 4,804 | 4,296 |
| This | mn | als | use | a | fyin | ow |  |  |  |  |  |  |  |  | (Contin | ed on pa | age 66) |

2003 Tax Table-Continued

| If line (taxable income | is- | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married filing jointly <br> Your tax | Married filing separately $x$ is- | Head of a household | At least | But less than | Single | Married <br> filing <br> jointly <br> Your tax | Married filing separately ax is- | Head of a household | At least | But less than | Single | Married filing jointly <br> Your | Married filing separately ax is- | Head of a household |
| 32,000 |  |  |  |  |  | 35,000 |  |  |  |  |  | 38,000 |  |  |  |  |  |
| 32,000 | 32,050 | 4,816 | 4,104 | 4,816 | 4,304 | 35,000 | 35,050 | 5,566 | 4,554 | 5,566 | 4,754 | 38,000 | 38,050 | 6,316 | 5,004 | 6,316 | 5,204 |
| 32,050 | 32,100 | 4,829 | 4,111 | 4,829 | 4,311 | 35,050 | 35,100 | 5,579 | 4,561 | 5,579 | 4,761 | 38,050 | 38,100 | 6,329 | 5,011 | 6,329 | 5,214 |
| 32,100 | 32,150 | 4,841 | 4,119 | 4,841 | 4,319 | 35,100 | 35,150 | 5,591 | 4,569 | 5,591 | 4,769 | 38,100 | 38,150 | 6,341 | 5,019 | 6,341 | 5,226 |
| 32,150 | 32,200 | 4,854 | 4,126 | 4,854 | 4,326 | 35,150 | 35,200 | 5,604 | 4,576 | 5,604 | 4,776 | 38,150 | 38,200 | 6,354 | 5,026 | 6,354 | 5,239 |
| 32,200 | 32,250 | 4,866 | 4,134 | 4,866 | 4,334 | 35,200 | 35,250 | 5,616 | 4,584 | 5,616 | 4,784 | 38,200 | 38,250 | 6,366 | 5,034 | 6,366 | 5,251 |
| 32,250 | 32,300 | 4,879 | 4,141 | 4,879 | 4,341 | 35,250 | 35,300 | 5,629 | 4,591 | 5,629 | 4,791 | 38,250 | 38,300 | 6,379 | 5,041 | 6,379 | 5,264 |
| 32,300 | 32,350 | 4,891 | 4,149 | 4,891 | 4,349 | 35,300 | 35,350 | 5,641 | 4,599 | 5,641 | 4,799 | 38,300 | 38,350 | 6,391 | 5,049 | 6,391 | 5,276 |
| 32,350 | 32,400 | 4,904 | 4,156 | 4,904 | 4,356 | 35,350 | 35,400 | 5,654 | 4,606 | 5,654 | 4,806 | 38,350 | 38,400 | 6,404 | 5,056 | 6,404 | 5,289 |
| 32,400 | 32,450 | 4,916 | 4,164 | 4,916 | 4,364 | 35,400 | 35,450 | 5,666 | 4,614 | 5,666 | 4,814 | 38,400 | 38,450 | 6,416 | 5,064 | 6,416 | 5,301 |
| 32,450 | 32,500 | 4,929 | 4,171 | 4,929 | 4,371 | 35,450 | 35,500 | 5,679 | 4,621 | 5,679 | 4,821 | 38,450 | 38,500 | 6,429 | 5,071 | 6,429 | 5,314 |
| 32,500 | 32,550 | 4,941 | 4,179 | 4,941 | 4,379 | 35,500 | 35,550 | 5,691 | 4,629 | 5,691 | 4,829 | 38,500 | 38,550 | 6,441 | 5,079 | 6,441 | 5,326 |
| 32,550 | 32,600 | 4,954 | 4,186 | 4,954 | 4,386 | 35,550 | 35,600 | 5,704 | 4,636 | 5,704 | 4,836 | 38,550 | 38,600 | 6,454 | 5,086 | 6,454 | 5,339 |
| 32,600 | 32,650 | 4,966 | 4,194 | 4,966 | 4,394 | 35,600 | 35,650 | 5,716 | 4,644 | 5,716 | 4,844 | 38,600 | 38,650 | 6,466 | 5,094 | 6,466 | 5,351 |
| 32,650 | 32,700 | 4,979 | 4,201 | 4,979 | 4,401 | 35,650 | 35,700 | 5,729 | 4,651 | 5,729 | 4,851 | 38,650 | 38,700 | 6,479 | 5,101 | 6,479 | 5,364 |
| 32,700 | 32,750 | 4,991 | 4,209 | 4,991 | 4,409 | 35,700 | 35,750 | 5,741 | 4,659 | 5,741 | 4,859 | 38,700 | 38,750 | 6,491 | 5,109 | 6,491 | 5,376 |
| 32,750 | 32,800 | 5,004 | 4,216 | 5,004 | 4,416 | 35,750 | 35,800 | 5,754 | 4,666 | 5,754 | 4,866 | 38,750 | 38,800 | 6,504 | 5,116 | 6,504 | 5,389 |
| 32,800 | 32,850 | 5,016 | 4,224 | 5,016 | 4,424 | 35,800 | 35,850 | 5,766 | 4,674 | 5,766 | 4,874 | 38,800 | 38,850 | 6,516 | 5,124 | 6,516 | 5,401 |
| 32,850 | 32,900 | 5,029 | 4,231 | 5,029 | 4,431 | 35,850 | 35,900 | 5,779 | 4,681 | 5,779 | 4,881 | 38,850 | 38,900 | 6,529 | 5,131 | 6,529 | 5,414 |
| 32,900 | 32,950 | 5,041 | 4,239 | 5,041 | 4,439 | 35,900 | 35,950 | 5,791 | 4,689 | 5,791 | 4,889 | 38,900 | 38,950 | 6,541 | 5,139 | 6,541 | 5,426 |
| 32,950 | 33,000 | 5,054 | 4,246 | 5,054 | 4,446 | 35,950 | 36,000 | 5,804 | 4,696 | 5,804 | 4,896 | 38,950 | 39,000 | 6,554 | 5,146 | 6,554 | 5,439 |
| 33,000 |  |  |  |  |  | 36,000 |  |  |  |  |  | 39,000 |  |  |  |  |  |
| 33,000 | 33,050 | 5,066 | 4,254 | 5,066 | 4,454 | 36,000 | 36,050 | 5,816 | 4,704 | 5,816 | 4,904 | 39,000 | 39,050 | 6,566 | 5,154 | 6,566 | 5,451 |
| 33,050 | 33,100 | 5,079 | 4,261 | 5,079 | 4,461 | 36,050 | 36,100 | 5,829 | 4,711 | 5,829 | 4,911 | 39,050 | 39,100 | 6,579 | 5,161 | 6,579 | 5,464 |
| 33,100 | 33,150 | 5,091 | 4,269 | 5,091 | 4,469 | 36,100 | 36,150 | 5,841 | 4,719 | 5,841 | 4,919 | 39,100 | 39,150 | 6,591 | 5,169 | 6,591 | 5,476 |
| 33,150 | 33,200 | 5,104 | 4,276 | 5,104 | 4,476 | 36,150 | 36,200 | 5,854 | 4,726 | 5,854 | 4,926 | 39,150 | 39,200 | 6,604 | 5,176 | 6,604 | 5,489 |
| 33,200 | 33,250 | 5,116 | 4,284 | 5,116 | 4,484 | 36,200 | 36,250 | 5,866 | 4,734 | 5,866 | 4,934 | 39,200 | 39,250 | 6,616 | 5,184 | 6,616 | 5,501 |
| 33,250 | 33,300 | 5,129 | 4,291 | 5,129 | 4,491 | 36,250 | 36,300 | 5,879 | 4,741 | 5,879 | 4,941 | 39,250 | 39,300 | 6,629 | 5,191 | 6,629 | 5,514 |
| 33,300 | 33,350 | 5,141 | 4,299 | 5,141 | 4,499 | 36,300 | 36,350 | 5,891 | 4,749 | 5,891 | 4,949 | 39,300 | 39,350 | 6,641 | 5,199 | 6,641 | 5,526 |
| 33,350 | 33,400 | 5,154 | 4,306 | 5,154 | 4,506 | 36,350 | 36,400 | 5,904 | 4,756 | 5,904 | 4,956 | 39,350 | 39,400 | 6,654 | 5,206 | 6,654 | 5,539 |
| 33,400 | 33,450 | 5,166 | 4,314 | 5,166 | 4,514 | 36,400 | 36,450 | 5,916 | 4,764 | 5,916 | 4,964 | 39,400 | 39,450 | 6,666 | 5,214 | 6,666 | 5,551 |
| 33,450 | 33,500 | 5,179 | 4,321 | 5,179 | 4,521 | 36,450 | 36,500 | 5,929 | 4,771 | 5,929 | 4,971 | 39,450 | 39,500 | 6,679 | 5,221 | 6,679 | 5,564 |
| 33,500 | 33,550 | 5,191 | 4,329 | 5,191 | 4,529 | 36,500 | 36,550 | 5,941 | 4,779 | 5,941 | 4,979 | 39,500 | 39,550 | 6,691 | 5,229 | 6,691 | 5,576 |
| 33,550 | 33,600 | 5,204 | 4,336 | 5,204 | 4,536 | 36,550 | 36,600 | 5,954 | 4,786 | 5,954 | 4,986 | 39,550 | 39,600 | 6,704 | 5,236 | 6,704 | 5,589 |
| 33,600 | 33,650 | 5,216 | 4,344 | 5,216 | 4,544 | 36,600 | 36,650 | 5,966 | 4,794 | 5,966 | 4,994 | 39,600 | 39,650 | 6,716 | 5,244 | 6,716 | 5,601 |
| 33,650 | 33,700 | 5,229 | 4,351 | 5,229 | 4,551 | 36,650 | 36,700 | 5,979 | 4,801 | 5,979 | 5,001 | 39,650 | 39,700 | 6,729 | 5,251 | 6,729 | 5,614 |
| 33,700 | 33,750 | 5,241 | 4,359 | 5,241 | 4,559 | 36,700 | 36,750 | 5,991 | 4,809 | 5,991 | 5,009 | 39,700 | 39,750 | 6,741 | 5,259 | 6,741 | 5,626 |
| 33,750 | 33,800 | 5,254 | 4,366 | 5,254 | 4,566 | 36,750 | 36,800 | 6,004 | 4,816 | 6,004 | 5,016 | 39,750 | 39,800 | 6,754 | 5,266 | 6,754 | 5,639 |
| 33,800 | 33,850 | 5,266 | 4,374 | 5,266 | 4,574 | 36,800 | 36,850 | 6,016 | 4,824 | 6,016 | 5,024 | 39,800 | 39,850 | 6,766 | 5,274 | 6,766 | 5,651 |
| 33,850 | 33,900 | 5,279 | 4,381 | 5,279 | 4,581 | 36,850 | 36,900 | 6,029 | 4,831 | 6,029 | 5,031 | 39,850 | 39,900 | 6,779 | 5,281 | 6,779 | 5,664 |
| 33,900 | 33,950 | 5,291 | 4,389 | 5,291 | 4,589 | 36,900 | 36,950 | 6,041 | 4,839 | 6,041 | 5,039 | 39,900 | 39,950 | 6,791 | 5,289 | 6,791 | 5,676 |
| 33,950 | 34,000 | 5,304 | 4,396 | 5,304 | 4,596 | 36,950 | 37,000 | 6,054 | 4,846 | 6,054 | 5,046 | 39,950 | 40,000 | 6,804 | 5,296 | 6,804 | 5,689 |
| 34,000 |  |  |  |  |  | 37,000 |  |  |  |  |  | 40,000 |  |  |  |  |  |
| 34,000 | 34,050 | 5,316 | 4,404 | 5,316 | 4,604 | 37,000 | 37,050 | 6,066 | 4,854 | 6,066 | 5,054 | 40,000 | 40,050 | 6,816 | 5,304 | 6,816 | 5,701 |
| 34,050 | 34,100 | 5,329 | 4,411 | 5,329 | 4,611 | 37,050 | 37,100 | 6,079 | 4,861 | 6,079 | 5,061 | 40,050 | 40,100 | 6,829 | 5,311 | 6,829 | 5,714 |
| 34,100 | 34,150 | 5,341 | 4,419 | 5,341 | 4,619 | 37,100 | 37,150 | 6,091 | 4,869 | 6,091 | 5,069 | 40,100 | 40,150 | 6,841 | 5,319 | 6,841 | 5,726 |
| 34,150 | 34,200 | 5,354 | 4,426 | 5,354 | 4,626 | 37,150 | 37,200 | 6,104 | 4,876 | 6,104 | 5,076 | 40,150 | 40,200 | 6,854 | 5,326 | 6,854 | 5,739 |
| 34,200 | 34,250 | 5,366 | 4,434 | 5,366 | 4,634 | 37,200 | 37,250 | 6,116 | 4,884 | 6,116 | 5,084 | 40,200 | 40,250 | 6,866 | 5,334 | 6,866 | 5,751 |
| 34,250 | 34,300 | 5,379 | 4,441 | 5,379 | 4,641 | 37,250 | 37,300 | 6,129 | 4,891 | 6,129 | 5,091 | 40,250 | 40,300 | 6,879 | 5,341 | 6,879 | 5,764 |
| 34,300 | 34,350 | 5,391 | 4,449 | 5,391 | 4,649 | 37,300 | 37,350 | 6,141 | 4,899 | 6,141 | 5,099 | 40,300 | 40,350 | 6,891 | 5,349 | 6,891 | 5,776 |
| 34,350 | 34,400 | 5,404 | 4,456 | 5,404 | 4,656 | 37,350 | 37,400 | 6,154 | 4,906 | 6,154 | 5,106 | 40,350 | 40,400 | 6,904 | 5,356 | 6,904 | 5,789 |
| 34,400 | 34,450 | 5,416 | 4,464 | 5,416 | 4,664 | 37,400 | 37,450 | 6,166 | 4,914 | 6,166 | 5,114 | 40,400 | 40,450 | 6,916 | 5,364 | 6,916 | 5,801 |
| 34,450 | 34,500 | 5,429 | 4,471 | 5,429 | 4,671 | 37,450 | 37,500 | 6,179 | 4,921 | 6,179 | 5,121 | 40,450 | 40,500 | 6,929 | 5,371 | 6,929 | 5,814 |
| 34,500 | 34,550 | 5,441 | 4,479 | 5,441 | 4,679 | 37,500 | 37,550 | 6,191 | 4,929 | 6,191 | 5,129 | 40,500 | 40,550 | 6,941 | 5,379 | 6,941 | 5,826 |
| 34,550 | 34,600 | 5,454 | 4,486 | 5,454 | 4,686 | 37,550 | 37,600 | 6,204 | 4,936 | 6,204 | 5,136 | 40,550 | 40,600 | 6,954 | 5,386 | 6,954 | 5,839 |
| 34,600 | 34,650 | 5,466 | 4,494 | 5,466 | 4,694 | 37,600 | 37,650 | 6,216 | 4,944 | 6,216 | 5,144 | 40,600 | 40,650 | 6,966 | 5,394 | 6,966 | 5,851 |
| 34,650 | 34,700 | 5,479 | 4,501 | 5,479 | 4,701 | 37,650 | 37,700 | 6,229 | 4,951 | 6,229 | 5,151 | 40,650 | 40,700 | 6,979 | 5,401 | 6,979 | 5,864 |
| 34,700 | 34,750 | 5,491 | 4,509 | 5,491 | 4,709 | 37,700 | 37,750 | 6,241 | 4,959 | 6,241 | 5,159 | 40,700 | 40,750 | 6,991 | 5,409 | 6,991 | 5,876 |
| 34,750 | 34,800 | 5,504 | 4,516 | 5,504 | 4,716 | 37,750 | 37,800 | 6,254 | 4,966 | 6,254 | 5,166 | 40,750 | 40,800 | 7,004 | 5,416 | 7,004 | 5,889 |
| 34,800 | 34,850 | 5,516 | 4,524 | 5,516 | 4,724 | 37,800 | 37,850 | 6,266 | 4,974 | 6,266 | 5,174 | 40,800 | 40,850 | 7,016 | 5,424 | 7,016 | 5,901 |
| 34,850 | 34,900 | 5,529 | 4,531 | 5,529 | 4,731 | 37,850 | 37,900 | 6,279 | 4,981 | 6,279 | 5,181 | 40,850 | 40,900 | 7,029 | 5,431 | 7,029 | 5,914 |
| 34,900 | 34,950 | 5,541 | 4,539 | 5,541 | 4,739 | 37,900 | 37,950 | 6,291 | 4,989 | 6,291 | 5,189 | 40,900 | 40,950 | 7,041 | 5,439 | 7,041 | 5,926 |
| 34,950 | 35,000 | 5,554 | 4,546 | 5,554 | 4,746 | 37,950 | 38,000 | 6,304 | 4,996 | 6,304 | 5,196 | 40,950 | 41,000 | 7,054 | 5,446 | 7,054 | 5,939 |

* This column must also be used by a qualifying widow(er).
(Continued on page 67)

2003 Tax Table-Continued

| If line (taxab incom |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At <br> least | But less than | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> x is- | Head of a household | At least | But less than | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> x is- | Head of a household | At least | But less than | Single | Married <br> filing <br> jointly <br> Your | Married filing separately ax is- | Head of a household |
| 41,000 |  |  |  |  |  | 44,000 |  |  |  |  |  | $47,000$ |  |  |  |  |  |
| 41,000 | 41,050 | 7,066 | 5,454 | 7,066 | 5,951 | 44,000 | 44,050 | 7,816 | 5,904 | 7,816 | 6,701 | 47,000 | 47,050 | 8,566 | 6,354 | 8,566 | 7,451 |
| 41,050 | 41,100 | 7,079 | 5,461 | 7,079 | 5,964 | 44,050 | 44,100 | 7,829 | 5,911 | 7,829 | 6,714 | 47,050 | 47,100 | 8,579 | 6,361 | 8,579 | 7,464 |
| 41,100 | 41,150 | 7,091 | 5,469 | 7,091 | 5,976 | 44,100 | 44,150 | 7,841 | 5,919 | 7,841 | 6,726 | 47,100 | 47,150 | 8,591 | 6,369 | 8,591 | 7,476 |
| 41,150 | 41,200 | 7,104 | 5,476 | 7,104 | 5,989 | 44,150 | 44,200 | 7,854 | 5,926 | 7,854 | 6,739 | 47,150 | 47,200 | 8,604 | 6,376 | 8,604 | 7,489 |
| 41,200 | 41,250 | 7,116 | 5,484 | 7,116 | 6,001 | 44,200 | 44,250 | 7,866 | 5,934 | 7,866 | 6,751 | 47,200 | 47,250 | 8,616 | 6,384 | 8,616 | 7,501 |
| 41,250 | 41,300 | 7,129 | 5,491 | 7,129 | 6,014 | 44,250 | 44,300 | 7,879 | 5,941 | 7,879 | 6,764 | 47,250 | 47,300 | 8,629 | 6,391 | 8,629 | 7,514 |
| 41,300 | 41,350 | 7,141 | 5,499 | 7,141 | 6,026 | 44,300 | 44,350 | 7,891 | 5,949 | 7,891 | 6,776 | 47,300 | 47,350 | 8,641 | 6,399 | 8,641 | 7,526 |
| 41,350 | 41,400 | 7,154 | 5,506 | 7,154 | 6,039 | 44,350 | 44,400 | 7,904 | 5,956 | 7,904 | 6,789 | 47,350 | 47,400 | 8,654 | 6,406 | 8,654 | 7,539 |
| 41,400 | 41,450 | 7,166 | 5,514 | 7,166 | 6,051 | 44,400 | 44,450 | 7,916 | 5,964 | 7,916 | 6,801 | 47,400 | 47,450 | 8,666 | 6,414 | 8,666 | 7,551 |
| 41,450 | 41,500 | 7,179 | 5,521 | 7,179 | 6,064 | 44,450 | 44,500 | 7,929 | 5,971 | 7,929 | 6,814 | 47,450 | 47,500 | 8,679 | 6,421 | 8,679 | 7,564 |
| 41,500 | 41,550 | 7,191 | 5,529 | 7,191 | 6,076 | 44,500 | 44,550 | 7,941 | 5,979 | 7,941 | 6,826 | 47,500 | 47,550 | 8,691 | 6,429 | 8,691 | 7,576 |
| 41,550 | 41,600 | 7,204 | 5,536 | 7,204 | 6,089 | 44,550 | 44,600 | 7,954 | 5,986 | 7,954 | 6,839 | 47,550 | 47,600 | 8,704 | 6,436 | 8,704 | 7,589 |
| 41,600 | 41,650 | 7,216 | 5,544 | 7,216 | 6,101 | 44,600 | 44,650 | 7,966 | 5,994 | 7,966 | 6,851 | 47,600 | 47,650 | 8,716 | 6,444 | 8,716 | 7,601 |
| 41,650 | 41,700 | 7,229 | 5,551 | 7,229 | 6,114 | 44,650 | 44,700 | 7,979 | 6,001 | 7,979 | 6,864 | 47,650 | 47,700 | 8,729 | 6,451 | 8,729 | 7,614 |
| 41,700 | 41,750 | 7,241 | 5,559 | 7,241 | 6,126 | 44,700 | 44,750 | 7,991 | 6,009 | 7,991 | 6,876 | 47,700 | 47,750 | 8,741 | 6,459 | 8,741 | 7,626 |
| 41,750 | 41,800 | 7,254 | 5,566 | 7,254 | 6,139 | 44,750 | 44,800 | 8,004 | 6,016 | 8,004 | 6,889 | 47,750 | 47,800 | 8,754 | 6,466 | 8,754 | 7,639 |
| 41,800 | 41,850 | 7,266 | 5,574 | 7,266 | 6,151 | 44,800 | 44,850 | 8,016 | 6,024 | 8,016 | 6,901 | 47,800 | 47,850 | 8,766 | 6,474 | 8,766 | 7,651 |
| 41,850 | 41,900 | 7,279 | 5,581 | 7,279 | 6,164 | 44,850 | 44,900 | 8,029 | 6,031 | 8,029 | 6,914 | 47,850 | 47,900 | 8,779 | 6,481 | 8,779 | 7,664 |
| 41,900 | 41,950 | 7,291 | 5,589 | 7,291 | 6,176 | 44,900 | 44,950 | 8,041 | 6,039 | 8,041 | 6,926 | 47,900 | 47,950 | 8,791 | 6,489 | 8,791 | 7,676 |
| 41,950 | 42,000 | 7,304 | 5,596 | 7,304 | 6,189 | 44,950 | 45,000 | 8,054 | 6,046 | 8,054 | 6,939 | 47,950 | 48,000 | 8,804 | 6,496 | 8,804 | 7,689 |
| 42,000 |  |  |  |  |  | 45,000 |  |  |  |  |  | 48,000 |  |  |  |  |  |
| 42,000 | 42,050 | 7,316 | 5,604 | 7,316 | 6,201 | 45,000 | 45,050 | 8,066 | 6,054 | 8,066 | 6,951 | 48,000 | 48,050 | 8,816 | 6,504 | 8,816 | 7,701 |
| 42,050 | 42,100 | 7,329 | 5,611 | 7,329 | 6,214 | 45,050 | 45,100 | 8,079 | 6,061 | 8,079 | 6,964 | 48,050 | 48,100 | 8,829 | 6,511 | 8,829 | 7,714 |
| 42,100 | 42,150 | 7,341 | 5,619 | 7,341 | 6,226 | 45,100 | 45,150 | 8,091 | 6,069 | 8,091 | 6,976 | 48,100 | 48,150 | 8,841 | 6,519 | 8,841 | 7,726 |
| 42,150 | 42,200 | 7,354 | 5,626 | 7,354 | 6,239 | 45,150 | 45,200 | 8,104 | 6,076 | 8,104 | 6,989 | 48,150 | 48,200 | 8,854 | 6,526 | 8,854 | 7,739 |
| 42,200 | 42,250 | 7,366 | 5,634 | 7,366 | 6,251 | 45,200 | 45,250 | 8,116 | 6,084 | 8,116 | 7,001 | 48,200 | 48,250 | 8,866 | 6,534 | 8,866 | 7,751 |
| 42,250 | 42,300 | 7,379 | 5,641 | 7,379 | 6,264 | 45,250 | 45,300 | 8,129 | 6,091 | 8,129 | 7,014 | 48,250 | 48,300 | 8,879 | 6,541 | 8,879 | 7,764 |
| 42,300 | 42,350 | 7,391 | 5,649 | 7,391 | 6,276 | 45,300 | 45,350 | 8,141 | 6,099 | 8,141 | 7,026 | 48,300 | 48,350 | 8,891 | 6,549 | 8,891 | 7,776 |
| 42,350 | 42,400 | 7,404 | 5,656 | 7,404 | 6,289 | 45,350 | 45,400 | 8,154 | 6,106 | 8,154 | 7,039 | 48,350 | 48,400 | 8,904 | 6,556 | 8,904 | 7,789 |
| 42,400 | 42,450 | 7,416 | 5,664 | 7,416 | 6,301 | 45,400 | 45,450 | 8,166 | 6,114 | 8,166 | 7,051 | 48,400 | 48,450 | 8,916 | 6,564 | 8,916 | 7,801 |
| 42,450 | 42,500 | 7,429 | 5,671 | 7,429 | 6,314 | 45,450 | 45,500 | 8,179 | 6,121 | 8,179 | 7,064 | 48,450 | 48,500 | 8,929 | 6,571 | 8,929 | 7,814 |
| 42,500 | 42,550 | 7,441 | 5,679 | 7,441 | 6,326 | 45,500 | 45,550 | 8,191 | 6,129 | 8,191 | 7,076 | 48,500 | 48,550 | 8,941 | 6,579 | 8,941 | 7,826 |
| 42,550 | 42,600 | 7,454 | 5,686 | 7,454 | 6,339 | 45,550 | 45,600 | 8,204 | 6,136 | 8,204 | 7,089 | 48,550 | 48,600 | 8,954 | 6,586 | 8,954 | 7,839 |
| 42,600 | 42,650 | 7,466 | 5,694 | 7,466 | 6,351 | 45,600 | 45,650 | 8,216 | 6,144 | 8,216 | 7,101 | 48,600 | 48,650 | 8,966 | 6,594 | 8,966 | 7,851 |
| 42,650 | 42,700 | 7,479 | 5,701 | 7,479 | 6,364 | 45,650 | 45,700 | 8,229 | 6,151 | 8,229 | 7,114 | 48,650 | 48,700 | 8,979 | 6,601 | 8,979 | 7,864 |
| 42,700 | 42,750 | 7,491 | 5,709 | 7,491 | 6,376 | 45,700 | 45,750 | 8,241 | 6,159 | 8,241 | 7,126 | 48,700 | 48,750 | 8,991 | 6,609 | 8,991 | 7,876 |
| 42,750 | 42,800 | 7,504 | 5,716 | 7,504 | 6,389 | 45,750 | 45,800 | 8,254 | 6,166 | 8,254 | 7,139 | 48,750 | 48,800 | 9,004 | 6,616 | 9,004 | 7,889 |
| 42,800 | 42,850 | 7,516 | 5,724 | 7,516 | 6,401 | 45,800 | 45,850 | 8,266 | 6,174 | 8,266 | 7,151 | 48,800 | 48,850 | 9,016 | 6,624 | 9,016 | 7,901 |
| 42,850 | 42,900 | 7,529 | 5,731 | 7,529 | 6,414 | 45,850 | 45,900 | 8,279 | 6,181 | 8,279 | 7,164 | 48,850 | 48,900 | 9,029 | 6,631 | 9,029 | 7,914 |
| 42,900 | 42,950 | 7,541 | 5,739 | 7,541 | 6,426 | 45,900 | 45,950 | 8,291 | 6,189 | 8,291 | 7,176 | 48,900 | 48,950 | 9,041 | 6,639 | 9,041 | 7,926 |
| 42,950 | 43,000 | 7,554 | 5,746 | 7,554 | 6,439 | 45,950 | 46,000 | 8,304 | 6,196 | 8,304 | 7,189 | 48,950 | 49,000 | 9,054 | 6,646 | 9,054 | 7,939 |
| 43,000 |  |  |  |  |  | 46,000 |  |  |  |  |  | 49,000 |  |  |  |  |  |
| 43,000 | 43,050 | 7,566 | 5,754 | 7,566 | 6,451 | 46,000 | 46,050 | 8,316 | 6,204 | 8,316 | 7,201 | 49,000 | 49,050 | 9,066 | 6,654 | 9,066 | 7,951 |
| 43,050 | 43,100 | 7,579 | 5,761 | 7,579 | 6,464 | 46,050 | 46,100 | 8,329 | 6,211 | 8,329 | 7,214 | 49,050 | 49,100 | 9,079 | 6,661 | 9,079 | 7,964 |
| 43,100 | 43,150 | 7,591 | 5,769 | 7,591 | 6,476 | 46,100 | 46,150 | 8,341 | 6,219 | 8,341 | 7,226 | 49,100 | 49,150 | 9,091 | 6,669 | 9,091 | 7,976 |
| 43,150 | 43,200 | 7,604 | 5,776 | 7,604 | 6,489 | 46,150 | 46,200 | 8,354 | 6,226 | 8,354 | 7,239 | 49,150 | 49,200 | 9,104 | 6,676 | 9,104 | 7,989 |
| 43,200 | 43,250 | 7,616 | 5,784 | 7,616 | 6,501 | 46,200 | 46,250 | 8,366 | 6,234 | 8,366 | 7,251 | 49,200 | 49,250 | 9,116 | 6,684 | 9,116 | 8,001 |
| 43,250 | 43,300 | 7,629 | 5,791 | 7,629 | 6,514 | 46,250 | 46,300 | 8,379 | 6,241 | 8,379 | 7,264 | 49,250 | 49,300 | 9,129 | 6,691 | 9,129 | 8,014 |
| 43,300 | 43,350 | 7,641 | 5,799 | 7,641 | 6,526 | 46,300 | 46,350 | 8,391 | 6,249 | 8,391 | 7,276 | 49,300 | 49,350 | 9,141 | 6,699 | 9,141 | 8,026 |
| 43,350 | 43,400 | 7,654 | 5,806 | 7,654 | 6,539 | 46,350 | 46,400 | 8,404 | 6,256 | 8,404 | 7,289 | 49,350 | 49,400 | 9,154 | 6,706 | 9,154 | 8,039 |
| 43,400 | 43,450 | 7,666 | 5,814 | 7,666 | 6,551 | 46,400 | 46,450 | 8,416 | 6,264 | 8,416 | 7,301 | 49,400 | 49,450 | 9,166 | 6,714 | 9,166 | 8,051 |
| 43,450 | 43,500 | 7,679 | 5,821 | 7,679 | 6,564 | 46,450 | 46,500 | 8,429 | 6,271 | 8,429 | 7,314 | 49,450 | 49,500 | 9,179 | 6,721 | 9,179 | 8,064 |
| 43,500 | 43,550 | 7,691 | 5,829 | 7,691 | 6,576 | 46,500 | 46,550 | 8,441 | 6,279 | 8,441 | 7,326 | 49,500 | 49,550 | 9,191 | 6,729 | 9,191 | 8,076 |
| 43,550 | 43,600 | 7,704 | 5,836 | 7,704 | 6,589 | 46,550 | 46,600 | 8,454 | 6,286 | 8,454 | 7,339 | 49,550 | 49,600 | 9,204 | 6,736 | 9,204 | 8,089 |
| 43,600 | 43,650 | 7,716 | 5,844 | 7,716 | 6,601 | 46,600 | 46,650 | 8,466 | 6,294 | 8,466 | 7,351 | 49,600 | 49,650 | 9,216 | 6,744 | 9,216 | 8,101 |
| 43,650 | 43,700 | 7,729 | 5,851 | 7,729 | 6,614 | 46,650 | 46,700 | 8,479 | 6,301 | 8,479 | 7,364 | 49,650 | 49,700 | 9,229 | 6,751 | 9,229 | 8,114 |
| 43,700 | 43,750 | 7,741 | 5,859 | 7,741 | 6,626 | 46,700 | 46,750 | 8,491 | 6,309 | 8,491 | 7,376 | 49,700 | 49,750 | 9,241 | 6,759 | 9,241 | 8,126 |
| 43,750 | 43,800 | 7,754 | 5,866 | 7,754 | 6,639 | 46,750 | 46,800 | 8,504 | 6,316 | 8,504 | 7,389 | 49,750 | 49,800 | 9,254 | 6,766 | 9,254 | 8,139 |
| 43,800 | 43,850 | 7,766 | 5,874 | 7,766 | 6,651 | 46,800 | 46,850 | 8,516 | 6,324 | 8,516 | 7,401 | 49,800 | 49,850 | 9,266 | 6,774 | 9,266 | 8,151 |
| 43,850 | 43,900 | 7,779 | 5,881 | 7,779 | 6,664 | 46,850 | 46,900 | 8,529 | 6,331 | 8,529 | 7,414 | 49,850 | 49,900 | 9,279 | 6,781 | 9,279 | 8,164 |
| 43,900 | 43,950 | 7,791 | 5,889 | 7,791 | 6,676 | 46,900 | 46,950 | 8,541 | 6,339 | 8,541 | 7,426 | 49,900 | 49,950 | 9,291 | 6,789 | 9,291 | 8,176 |
| 43,950 | 44,000 | 7,804 | 5,896 | 7,804 | 6,689 | 46,950 | 47,000 | 8,554 | 6,346 | 8,554 | 7,439 | 49,950 | 50,000 | 9,304 | 6,796 | 9,304 | 8,189 |
| * This column must also be used by a qualifying widow(er). |  |  |  |  |  |  |  |  |  |  |  | (Continued on page 68) |  |  |  |  |  |

2003 Tax Table-Continued

| If line (taxab incom |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married <br> filing <br> jointly <br> Your ta | Married filing separately ax is- | Head of a household | At least | But less than | Single | Married <br> filing <br> jointly <br> Your t | Married filing separately ax is- | Head of a household | At least | But less than | Single | Married filing jointly Your | Married filing separately tax is- | Head of a household |
| 50,000 |  |  |  |  |  | 53,000 |  |  |  |  |  | 56,000 |  |  |  |  |  |
| 50,000 | 50,050 | 9,316 | 6,804 | 9,316 | 8,201 | 53,000 | 53,050 | 10,066 | 7,254 | 10,066 | 8,951 | 56,000 | 56,050 | 10,816 | 7,704 | 10,816 | 9,701 |
| 50,050 | 50,100 | 9,329 | 6,811 | 9,329 | 8,214 | 53,050 | 53,100 | 10,079 | 7,261 | 10,079 | 8,964 | 56,050 | 56,100 | 10,829 | 7,711 | 10,829 | 9,714 |
| 50,100 | 50,150 | 9,341 | 6,819 | 9,341 | 8,226 | 53,100 | 53,150 | 10,091 | 7,269 | 10,091 | 8,976 | 56,100 | 56,150 | 10,841 | 7,719 | 10,841 | 9,726 |
| 50,150 | 50,200 | 9,354 | 6,826 | 9,354 | 8,239 | 53,150 | 53,200 | 10,104 | 7,276 | 10,104 | 8,989 | 56,150 | 56,200 | 10,854 | 7,726 | 10,854 | 9,739 |
| 50,200 | 50,250 | 9,366 | 6,834 | 9,366 | 8,251 | 53,200 | 53,250 | 10,116 | 7,284 | 10,116 | 9,001 | 56,200 | 56,250 | 10,866 | 7,734 | 10,866 | 9,751 |
| 50,250 | 50,300 | 9,379 | 6,841 | 9,379 | 8,264 | 53,250 | 53,300 | 10,129 | 7,291 | 10,129 | 9,014 | 56,250 | 56,300 | 10,879 | 7,741 | 10,879 | 9,764 |
| 50,300 | 50,350 | 9,391 | 6,849 | 9,391 | 8,276 | 53,300 | 53,350 | 10,141 | 7,299 | 10,141 | 9,026 | 56,300 | 56,350 | 10,891 | 7,749 | 10,891 | 9,776 |
| 50,350 | 50,400 | 9,404 | 6,856 | 9,404 | 8,289 | 53,350 | 53,400 | 10,154 | 7,306 | 10,154 | 9,039 | 56,350 | 56,400 | 10,904 | 7,756 | 10,904 | 9,789 |
| 50,400 | 50,450 | 9,416 | 6,864 | 9,416 | 8,301 | 53,400 | 53,450 | 10,166 | 7,314 | 10,166 | 9,051 | 56,400 | 56,450 | 10,916 | 7,764 | 10,916 | 9,801 |
| 50,450 | 50,500 | 9,429 | 6,871 | 9,429 | 8,314 | 53,450 | 53,500 | 10,179 | 7,321 | 10,179 | 9,064 | 56,450 | 56,500 | 10,929 | 7,771 | 10,929 | 9,814 |
| 50,500 | 50,550 | 9,441 | 6,879 | 9,441 | 8,326 | 53,500 | 53,550 | 10,191 | 7,329 | 10,191 | 9,076 | 56,500 | 56,550 | 10,941 | 7,779 | 10,941 | 9,826 |
| 50,550 | 50,600 | 9,454 | 6,886 | 9,454 | 8,339 | 53,550 | 53,600 | 10,204 | 7,336 | 10,204 | 9,089 | 56,550 | 56,600 | 10,954 | 7,786 | 10,954 | 9,839 |
| 50,600 | 50,650 | 9,466 | 6,894 | 9,466 | 8,351 | 53,600 | 53,650 | 10,216 | 7,344 | 10,216 | 9,101 | 56,600 | 56,650 | 10,966 | 7,794 | 10,966 | 9,851 |
| 50,650 | 50,700 | 9,479 | 6,901 | 9,479 | 8,364 | 53,650 | 53,700 | 10,229 | 7,351 | 10,229 | 9,114 | 56,650 | 56,700 | 10,979 | 7,801 | 10,979 | 9,864 |
| 50,700 | 50,750 | 9,491 | 6,909 | 9,491 | 8,376 | 53,700 | 53,750 | 10,241 | 7,359 | 10,241 | 9,126 | 56,700 | 56,750 | 10,991 | 7,809 | 10,991 | 9,876 |
| 50,750 | 50,800 | 9,504 | 6,916 | 9,504 | 8,389 | 53,750 | 53,800 | 10,254 | 7,366 | 10,254 | 9,139 | 56,750 | 56,800 | 11,004 | 7,816 | 11,004 | 9,889 |
| 50,800 | 50,850 | 9,516 | 6,924 | 9,516 | 8,401 | 53,800 | 53,850 | 10,266 | 7,374 | 10,266 | 9,151 | 56,800 | 56,850 | 11,016 | 7,826 | 11,016 | 9,901 |
| 50,850 | 50,900 | 9,529 | 6,931 | 9,529 | 8,414 | 53,850 | 53,900 | 10,279 | 7,381 | 10,279 | 9,164 | 56,850 | 56,900 | 11,029 | 7,839 | 11,029 | 9,914 |
| 50,900 | 50,950 | 9,541 | 6,939 | 9,541 | 8,426 | 53,900 | 53,950 | 10,291 | 7,389 | 10,291 | 9,176 | 56,900 | 56,950 | 11,041 | 7,851 | 11,041 | 9,926 |
| 50,950 | 51,000 | 9,554 | 6,946 | 9,554 | 8,439 | 53,950 | 54,000 | 10,304 | 7,396 | 10,304 | 9,189 | 56,950 | 57,000 | 11,054 | 7,864 | 11,054 | 9,939 |
| 51,000 |  |  |  |  |  | 54,000 |  |  |  |  |  | 57,000 |  |  |  |  |  |
| 51,000 | 51,050 | 9,566 | 6,954 | 9,566 | 8,451 | 54,000 | 54,050 | 10,316 | 7,404 | 10,316 | 9,201 | 57,000 | 57,050 | 11,066 | 7,876 | 11,066 | 9,951 |
| 51,050 | 51,100 | 9,579 | 6,961 | 9,579 | 8,464 | 54,050 | 54,100 | 10,329 | 7,411 | 10,329 | 9,214 | 57,050 | 57,100 | 11,079 | 7,889 | 11,079 | 9,964 |
| 51,100 | 51,150 | 9,591 | 6,969 | 9,591 | 8,476 | 54,100 | 54,150 | 10,341 | 7,419 | 10,341 | 9,226 | 57,100 | 57,150 | 11,091 | 7,901 | 11,091 | 9,976 |
| 51,150 | 51,200 | 9,604 | 6,976 | 9,604 | 8,489 | 54,150 | 54,200 | 10,354 | 7,426 | 10,354 | 9,239 | 57,150 | 57,200 | 11,104 | 7,914 | 11,104 | 9,989 |
| 51,200 | 51,250 | 9,616 | 6,984 | 9,616 | 8,501 | 54,200 | 54,250 | 10,366 | 7,434 | 10,366 | 9,251 | 57,200 | 57,250 | 11,116 | 7,926 | 11,116 | 10,001 |
| 51,250 | 51,300 | 9,629 | 6,991 | 9,629 | 8,514 | 54,250 | 54,300 | 10,379 | 7,441 | 10,379 | 9,264 | 57,250 | 57,300 | 11,129 | 7,939 | 11,129 | 10,014 |
| 51,300 | 51,350 | 9,641 | 6,999 | 9,641 | 8,526 | 54,300 | 54,350 | 10,391 | 7,449 | 10,391 | 9,276 | 57,300 | 57,350 | 11,141 | 7,951 | 11,141 | 10,026 |
| 51,350 | 51,400 | 9,654 | 7,006 | 9,654 | 8,539 | 54,350 | 54,400 | 10,404 | 7,456 | 10,404 | 9,289 | 57,350 | 57,400 | 11,154 | 7,964 | 11,155 | 10,039 |
| 51,400 | 51,450 | 9,666 | 7,014 | 9,666 | 8,551 | 54,400 | 54,450 | 10,416 | 7,464 | 10,416 | 9,301 | 57,400 | 57,450 | 11,166 | 7,976 | 11,169 | 10,051 |
| 51,450 | 51,500 | 9,679 | 7,021 | 9,679 | 8,564 | 54,450 | 54,500 | 10,429 | 7,471 | 10,429 | 9,314 | 57,450 | 57,500 | 11,179 | 7,989 | 11,183 | 10,064 |
| 51,500 | 51,550 | 9,691 | 7,029 | 9,691 | 8,576 | 54,500 | 54,550 | 10,441 | 7,479 | 10,441 | 9,326 | 57,500 | 57,550 | 11,191 | 8,001 | 11,197 | 10,076 |
| 51,550 | 51,600 | 9,704 | 7,036 | 9,704 | 8,589 | 54,550 | 54,600 | 10,454 | 7,486 | 10,454 | 9,339 | 57,550 | 57,600 | 11,204 | 8,014 | 11,211 | 10,089 |
| 51,600 | 51,650 | 9,716 | 7,044 | 9,716 | 8,601 | 54,600 | 54,650 | 10,466 | 7,494 | 10,466 | 9,351 | 57,600 | 57,650 | 11,216 | 8,026 | 11,225 | 10,101 |
| 51,650 | 51,700 | 9,729 | 7,051 | 9,729 | 8,614 | 54,650 | 54,700 | 10,479 | 7,501 | 10,479 | 9,364 | 57,650 | 57,700 | 11,229 | 8,039 | 11,239 | 10,114 |
| 51,700 | 51,750 | 9,741 | 7,059 | 9,741 | 8,626 | 54,700 | 54,750 | 10,491 | 7,509 | 10,491 | 9,376 | 57,700 | 57,750 | 11,241 | 8,051 | 11,253 | 10,126 |
| 51,750 | 51,800 | 9,754 | 7,066 | 9,754 | 8,639 | 54,750 | 54,800 | 10,504 | 7,516 | 10,504 | 9,389 | 57,750 | 57,800 | 11,254 | 8,064 | 11,267 | 10,139 |
| 51,800 | 51,850 | 9,766 | 7,074 | 9,766 | 8,651 | 54,800 | 54,850 | 10,516 | 7,524 | 10,516 | 9,401 | 57,800 | 57,850 | 11,266 | 8,076 | 11,281 | 10,151 |
| 51,850 | 51,900 | 9,779 | 7,081 | 9,779 | 8,664 | 54,850 | 54,900 | 10,529 | 7,531 | 10,529 | 9,414 | 57,850 | 57,900 | 11,279 | 8,089 | 11,295 | 10,164 |
| 51,900 | 51,950 | 9,791 | 7,089 | 9,791 | 8,676 | 54,900 | 54,950 | 10,541 | 7,539 | 10,541 | 9,426 | 57,900 | 57,950 | 11,291 | 8,101 | 11,309 | 10,176 |
| 51,950 | 52,000 | 9,804 | 7,096 | 9,804 | 8,689 | 54,950 | 55,000 | 10,554 | 7,546 | 10,554 | 9,439 | 57,950 | 58,000 | 11,304 | 8,114 | 11,323 | 10,189 |
| 52,000 |  |  |  |  |  | 55,000 |  |  |  |  |  | 58,000 |  |  |  |  |  |
| 52,000 | 52,050 | 9,816 | 7,104 | 9,816 | 8,701 | 55,000 | 55,050 | 10,566 | 7,554 | 10,566 | 9,451 | 58,000 | 58,050 | 11,316 | 8,126 | 11,337 | 10,201 |
| 52,050 | 52,100 | 9,829 | 7,111 | 9,829 | 8,714 | 55,050 | 55,100 | 10,579 | 7,561 | 10,579 | 9,464 | 58,050 | 58,100 | 11,329 | 8,139 | 11,351 | 10,214 |
| 52,100 | 52,150 | 9,841 | 7,119 | 9,841 | 8,726 | 55,100 | 55,150 | 10,591 | 7,569 | 10,591 | 9,476 | 58,100 | 58,150 | 11,341 | 8,151 | 11,365 | 10,226 |
| 52,150 | 52,200 | 9,854 | 7,126 | 9,854 | 8,739 | 55,150 | 55,200 | 10,604 | 7,576 | 10,604 | 9,489 | 58,150 | 58,200 | 11,354 | 8,164 | 11,379 | 10,239 |
| 52,200 | 52,250 | 9,866 | 7,134 | 9,866 | 8,751 | 55,200 | 55,250 | 10,616 | 7,584 | 10,616 | 9,501 | 58,200 | 58,250 | 11,366 | 8,176 | 11,393 | 10,251 |
| 52,250 | 52,300 | 9,879 | 7,141 | 9,879 | 8,764 | 55,250 | 55,300 | 10,629 | 7,591 | 10,629 | 9,514 | 58,250 | 58,300 | 11,379 | 8,189 | 11,407 | 10,264 |
| 52,300 | 52,350 | 9,891 | 7,149 | 9,891 | 8,776 | 55,300 | 55,350 | 10,641 | 7,599 | 10,641 | 9,526 | 58,300 | 58,350 | 11,391 | 8,201 | 11,421 | 10,276 |
| 52,350 | 52,400 | 9,904 | 7,156 | 9,904 | 8,789 | 55,350 | 55,400 | 10,654 | 7,606 | 10,654 | 9,539 | 58,350 | 58,400 | 11,404 | 8,214 | 11,435 | 10,289 |
| 52,400 | 52,450 | 9,916 | 7,164 | 9,916 | 8,801 | 55,400 | 55,450 | 10,666 | 7,614 | 10,666 | 9,551 | 58,400 | 58,450 | 11,416 | 8,226 | 11,449 | 10,301 |
| 52,450 | 52,500 | 9,929 | 7,171 | 9,929 | 8,814 | 55,450 | 55,500 | 10,679 | 7,621 | 10,679 | 9,564 | 58,450 | 58,500 | 11,429 | 8,239 | 11,463 | 10,314 |
| 52,500 | 52,550 | 9,941 | 7,179 | 9,941 | 8,826 | 55,500 | 55,550 | 10,691 | 7,629 | 10,691 | 9,576 | 58,500 | 58,550 | 11,441 | 8,251 | 11,477 | 10,326 |
| 52,550 | 52,600 | 9,954 | 7,186 | 9,954 | 8,839 | 55,550 | 55,600 | 10,704 | 7,636 | 10,704 | 9,589 | 58,550 | 58,600 | 11,454 | 8,264 | 11,491 | 10,339 |
| 52,600 | 52,650 | 9,966 | 7,194 | 9,966 | 8,851 | 55,600 | 55,650 | 10,716 | 7,644 | 10,716 | 9,601 | 58,600 | 58,650 | 11,466 | 8,276 | 11,505 | 10,351 |
| 52,650 | 52,700 | 9,979 | 7,201 | 9,979 | 8,864 | 55,650 | 55,700 | 10,729 | 7,651 | 10,729 | 9,614 | 58,650 | 58,700 | 11,479 | 8,289 | 11,519 | 10,364 |
| 52,700 | 52,750 | 9,991 | 7,209 | 9,991 | 8,876 | 55,700 | 55,750 | 10,741 | 7,659 | 10,741 | 9,626 | 58,700 | 58,750 | 11,491 | 8,301 | 11,533 | 10,376 |
| 52,750 | 52,800 | 10,004 | 7,216 | 10,004 | 8,889 | 55,750 | 55,800 | 10,754 | 7,666 | 10,754 | 9,639 | 58,750 | 58,800 | 11,504 | 8,314 | 11,547 | 10,389 |
| 52,800 | 52,850 | 10,016 | 7,224 | 10,016 | 8,901 | 55,800 | 55,850 | 10,766 | 7,674 | 10,766 | 9,651 | 58,800 | 58,850 | 11,516 | 8,326 | 11,561 | 10,401 |
| 52,850 | 52,900 | 10,029 | 7,231 | 10,029 | 8,914 | 55,850 | 55,900 | 10,779 | 7,681 | 10,779 | 9,664 | 58,850 | 58,900 | 11,529 | 8,339 | 11,575 | 10,414 |
| 52,900 | 52,950 | 10,041 | 7,239 | 10,041 | 8,926 | 55,900 | 55,950 | 10,791 | 7,689 | 10,791 | 9,676 | 58,900 | 58,950 | 11,541 | 8,351 | 11,589 | 10,426 |
| 52,950 | 53,000 | 10,054 | 7,246 | 10,054 | 8,939 | 55,950 | 56,000 | 10,804 | 7,696 | 10,804 | 9,689 | 58,950 | 59,000 | 11,554 | 8,364 | 11,603 | 10,439 |
| * This column must also be used by a qualifying widow(er). |  |  |  |  |  |  |  |  |  |  |  | (Continued on page 69) |  |  |  |  |  |


| If line incom |  | And you are- |  |  |  | If line 40 taxable income) is- |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\underset{\text { least }}{\text { At }}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married filing jointly Your | Married <br> filing <br> fopa- <br> rately <br> tax is- | $\begin{array}{\|l\|l} \text { Head } \\ \text { of a } \\ \text { ofouse- } \\ \text { hold } \end{array}$ | $\begin{array}{\|l\|l\|} \hline \text { least } \end{array}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married jointly Your | Married filing sepa- ratell | Head <br> of a <br> house hold | $\begin{array}{\|l\|l\|} \hline \text { At } \\ \text { least } \end{array}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { less } \end{aligned}$ | Sing | $\begin{array}{\|l\|} \hline \text { Married } \\ \text { filing } \\ \text { jointly } \\ \text { Your } \end{array}$ | $\|$Maried <br> filig <br> fiepa- <br> ratelly <br> tax is- | $\begin{aligned} & \text { Head } \\ & \text { of a } \\ & \text { house- } \\ & \text { hold } \end{aligned}$ |
| 59,000 |  |  |  |  |  | 62,000 |  |  |  |  |  | 65,000 |  |  |  |  |  |
| 59,000 59,100 59,150 | $\begin{aligned} & 59,050 \\ & 59,100 \\ & 59,100 \\ & 5,100 \end{aligned}$$59,200$ | 11,56611,579 | $\begin{aligned} & 8,376 \\ & 88,389 \\ & 8,4014 \\ & 8,414 \end{aligned}$ | $\begin{aligned} & 11,617 \\ & 11,661 \\ & 11,64 \\ & 11,659 \end{aligned}$ | $\begin{aligned} & 10,451 \\ & 10,464 \\ & 10,476 \\ & 10,489 \end{aligned}$ | 62,050 |  | 2,316 |  | 12,45712,471 | 11,20111,214 | 65,000 65,050 |  | 13,066 | 9,876 | 13,297 | 5 |
|  |  |  |  |  |  | $\begin{aligned} & \left\lvert\, \begin{array}{l} 62,050 \\ 62,100 \\ 62,150 \end{array}\right. \\ & 62 \end{aligned}$ | 62,10062,150 |  | 9,126 |  |  |  | 65,150 | 13,079 | 9,901 | 13,325 |  |
|  |  | 11,604 |  |  |  |  |  | 12,34112,354 | 9,164 | 12,48512,49 | 11,22611,239 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  | 65,050 65,150 |  | 13,104 | 9,914 13,339 |  | 11,989 |
| 59,200 | 59,250 | 11,616 | 8,426 | 11,673 | 10,501 | 62,200 | 62,250 | 12,366 | $\begin{aligned} & 9,176 \\ & 9,189 \\ & 9,201 \\ & 9,214 \end{aligned}$ | $\begin{aligned} & 12,513 \\ & \begin{array}{l} 12,527 \\ 12,251 \\ 12,551 \end{array} \\ & 12,555 \end{aligned}$ | $\begin{aligned} & 11,251 \\ & 11,264 \\ & 11,276 \\ & 11,276 \\ & 11189 \end{aligned}$ | 65,20065,50065,30065,350 | 6,25065,35065,350 |  |  |  | 312,00712,0112,02120 |
| 59,250 | 59,30 | 111,629 | $\begin{aligned} & 8,439 \\ & 8,451 \\ & 8,464 \end{aligned}$ | $\begin{aligned} & 11,687 \\ & 11,701 \\ & 11,715 \end{aligned}$ | $\begin{array}{ll} 50,514 \\ \hline \end{array} 10,50,510$ | $\begin{aligned} & 62,250 \\ & 6,200 \\ & 62,350 \\ & 60 \end{aligned}$ | $\begin{array}{ll} 0 & 62,300 \\ 0 & 62,350 \\ 0 & 62,400 \end{array}$ | 12,37912,391 |  |  |  |  |  | $\begin{aligned} & 3,16 \\ & 13,129 \\ & 13,141 \end{aligned}$ |  |  |  |
| 59,30 | 59,3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59,350 | 59,400 | 11,654 |  |  |  |  |  | 12,404 |  |  |  |  | 65,400 | 13,154 | 9,964 | 13,395 | 12,039 |
| 59,400 | 59,450 | $\begin{aligned} & 11,666 \\ & 11,679 \\ & 11,691 \\ & 11,704 \end{aligned}$ | $\begin{aligned} & 8,476,89 \\ & 8,489 \\ & 8,551 \\ & 8,514 \end{aligned}$ | 6 11,729 10,551 <br> 9 11,743 10,564 <br> 1 11,757 10,576 <br> 4 11,771 10,589 |  | $\begin{aligned} & 62,400 \\ & 62,450 \\ & 62,50 \\ & 62,550 \end{aligned}$ |  | $\begin{aligned} & 12,416 \\ & 1,2,29 \\ & 1,2,41 \\ & 12,454 \end{aligned}$ | $\begin{aligned} & 9,226 \\ & 9,239 \\ & 9,251 \\ & 9,264 \end{aligned}$ | $\begin{aligned} & 12,5696 \\ & 12,583 \\ & 12,58 \\ & 12,611 \\ & 12, \end{aligned}$ | $\begin{aligned} & 911,30 \\ & \hline \end{aligned}$ | 65,40065,45065,500 65,550 | $\begin{aligned} & 65,450 \\ & 65,500 \\ & 65,550 \end{aligned}$ | $\begin{aligned} & 13,166 \\ & 13,179 \\ & 13,191 \\ & 13,204 \end{aligned}$ | $\begin{array}{r} 9,976 \\ 9,989 \\ 10,001 \\ 10,01 \end{array}$ | $\begin{array}{ll} 12,4,4,4 \\ 12 \end{array}$ |  |
| 59,450 | 59,500 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59,50 | 59,55 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59,550 | 59,60 |  |  |  |  | 65,600 |  |  |  |  |  |  |  |  |  |  |  |  |
| 59,600 | 59,650 | $\begin{aligned} & 11,1769 \\ & 11,729 \\ & 11,741 \\ & 11,754 \end{aligned}$ | $\begin{aligned} & 8,526 \\ & 8,539 \\ & 8,51 \\ & 8,564 \end{aligned}$ | $\begin{array}{ll} 6 & 11,785 \\ 9 & 11,799 \\ 1 & 11,813 \\ 4 & 11,827 \end{array}$ | $\begin{array}{ll} 5 & 10,601 \\ 9 & 10,614 \\ 3 & 10,626 \\ 7 & 10,639 \end{array}$ |  | $\begin{aligned} & 62,600 \\ & 62,650 \\ & 62,700 \\ & 62,750 \\ & 60 \end{aligned}$ | $\begin{array}{ll} 0 & 62,650 \\ 0 & 62,700 \\ 0 & 62,750 \\ 0 & 62,800 \end{array}$ | $\begin{aligned} & 12,466 \\ & 12,49 \\ & 12,491 \\ & 11,401 \end{aligned}$ | $\begin{aligned} & 9,276 \\ & 9,289 \\ & 9,301 \\ & 9,314 \end{aligned}$ | $\begin{aligned} & 12,625 \\ & 11,269 \\ & 11,263 \\ & 12,667 \end{aligned}$ | $\begin{aligned} & 51,351 \\ & \hline 11,34 \\ & \hline 11,364 \\ & \hline 11,389 \\ & \hline 11,389 \end{aligned}$ | 65,60065650 65,700 65,75 | $\begin{aligned} & 65,650 \\ & 65,700 \\ & 65,750 \\ & 65,800 \end{aligned}$ | $\begin{aligned} & \begin{array}{l} 13,216 \\ 13,229 \\ 13,241 \\ 13,254 \end{array} \end{aligned}$ | $\begin{aligned} & 10,026 \\ & 10,039 \\ & 10,051 \end{aligned}$$10,064$ | $\begin{aligned} & 13,465 \\ & 13,49 \\ & 13,49 \\ & 13,45 \\ & 1,507 \end{aligned}$ | 12,1011,211412,1412,139 |
| 59,650 | 59,70 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59,700 | 59,7 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59,750 | 59,80 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59,80 | 59,850 | $\begin{aligned} & 11,766 \\ & 11,779 \\ & 11,791 \\ & 11,804 \end{aligned}$ | $\begin{aligned} & 8,576 \\ & 8,589 \\ & 8,601 \\ & 8,614 \end{aligned}$ | $\begin{aligned} & 11,841 \\ & 11,1,85 \\ & 11,89 \\ & 11,883 \end{aligned}$ | $\begin{aligned} & 10,651 \\ & 10,664 \\ & 10,666 \\ & 10,689 \end{aligned}$ | 62,800 62,850 <br> 62,850 62,900 <br> 62,900 62,950 <br> 62,950 63,000 |  | $\begin{aligned} & 12,516 \\ & 12,259 \\ & 12,541 \\ & 12,554 \end{aligned}$ | $\begin{aligned} & 9,326 \\ & 9,3,39 \\ & 9,351 \\ & 9,364 \end{aligned}$ | $\begin{aligned} & 12,681 \\ & 12,669 \\ & 12,799 \\ & 12,723 \end{aligned}$ | $\begin{aligned} & 11,401 \\ & 11,414 \\ & 11,426 \\ & 11,439 \end{aligned}$ | 65,80065,850656,85065,90065,95065,95066,000 |  | $\begin{aligned} & 13,266 \\ & 13,279 \\ & 13,291 \\ & 13,304 \end{aligned}$ | $\begin{aligned} & 10,076 \\ & 10,089 \\ & 10,101 \\ & 10,114 \end{aligned}$ | $\begin{aligned} & 13,521 \\ & 13,535 \\ & 3,539 \\ & 13,563 \end{aligned}$ | $\begin{aligned} & 1,151 \\ & 1,1,164 \\ & 1,1,16 \\ & 12,189 \end{aligned}$ |  |
| 59,80 | 59,900 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 60,000 |  |  |  |  |  | 63,000 |  |  |  |  |  | 66,000 |  |  |  |  |  |  |
| $\begin{aligned} & 60,000 \\ & 60,000 \\ & 60,100 \\ & 60,150 \end{aligned}$ | $\begin{aligned} & 60,050 \\ & 60,100 \\ & 60,150 \\ & 60,200 \end{aligned}$ | $\begin{aligned} & 11,816 \\ & 11,829 \\ & 11,841 \\ & 11,854 \end{aligned}$ | $\begin{aligned} & 8,626 \\ & 8,639 \\ & 8,651 \\ & 8,664 \end{aligned}$ | $\begin{aligned} & 11,897 \\ & 11,191 \\ & 11,1925 \\ & 11,939 \end{aligned}$ | $\begin{aligned} & 10,701 \\ & 10,74 \\ & 10,74 \\ & 10,76 \\ & 1,739 \end{aligned}$ | $\begin{aligned} & 63,000 \\ & 63,000 \\ & 63,100 \\ & 63,150 \\ & 63 \end{aligned}$ | $\begin{aligned} & 63,050 \\ & 63,100 \\ & 63,150 \\ & 63,200 \end{aligned}$ | $\begin{aligned} & 12,566 \\ & 12,569 \\ & 12,591 \\ & 12,604 \end{aligned}$ | $\begin{aligned} & 9,376 \\ & 9,389 \\ & 9,401 \\ & 9,414 \end{aligned}$ | $\begin{aligned} & 12,737 \\ & 12,51 \\ & 12,765 \\ & 12,779 \end{aligned}$ | $\begin{aligned} & 11,451 \\ & 11,64 \\ & 11,476 \\ & 11,489 \end{aligned}$ | $\begin{aligned} & 66,000 \\ & 6,000 \\ & 66,100 \\ & 66,150 \end{aligned}$ | 66,050 <br> 66,100 66,150 66,200 | $\begin{aligned} & 13,316 \\ & 13,329 \\ & 13,341 \\ & 13,354 \end{aligned}$ | $\begin{aligned} & 10,126 \\ & 10,139 \\ & 10,151 \\ & 10,164 \end{aligned}$ |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 60,200 | 60,250 | $\begin{aligned} & 11,866 \\ & 11,879 \\ & 11,891 \\ & 11,904 \end{aligned}$ | $\begin{aligned} & 8,67699 \\ & 8,689 \\ & 8,714 \end{aligned}$ |  | $\begin{aligned} & 10,751 \\ & 10,764 \\ & 10,76 \\ & 10,789 \end{aligned}$ | $\begin{aligned} & 63,200 \\ & 63,20 \\ & 63,30 \\ & 63,350 \end{aligned}$ | $\begin{aligned} & 63,250 \\ & 6,300 \\ & 6,3,50 \\ & 63,400 \end{aligned}$ | $\begin{aligned} & 12,616 \\ & 12,629 \\ & 12,641 \\ & 12,654 \end{aligned}$ | $\begin{aligned} & 9,426 \\ & 9,439 \\ & 9,451 \\ & 9,464 \end{aligned}$ | $\begin{aligned} & 12,793 \\ & 12,807 \\ & 12,81 \\ & 12,835 \end{aligned}$ | $\begin{aligned} & 11,501 \\ & 11,514 \\ & 11,526 \\ & 11,539 \end{aligned}$ | $\begin{aligned} & 66,200 \\ & 66,200 \\ & 66,300 \\ & 66,350 \end{aligned}$ | $\begin{aligned} & 66,250 \\ & 66,300 \\ & 66,350 \end{aligned}$66,400 | $\begin{aligned} & 13,366 \\ & 13,379 \\ & 13,391 \\ & 13,404 \end{aligned}$ | $\begin{aligned} & 10,176 \\ & 10,189 \\ & 10,201 \\ & 10,214 \end{aligned}$ |  |  |  |
| 60,250 | 60,30 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 60,400 | 60,450 | 11,916 | $\begin{aligned} & 8,726 \\ & 8,779 \\ & 8,751 \\ & 8,764 \end{aligned}$ | 12,009 | 10,801 | 63,400 | 63,450 | 12,666 | 9,476 | 12,849 | 11,55 | 66,400 | 66,450 | 13,46 | 10,226 | 13,689 | 12 |  |
| 60,450 | 60,50 | 11,929 |  | 12, |  | 63,450 | , |  | 9,489 | 12,88 | 11,564 |  | - | 13,429 | 0,2 | 13,703 |  |  |
|  | ${ }_{60,55}$ |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 60,550 | 60,60 | 11, |  | 12,051 | 10,839 | 63,5 | 63, | 12,704 | 9,51 | 12,89 | 11,58 | 66,5 | 66,600 | 3,451 | 0,2 | 13,7 | 2,339 |  |
| 60,600 | 60,650 | 11,966 | 8,776 | 12,065 | 10,851 | 63,600 | 63,650 | 12,716 | 9,526 | 12,905 | 11,60 | 66,600 | 66,650 | 13,4 | 10,2 | 13,7 | 12,351 |  |
| 60,650 | 60,70 |  | 8, | 12,079 | 10,864 |  | ¢3,7 | 2, |  | 12,919 | 11,6 | 66,6 | 66,700 |  | 10,28 |  |  |  |
| 700 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 60,750 | 60,80 | 12,004 | 8,814 | 12,107 | 10,88 | 6, | 63,\% | 12,754 | 9,56 | 12,94 | 11,6 |  | 66,800 | 13,5 | 0,3 | 13,7 |  |  |
| 60,800 | 60,850 | 12,016 | 8,826 | 12,121 | 10,901 | 63,800 | 63,850 | 12,766 | 9,576 | 12,961 | 11,65 | 66,8 | 66,850 | 13,5 | 0,32 | 13,8 | 12,401 |  |
| 60,850 | 6,9 |  | 8,8 | 12,135 | 10,914 | 6, 55 | 63,90 | 12,779 | , | 12,975 | 11,6 |  | 66,900 |  | 10,33 | 3, |  |  |
| ,900 | 60, | 12,041 | 8,851 |  | 10,926 | 63,900 | 63,9 | 12,791 | 9,60 | 12,989 | 11,6 | 66,9 | 66,950 |  | 0,3 | 1, |  |  |
| 60,950 | 61,00 |  |  | 12,163 | 10,939 | 63,950 | 64,000 | 12,804 | 9,61 | 3,003 | 11,6 | 66,950 | 67,000 | 13,5 |  | 13,843 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 61,050 | 12,066 | 8,876 | 12,17 | 10,951 |  |  | 12,816 | 9,626 | 13,01 |  |  |  | 13,56 | 10,37 | 13,8 |  |  |
| 61,050 | 61,100 | 12,079 | 8,889 | 12,191 | 10,964 | 64,050 | 64,100 | 12,829 | 9,63 | 13,031 | 11,71 | 67,05 | 67,100 | 13,57 | 10,381 | 13,8 |  |  |
| 61,100 | 61,1 |  |  |  |  | 64,1 |  |  |  | 13,04 |  | 67,10 | 67,150 | 13,5 | 0,4 | 13.8 |  |  |
| 61,1 | 612 |  | 8,914 | 12,219 | 10,989 | 64,150 |  | 12, | 9,66 | 3,05 | 1,73 | 67,1 |  | 3,6 | 0,41 | 析 |  |  |
| 61,200 | 61,2 | 12 | 8,926 | 12,233 |  | 64,200 | 64,250 | 12,866 | 9,676 | 13,073 | 11,75 | 67,200 67,250 | 67,250 | 13,616 |  | 13,9 | 01 |  |
|  | 61,300 |  |  | ,247 | 11,014 | ,250 | 64,300 |  |  |  |  | 67,250 |  |  |  |  |  |  |
| 61,300 61,350 | 61,350 61,400 | 12,141 12,154 | 8,951 8,964 | 12,275 | 11,026 | 64,300 64,350 | 64,350 64,400 | 12,89 | ${ }_{9}^{9,70}$ | 13,10 13,115 | 11,77 | 67,300 | 67,350 67,400 | ${ }_{13,6}^{13,6}$ | 0,451 | 13,9 13,95 | 2,5 |  |
|  |  |  | 8.976 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 61,450 | , |  | 8,9 | 12,303 |  |  |  | 12 | 9,7 | ${ }_{13,1}$ |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 61,550 | 61,600 |  |  | 12,33 | 1,089 |  |  | 12,9 |  | 3,17 |  | 6, |  | 13,7 |  | 14,01 |  |  |
|  |  | 12, | 9,026 | 12,3 |  | 64,600 | 64,650 | 12,966 | 9,77 | 13,18 |  | ${ }^{67,600}$ | 67,650 | 13, | 10,526 | 14,025 |  |  |
|  | 61,70 |  |  |  |  |  |  |  |  | 13,19 |  |  | 67,700 |  |  |  |  |  |
| 61,700 |  |  |  |  |  | 64,70 |  |  |  |  |  | 67,7 |  |  |  |  |  |  |
| 61,750 | 61,800 | 12,254 | 9,064 | 12,387 | 1,139 | 64,750 | 64,800 | 13,004 | 9,814 | 13,227 | 11,889 | 67,750 | 67,800 | 13,75 |  | 14,06 | 2,6 |  |
|  | ${ }^{61,850}$ | 12 | 9,076 |  | 11,151 |  |  | 13,016 | 9,826 | 13,2 |  |  |  |  |  | 14,081 |  |  |
| 61,850 | 61,9 | 12,279 |  | 12, |  |  |  |  |  | 13,25 |  |  |  |  |  |  |  |  |
| 61,900 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1,950 | 62,00 | 12,304 | ,114 | 12,443 | 1,189 | 64,950 |  |  |  |  |  |  |  |  | 0,61 | 4,12 | 2,689 |  |
| This |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

2003 Tax Table-Continued

| If line (taxab incom |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But <br> less <br> than | Single | Married filing jointly Your t | Married filing separately ax is- | Head of a household | At least | But <br> less <br> than | Single | Married filing jointly Your | Married filing separately ax is- | Head of a household | At least | But less than | Single | Married <br> filing <br> jointly <br> Your | Married filing separately tax is- | Head of a household |
| 68,000 |  |  |  |  |  | 71,000 |  |  |  |  |  | 74,000 |  |  |  |  |  |
| 68,000 | 68,0 | 13,8 | 10, | 14,137 |  | 71,000 71,050 |  | 14,6 |  | 14,977 | 13, | 74,000 | 74,050 | 15,473 12,126 15,817 14,201 |  |  |  |
| 68,050 | 68,100 | 13,829 | 10,639 | 14,151 | 12,714 | 71,050 | 71,100 | 14,647 | 11,389 | 14,991 | 13,464 | 74,050 | 74,100 | 15,487 | 12,139 15 | 15,831 | 14,214 |
| 68,100 | 68,150 | 13,841 | 10,651 | 14,165 | 12,726 | 71,100 | 71,150 | 14,661 | 11,401 | 15,005 | 13,476 | 74,100 | 74,150 | 15,501 |  | 15,845 | 14,226 |
| 68,150 | 68,200 | 13,854 | 10,664 | 14,179 | 12,739 | 71,150 | 71,200 | 14,675 | 11,414 | 15,019 | 13,489 | 74,150 74,200 |  | $\begin{aligned} & 15,515 \\ & 15,529 \end{aligned}$ | 12,151 12,164 12 |  | 14,239 |
| 68,200 | 68,250 | 13,866 | 10,676 | 14,193 | 12,751 | 71,200 | 71,250 | 14,689 | 11,426 | 15,033 | 13,501 | 74,200 74,250 |  |  | 12,176 |  | 14,251 |
| 68,250 | 68,300 | 13,879 | 10,689 | 14,207 | 12,764 | 71,250 | 71,300 | 14,703 | 11,439 | 15,047 | 13,514 | 74,25074,30074,300 |  | 15,543 | 12,189 15,887 1 |  | 14,264 |
| 68,300 | 68,350 | 13,891 | 10,701 | 14,221 | 12,776 | 71,300 | 71,350 | 14,717 | 11,451 | 15,061 | 13,526 |  |  | 15,557 | 12,20112,214 | 15,901 | $\begin{aligned} & 14,276 \\ & 14,289 \end{aligned}$ |
| 68,350 | 68,400 | 13,904 | 10,714 | 14,235 | 12,789 | 71,350 | 71,400 | 14,731 | 11,464 | 15,075 | 13,539 | 74,350 74,400 |  | 15,571 |  | 15,915 |  |
| 68,450 |  | 13,916 | 10,726 | 14,249 | 12,801 | $\begin{array}{\|l} 71,400 \\ 71,450 \\ 71,500 \\ 71,550 \end{array}$ | $\begin{aligned} & 71,450 \\ & 71,500 \\ & 71,550 \\ & 71,600 \end{aligned}$ | $\begin{aligned} & 14,745 \\ & 14,759 \\ & 14,773 \\ & 14,787 \end{aligned}$ | $\begin{aligned} & 11,476 \\ & 11,489 \\ & 11,501 \\ & 11,514 \end{aligned}$ | $\begin{aligned} & 15,089 \\ & 15,103 \\ & 15,117 \\ & 15,131 \end{aligned}$ | $\begin{aligned} & 13,551 \\ & 13,564 \\ & 13,576 \\ & 13,589 \end{aligned}$ | 74,400 74,450 <br> 74,450 74,500 <br> 74,500 74,550 <br> 74,550 74,600 |  | $\begin{aligned} & 15,585 \\ & 15,599 \\ & 15,613 \\ & 15,627 \end{aligned}$ | $\begin{aligned} & 12,226 \\ & 12,239 \\ & 12,251 \\ & 12,264 \end{aligned}$ | $\begin{aligned} & 15,929 \\ & 15,943 \\ & 15,957 \\ & 15,971 \end{aligned}$ | $\begin{aligned} & 14,301 \\ & 14,314 \\ & 14,326 \\ & 14,339 \end{aligned}$ |
|  | 68,500 | 13,929 | 10,739 | 14,263 | 12,814 |  |  |  |  |  |  |  |  |  |  |  |  |
| $68,500$ | 68,550 | 13,941 | 10,751 | 14,277 | 12,826 |  |  |  |  |  |  |  |  |  |  |  |  |
| 68,550 | 68,600 | 13,954 | 10,764 | 14,291 | 12,839 |  |  |  |  |  |  |  |  |  |  |  |  |
| 68,600 | 68,650 | 13,966 | 10,776 | 14,305 | 12,851 | 71,600 | 71,650 | 14,801 | 11,526 | 15,145 | 13,601 | 74,600 | 74,650 | 15,641 | 12,276 | 15,985 | 14,351 |
| 68,650 | 68,700 | 13,979 | 10,789 | 14,319 | 12,864 | 71,650 | 71,700 | 14,815 | 11,539 | 15,159 | 13,614 | 74,650 | 74,700 | 15,655 | 12,289 | 15,999 | 14,364 |
| 68,700 | 68,750 | 13,991 | 10,801 | 14,333 | 12,876 | 71,700 | 71,750 | 14,829 | 11,551 | 15,173 | 13,626 | 74,700 | 74,750 | 15,669 | 12,301 | 16,013 | 14,376 |
| 68,750 | 68,800 | 14,004 | 10,814 | 14,347 | 12,889 | 71,750 | 71,800 | 14,843 | 11,564 | 15,187 | 13,639 | 74,750 | 74,800 | 15,683 | 12,314 | 16,027 | 14,389 |
| 68,800 | 68,850 | 14,017 | 10,826 | 14,361 | 12,901 | 71,800 | 71,850 | 14,857 | 11,576 | 15,201 | 13,651 | 74,800 | 74,850 | 15,697 | 12,326 | 16,041 | 14,401 |
| 68,850 | 68,900 | 14,031 | 10,839 | 14,375 | 12,914 | 71,850 | 71,900 | 14,871 | 11,589 | 15,215 | 13,664 | 74,850 | 74,900 | 15,711 | 12,339 | 16,055 | 14,414 |
| 68,900 | 68,950 | 14,045 | 10,851 | 14,389 | 12,926 | 71,900 | 71,950 | 14,885 | 11,601 | 15,229 | 13,676 | 74,900 | 74,950 | 15,725 | 12,351 | 16,069 | 14,426 |
| 68,950 | 69,000 | 14,059 | 10,864 | 14,403 | 12,939 | 71,950 72,000 |  | 14,899 | 11,614 | 15,243 | 13,689 | 74,950 75,000 |  | 15,739 | 12,364 | 16,083 | 14,439 |
| 69,000 |  |  |  |  |  | 72,000 |  |  |  |  |  | 75,000 |  |  |  |  |  |
| 69,000 | 69,050 | 14,073 | 10,876 | 14,417 | 12,951 |  | 72,050 | 14,913 | 11,626 | 15,257 | 13,714 | 75,000 | 75,050 |  | 12,376 | 16,097 |  |
| 69,050 | 69,100 | 14,087 | 10,889 | 14,431 | 12,964 | 72,050 | 72,100 | 14,927 | 11,639 | 15,271 | 13,714 | 75,050 | 75,100 | 15,767 | 12,389 | 16,111 | 14,464 |
| 69,100 | 69,150 | 14,101 | 10,901 | 14,445 | 12,976 | 72,100 | 72,150 | 14,941 | 11,651 | 15,285 | 13,726 | 75,100 | 75,150 | 15,781 | 12,401 | 16,125 | 14,476 |
| 69,150 | 69,200 | 14,115 | 10,914 | 14,459 | 12,989 | 72,150 | 72,200 | 14,955 | 11,664 | 15,299 | 13,739 | 75,150 | 75,200 | 15,795 | 12,414 | 16,139 | 14,489 |
| 69,200 | 69,250 | 14,129 | 10,926 | 14,473 | 13,001 | 72,200 | 72,250 | 14,969 | 11,676 | 15,313 | 13,751 | 75,200 | 75,250 | 15,809 | 12,426 | 16,153 | 14,501 |
| 69,250 | 69,300 | 14,143 | 10,939 | 14,487 | 13,014 | 72,250 | 72,300 | 14,983 | 11,689 | 15,327 | 13,764 | 75,250 | 75,300 | 15,823 | 12,439 | 16,167 | 14,514 |
| 69,300 | 69,350 | 14,157 | 10,951 | 14,501 | 13,026 | 72,300 | 72,350 | 14,997 | 11,701 | 15,341 | 13,776 | 75,300 | 75,350 | 15,837 | 12,451 | 16,181 | 14,526 |
| 69,350 | 69,400 | 14,171 | 10,964 | 14,515 | 13,039 | 72,350 | 72,400 | 15,011 | 11,714 | 15,355 | 13,789 | 75,350 | 75,400 | 15,851 | 12,464 | 16,195 | 14,539 |
| 69,400 | 69,450 | 14,185 | 10,976 | 14,529 | 13,051 | 72,400 | 72,450 | 15,025 | 11,726 | 15,369 | 13,801 | 75,400 | 75,450 | 15,865 | 12,476 | 16,209 | 14,551 |
| 69,450 | 69,500 | 14,199 | 10,989 | 14,543 | 13,064 | 72,450 | 72,500 | 15,039 | 11,739 | 15,383 | 13,814 | 75,450 | 75,500 | 15,879 | 12,489 | 16,223 | 14,564 |
| 69,500 | 69,550 | 14,213 | 11,001 | 14,557 | 13,076 | 72,500 | 72,550 | 15,053 | 11,751 | 15,397 | 13,826 | 75,500 | 75,550 | 15,893 | 12,501 | 16,237 | 14,576 |
| 69,550 | 69,600 | 14,227 | 11,014 | 14,571 | 13,089 | 72,550 | 72,600 | 15,067 | 11,764 | 15,411 | 13,839 | 75,550 | 75,600 | 15,907 | 12,514 | 16,251 | 14,589 |
| 69,600 | 69,650 | 14,241 | 11,026 | 14,585 | 13,101 | 72,600 | 72,650 | 15,081 | 11,776 | 15,425 | 13,851 | 75,600 | 75,650 | 15,921 | 12,526 | 16,265 | 14,601 |
| 69,650 | 69,700 | 14,255 | 11,039 | 14,599 | 13,114 | 72,650 | 72,700 | 15,095 | 11,789 | 15,439 | 13,864 | 75,650 | 75,700 | 15,935 | 12,539 | 16,279 | 14,614 |
| 69,700 | 69,750 | 14,269 | 11,051 | 14,613 | 13,126 | 72,700 | 72,750 | 15,109 | 11,801 | 15,453 | 13,876 | 75,700 | 75,750 | 15,949 | 12,551 | 16,293 | 14,626 |
| 69,750 | 69,800 | 14,283 | 11,064 | 14,627 | 13,139 | 72,750 | 72,800 | 15,123 | 11,814 | 15,467 | 13,889 | 75,750 | 75,800 | 15,963 | 12,564 | 16,307 | 14,639 |
| 69,800 | 69,850 | 14,297 | 11,076 | 14,641 | 13,151 | 72,800 | 72,850 | 15,137 | 11,826 | 15,481 | 13,901 | 75,800 | 75,850 | 15,977 | 12,576 | 16,321 | 14,651 |
| 69,850 | 69,900 | 14,311 | 11,089 | 14,655 | 13,164 | 72,850 | 72,900 | 15,151 | 11,839 | 15,495 | 13,914 | 75,850 | 75,900 | 15,991 | 12,589 | 16,335 | 14,664 |
| 69,900 | 69,950 | 14,325 | 11,101 | 14,669 | 13,176 | 72,900 | 72,950 | 15,165 | 11,851 | 15,509 | 13,926 | 75,900 | 75,950 | 16,005 | 12,601 | 16,349 | 14,676 |
| 69,950 | 70,000 | 14,339 | 11,114 | 14,683 | 13,189 | 72,950 | 73,000 | 15,179 | 11,864 | 15,523 | 13,939 | 75,950 | 76,000 | 16,019 | 12,614 | 16,363 | 14,689 |
|  |  |  |  |  |  |  |  |  |  |  |  |  | 0 |  |  |  |  |
| 70,000 | 70,050 | 14,353 | 11,126 | 14,697 | 13,201 | 73,000 | 73,050 | 15,193 | 11,876 | 15,537 | 13,951 | 76,000 | 76,050 | 16,033 | 12,626 | 16,377 | 14,701 |
| 70,050 | 70,100 | 14,367 | 11,139 | 14,711 | 13,214 | 73,050 | 73,100 | 15,207 | 11,889 | 15,551 | 13,964 | 76,050 | 76,100 | 16,047 | 12,639 | 16,391 | 14,714 |
| 70,100 | 70,150 | 14,381 | 11,151 | 14,725 | 13,226 | 73,100 | 73,150 | 15,221 | 11,901 | 15,565 | 13,976 | 76,100 | 76,150 | 16,061 | 12,651 | 16,405 | 14,726 |
| 70,150 | 70,200 | 14,395 | 11,164 | 14,739 | 13,239 | 73,150 | 73,200 | 15,235 | 11,914 | 15,579 | 13,989 | 76,150 | 76,200 | 16,075 | 12,664 | 16,419 | 14,739 |
| 70,200 | 70,250 | 14,409 | 11,176 | 14,753 | 13,251 | 73,200 | 73,250 | 15,249 | 11,926 | 15,593 | 14,001 | 76,200 | 76,250 | 16,089 | 12,676 | 16,433 | 14,751 |
| 70,250 | 70,300 | 14,423 | 11,189 | 14,767 | 13,264 | 73,250 | 73,300 | 15,263 | 11,939 | 15,607 | 14,014 | 76,250 | 76,300 | 16,103 | 12,689 | 16,447 | 14,764 |
| 70,300 | 70,350 | 14,437 | 11,201 | 14,781 | 13,276 | 73,300 | 73,350 | 15,277 | 11,951 | 15,621 | 14,026 | 76,300 | 76,350 | 16,117 | 12,701 | 16,461 | 14,776 |
| 70,350 | 70,400 | 14,451 | 11,214 | 14,795 | 13,289 | 73,350 | 73,400 | 15,291 | 11,964 | 15,635 | 14,039 | 76,350 | 76,400 | 16,131 | 12,714 | 16,475 | 14,789 |
| 70,400 | 70,450 | 14,465 | 11,226 | 14,809 | 13,301 | 73,400 | 73,450 | 15,305 | 11,976 | 15,649 | 14,051 | 76,400 | 76,450 | 16,145 | 12,726 | 16,489 | 14,801 |
| 70,450 | 70,500 | 14,479 | 11,239 | 14,823 | 13,314 | 73,450 | 73,500 | 15,319 | 11,989 | 15,663 | 14,064 | 76,450 | 76,500 | 16,159 | 12,739 | 16,503 | 14,814 |
| 70,500 | 70,550 | 14,493 | 11,251 | 14,837 | 13,326 | 73,500 | 73,550 | 15,333 | 12,001 | 15,677 | 14,076 | 76,500 | 76,550 | 16,173 | 12,751 | 16,517 | 14,826 |
| 70,550 | 70,600 | 14,507 | 11,264 | 14,851 | 13,339 | 73,550 | 73,600 | 15,347 | 12,014 | 15,691 | 14,089 | 76,550 | 76,600 | 16,187 | 12,764 | 16,531 | 14,839 |
| 70,600 | 70,650 | 14,521 | 11,276 | 14,865 | 13,351 | 73,600 | 73,650 | 15,361 | 12,026 | 15,705 | 14,101 | 76,600 | 76,650 | 16,201 | 12,776 | 16,545 | 14,851 |
| 70,650 | 70,700 | 14,535 | 11,289 | 14,879 | 13,364 | 73,650 | 73,700 | 15,375 | 12,039 | 15,719 | 14,114 | 76,650 | 76,700 | 16,215 | 12,789 | 16,559 | 14,864 |
| 70,700 | 70,750 | 14,549 | 11,301 | 14,893 | 13,376 | 73,700 73,750 | 73,750 | 15,389 | 12,051 | 15,733 | 14,126 14,139 | 76,700 | 76,750 | 16,229 | 12,801 | 16,573 | 14,876 |
| 70,750 | 70,800 | 14,563 | 11,314 | 14,907 | 13,389 | 73,750 | 73,800 | 15,403 | 12,064 | 15,747 | 14,139 | 76,750 | 76,800 | 16,243 | 12,814 | 16,587 | 14,889 |
| 70,800 | 70,850 | 14,577 | 11,326 | 14,921 | 13,401 | 73,800 | 73,850 | 15,417 | 12,076 | 15,761 | 14,151 | 76,800 | 76,850 | 16,257 | 12,826 | 16,601 | 14,901 |
| 70,850 | 70,900 | 14,591 | 11,339 | 14,935 | 13,414 | 73,850 | 73,900 | 15,431 | 12,089 | 15,775 | 14,164 | 76,850 | 76,900 | 16,271 | 12,839 | 16,615 | 14,914 |
| 70,900 | 70,950 | 14,605 | 11,351 | 14,949 | 13,426 | 73,900 | 73,950 | 15,445 | 12,101 | 15,789 | 14,176 | 76,900 | 76,950 | 16,285 | 12,851 | 16,629 | 14,926 |
| 70,950 | 71,000 | 14,619 | 11,364 | 14,963 | 13,439 | 73,950 | 74,000 | 15,459 | 12,114 | 15,803 | 14,189 | 76,950 | 77,000 | 16,299 | 12,864 | 16,643 | 14,939 |
| * This column must also be used by a qualifying widow(er). |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (Continued on page 71) |  |  |


| $\begin{aligned} & \text { If line } \\ & \text { (taxab } \\ & \text { incom } \end{aligned}$ |  | And you are- |  |  |  | If line 40 taxable income) is- |  | And you are- |  |  |  | If line 40 taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\begin{aligned} & \text { At } \\ & \text { least } \end{aligned}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | $\begin{array}{\|c} \text { Married } \\ \text { filing } \\ \text { jiontly } \\ \vdots \\ \text { Your } \end{array}$ | $\left\lvert\, \begin{aligned} & \text { Married } \\ & \text { filing } \\ & \text { sepa- } \\ & \text { retely } \\ & \text { tax is- }\end{aligned}\right.$ | $\begin{array}{\|l} \text { Head } \\ \text { of a } \\ \text { house- } \\ \text { hold } \end{array}$ | $\begin{array}{\|l\|l\|} \hline \text { leat } \end{array}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single |  | Married filing fepa- ratell | $\begin{aligned} & \text { Head } \\ & \text { oof } \\ & \text { house- } \\ & \text { hous } \end{aligned}$ | $\begin{array}{\|l\|l\|} \hline \text { At } \\ \text { least } \end{array}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { lesan } \end{aligned}$ | Sin | $\begin{array}{\|l\|} \hline \text { Married } \\ \text { Hiling } \\ \text { jointly } \\ \text { Your } \end{array}$ | Married fling sepa- rately tax is- | $\text { Head } \begin{aligned} & \text { Head } \\ & \text { of a } \\ & \text { house- } \\ & \text { hold } \end{aligned}$ |
| 77,000 |  |  |  |  |  | 80,000 |  |  |  |  |  | 83,000 |  |  |  |  |  |
| ,000 | 050 | 16,3 <br> 16,3 | 12,876 | ${ }_{16,657}^{16,671}$ | 14,95114,964 | 80,000 80,050 |  | 17,15317,167 | 13,62613,639 | 6 | 15,7 | 83,000 83,050 |  | 17,993 14,376 |  |  | 16,45 |
| 77,050 | 77,100 |  | 12,88 |  |  | 80,05080,100 | 80,100 |  |  | 17, | 15,7 | 83,10083,15083,15083,200 |  | 18,02118,035 |  | 18,365 |  |
| 77,100 | 77,150 | 16,34 | 12,901 |  |  |  |  | 17,195 | 13,651 |  |  |  |  |  |  |  |
| 77,150 | 77,200 | 16,3 | 12,91 | 16,69 | 14,9 | 80,15080,200 | 80, |  |  |  | 15,7 |  |  | 4 | 16,4 |  |  |
| 77,200 | 77,25 |  | 12,926 | 16,7 |  |  |  |  | 13,676 |  | $\begin{aligned} & 15,751 \\ & 15,764 \\ & 15,776 \\ & 15,789 \end{aligned}$ | $\begin{aligned} & 83,200 \\ & 83,250 \\ & 83,300 \\ & 83,350 \end{aligned}$ |  |  |  |  | 18,379 18,393 | 16,51 |
| 77,250 | 77,300 |  |  |  |  | 80,250 | 80,35080,40080,300 | 价 |  | $\begin{aligned} & 17,567 \\ & 17,581 \\ & 17,595 \end{aligned}$ |  |  | 83,300 |  |  | $\begin{aligned} & 4,4,492 \\ & 14,451 \\ & 14,451 \end{aligned}$ | $\xrightarrow{18,407} 18.421$ | 16,51416.51416,539 |
| 77,3 | 77,4 | 16,4 | ${ }^{12,964}$ | 16,755 | 15,039 | 80,300 |  |  |  |  |  |  |  |  |  |  |  |  |
| 77,400 | 77,450 |  | 12,976 | 16,76 |  | $\begin{array}{\|l} 80,400 \\ 80,450 \\ 80,500 \end{array}$$80,550$ | 80,500 80,550 80,600 | $\begin{aligned} & 17,265 \\ & 17,279 \\ & 17,293 \\ & 17,307 \end{aligned}$ | $\begin{aligned} & 13,726 \\ & 13,79 \\ & 13,751 \\ & 13,764 \end{aligned}$ |  | $\begin{aligned} & 17,609 \\ & 17,6,63 \\ & 17,67 \\ & 17,651 \end{aligned}$ | $\begin{aligned} & 15,801 \\ & 15,814 \\ & 15,826 \\ & 15,839 \end{aligned}$ | 83,40083,450 83,500 | $\begin{aligned} & 83,450 \\ & 8,500 \\ & 83,550 \end{aligned}$$\begin{array}{r} 83,550 \\ 83,600 \end{array}$ | 18,105 <br> 18,119 <br> 18,133 <br> 18,147 | $\begin{aligned} & 14,476 \\ & 14,489 \\ & 14,501 \\ & 14,514 \end{aligned}$ | $\begin{aligned} & 18,449 \\ & 18,463 \\ & 18,477 \\ & 18991 \end{aligned}$ | $\begin{aligned} & 16,551 \\ & 16,564 \\ & 16,576 \\ & 16,589 \end{aligned}$ |
|  | 77 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 77,600 | 77,650 | 16,481 | 13,026 | 16,825 | 15,1 | $\begin{array}{\|l\|l\|l\|} \hline 80,600 \\ 80,650 \\ 80,700 \end{array}$$180,750$ | $\begin{aligned} & 80,650 \\ & 80,700 \\ & 80,750 \\ & 80,800 \end{aligned}$ | $\begin{aligned} & 17,321 \\ & 17,335 \\ & 17,39 \\ & 17,363 \end{aligned}$ | $\begin{array}{ll} 1 & 13,776 \\ 5 & 13,789 \\ \hline & 13,801 \\ 3 & 13,814 \end{array}$ | $\begin{aligned} & 17,665 \\ & 17,69 \\ & 17,693 \\ & 17,707 \end{aligned}$ | $\begin{aligned} & 15,851 \\ & 15,864 \\ & 15,876 \\ & 15,889 \end{aligned}$ | 83,600 83,700 <br> 83,75 | 83,650 <br> 83,700 <br> 83,750 | $\begin{aligned} & 18,161 \\ & 18,75 \\ & 18,189 \\ & 18,203 \end{aligned}$ | $\begin{aligned} & 14,526 \\ & 14,539 \\ & 14,551 \end{aligned}$$14,564$ | $\begin{aligned} & 18,505 \\ & 18,519 \\ & 18,533 \\ & 18,547 \end{aligned}$ | $\begin{aligned} & 16,601 \\ & 16,614 \\ & 16,626 \\ & 16,639 \end{aligned}$ |  |
| 77,650 | 77,70 | 16,4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 77,800 | 77,850 | $\begin{array}{\|l\|l} 16,537 \\ 16,51 \\ 16,565 \\ 16,579 \end{array}$ | 13,0761308913,10113,114 | $\begin{aligned} & 16,881 \\ & 16,895 \\ & 16,999 \\ & 16,923 \end{aligned}$ | 15,15 | 80,800 <br> 80,850 <br> 88,850 <br> 80,900 <br> 80,900 <br> 80,950 <br> 81,950 <br> 8 |  | $\begin{aligned} & 17,377 \\ & 11,391 \\ & 17,705 \\ & 17,419 \end{aligned}$ | $\begin{aligned} & 13,826 \\ & 13,89 \\ & 13,85 \\ & 13,864 \\ & 18, \end{aligned}$ | $\begin{aligned} & 17,721 \\ & 1,7,75 \\ & 17,79 \\ & 17,763 \end{aligned}$ | $\begin{aligned} & 15,901 \\ & \begin{array}{l} 15,914 \\ 15,96 \\ 15,939 \end{array} \\ & 15, \end{aligned}$ | 83,800 <br> 83,850 <br> 88,350 <br> 83,900 <br> 83,900 <br> 83,950 <br> 834,950 |  | $\begin{aligned} & 18,217 \\ & 18,21 \\ & 18,25 \\ & 18,259 \end{aligned}$ | $\begin{aligned} & 14,576 \\ & 14,589 \\ & 14,601 \\ & 144,614 \end{aligned}$ | $\begin{aligned} & 18,561 \\ & 18,575 \\ & 18,59 \\ & 18,603 \end{aligned}$ | $\begin{array}{r} 16,651 \\ 16,64 \\ 16,676 \\ 16,679 \\ \hline 16,689 \\ \hline \end{array}$ |  |
| 77,850 | 77,90 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 78,000 |  |  |  |  |  | 81,000 |  |  |  |  |  | 84,000 |  |  |  |  |  |  |
| ,000 | 78,050 |  |  |  |  | 81,000 |  | 17,433 | 1,876 |  |  |  |  | 18,273 |  |  | 6,701 |  |
| 78,050 | 78,100 | 16 | 3,139 | 16,95 | 15,214 |  | 81,100 | 17,461 |  |  | $\begin{aligned} & 15,976 \\ & 15,989 \end{aligned}$ | 84,0500 | $\begin{aligned} & 84,0500 \\ & 8,4,100 \\ & 84,150 \\ & 84.200 \end{aligned}$ | $\begin{aligned} & 8,2 / 287 \\ & 8,281 \\ & 8,301 \\ & 8215 \end{aligned}$ | $\begin{aligned} & \begin{array}{l} 44,620 \\ 14,639 \\ 14,651 \\ 44,664 \end{array} \end{aligned}$ | $\begin{aligned} & 6,61 \\ & , 645 \\ & \hline \end{aligned}$ | 16,7116,7116,7261639 |  |
| 78,100 |  |  |  |  |  |  | $\begin{aligned} & 81,150 \\ & 81,200 \\ & 81, \end{aligned}$ |  | $\begin{aligned} & 13,901 \\ & 13,914 \end{aligned}$ | $\begin{aligned} & 17,191 \\ & 17,80 \\ & 17,819 \end{aligned}$ |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | 年1,100 |  |  |  |  |  |  |  |  |  |  |  |  |
| 78,200 | 78,250 | 16,649 | 13,176 | 16,993 | 15,251 | $\begin{aligned} & 81,200 \\ & 81,250 \\ & 81,300 \\ & 81,350 \end{aligned}$ | $\begin{aligned} & 81,250 \\ & 81,300 \\ & 81,30 \\ & 81,400 \end{aligned}$ | $\begin{aligned} & 17,489 \\ & 17,503 \\ & 17,517 \\ & 17,531 \end{aligned}$ | $\begin{aligned} & 13,926 \\ & 13,939 \\ & 13,951 \\ & 13,964 \end{aligned}$ | $\begin{aligned} & 17,833 \\ & 17,847 \\ & 17,661 \\ & 17,875 \end{aligned}$ | $\begin{aligned} & 16,001 \\ & 16,014 \\ & 16,0026 \\ & 16,039 \end{aligned}$ | $\begin{aligned} & 84,200 \\ & 84,250 \\ & 84,300 \\ & 84,350 \end{aligned}$ | $\begin{aligned} & 84,250 \\ & 84,300 \\ & 84,350 \end{aligned}$$\begin{aligned} & 84,350 \\ & 84,400 \end{aligned}$ | $\begin{aligned} & 18,329 \\ & 18,34 \\ & 18,35 \\ & 18,371 \end{aligned}$ | $\begin{aligned} & 4,67696 \\ & 4,689 \end{aligned}$ | $\begin{aligned} & 18,673 \\ & 18,687 \\ & 18,701 \\ & 18,715 \end{aligned}$ | $\begin{aligned} & 16,751 \\ & 16,764 \\ & 16,776 \\ & 16,789 \end{aligned}$ |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 78,400 | 78,450 | 16 |  | $\begin{aligned} & 17,049 \\ & 17,063 \\ & 17,707 \\ & 17,091 \end{aligned}$ | 15,301 | $\begin{aligned} & 81,400 \\ & 81,400 \\ & 81,500 \\ & 81,550 \\ & 81,550 \end{aligned}$ | 81,450 81,50081,550 81,600 | $\begin{aligned} & 17,545 \\ & 17,59 \\ & 17,573 \end{aligned}$ | $\begin{aligned} & 13,976 \\ & 13,989 \\ & 14,001 \\ & 14,014 \end{aligned}$ | $\begin{aligned} & 17,889 \\ & 17,903 \\ & 17,917 \\ & 17,931 \end{aligned}$ | 16,051 16,04 16,089 | $\begin{aligned} & 84,400 \\ & 84,40 \\ & 84,50 \\ & 84505 \\ & \hline 8150 \end{aligned}$ |  | 18,385 | 14.726 | 18, |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  | $84,500$ |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  | 84,550 |  |  |  |  |  |
| 78,550 | 78,600 |  |  |  | 15,339 |  |  |  |  |  |  |  |  | 18,42 | 14,76 | 18,77 |  |  |
| 78,60 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 78,7 | 78,80 | ${ }_{16,}^{16,}$ | 13,3 | 17,133 |  | 81,700 | 81,750 | 177,61 | 4,051 4,064 | 17,93 | 16,1 | 84,700 84,750 | 84,750 84,800 |  | 14,80 14,8 | 18,8 <br> 18,8 <br> 18 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | 82,000 |  |  |  |  | 84,9 | 85,000 |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  | 00 |  |  |  |  |  |
| 79,000 | 79,050 | 16,87 | 3,376 | 17,217 |  | 82,000 | 82,050 |  | 4,12 | 18,057 | 16,20 | 85,000 | 85,050 | 18,55 | 14,8 | 18,8 |  |  |
| 79,05 | 79,10 | 16,88 | 3,389 | 17,2 | 15, | 82,050 | 82,100 |  | 4,13 | 18,0 | 16,2 | 85,0 | 85,100 | 18, |  | 18,9 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 79,200 | 79,250 | 16,929 | 13, | 17,273 | 15,50 | 82,200 | 82,250 | 17,769 | 14,7 | 18, | 16,2 | 85,2 | 85,250 | 18,60 | 14,926 | 18,9 |  |  |
| 79,250 | 79 | 16, | 13,439 | 17,287 | 15,514 | 82 | 82,3 | 17,7 | 14,189 | 18 | 16,264 | 85 | 85 | 18,623 | 14,939 | 18,9 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 7,350 |  |  |  | 17,315 |  |  | 82,400 |  |  | 8, |  |  |  | 18,65 |  |  |  |  |
| 79,400 | 79, | 16,985 | 13,4 | 17,329 | 15,551 | 82 | 82,450 | 17,825 | 14,2 | 8,16 | 16,3 | 85,400 | 85,4 | 18,6 | 14,9 | 19,0 |  |  |
| , 45 | 79,50 | 16,99 | 13,4 | 17,34 |  |  | 82,50 | 17,83 | 14,2 |  | 16,314 |  |  |  |  | 19,0 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 79,550 |  |  |  | 1,371 |  | 82,550 | 82,60 |  |  | 8,2 |  |  |  |  |  |  |  |  |
| 79,600 | 79,650 | 17,041 | 13,526 | 17,3 | 15,601 | 82,600 | 82, | 17,881 | 14,276 | 18,2 | 16,351 | 85,600 | 85, | 18,721 | 5,0 | 19,0 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 79,750 | 79,800 |  |  | 17,42 |  | 82,750 |  | 17,92 |  | 8,2 |  |  |  |  |  |  |  |  |
| 79,800 | 79,850 | 17,097 | 13,576 | 17,441 | 15, | 82,800 | 82,850 | 17,937 | 14,326 | 18,2 | 16,401 | 85,800 | 85,850 | 18,777 | 15,076 | 19,121 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| is |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

2003 Tax Table-Continued

| If line (taxab incom |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  | If line 40 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married filing jointly Your | Married filing separately tax is- | Head of a household | At least | But less than | Single | Married filing jointly Your | Married <br> filing separately <br> ax is- | Head of a household | At least | But less than | Single | Married filing jointly Your | Married filing separately tax is- | Head of a household |
| 86,000 |  |  |  |  |  | 89,000 |  |  |  |  |  | 92,000 |  |  |  |  |  |
| 86,000 | 86,050 |  |  | 19,177 | 17,201 | 89,000 | 89,050 | 19,6 | 15, | 20,1 | 17,9 | 92,000 | 92,050 | 20,513 |  |  |  |
| 86,050 | 86,100 | 18,847 | 15,139 | 19,191 | 17,214 | 89,050 | 89,100 | 19,687 | 15,889 | 20,118 | 17,964 | 92,050 | 92,100 | 20,527 | 16,639 | 21,108 | 18,714 |
| 86,100 | 86,150 | 18,861 | 15,151 | 19,205 | 17,226 | 89,100 | 89,150 | 19,701 | 15,901 | 20,134 | 17,976 | 92,100 | 92,150 | 20,541 | 16,651 | 21,124 | 18,726 |
| 86,150 | 86,200 | 18,875 | 15,164 | 19,219 | 17,239 | 89,150 | 89,200 | 19,715 | 15,914 | 20,151 | 17,989 | 92,150 | 92,200 | 20,555 | 16,664 | 21,141 | 18,739 |
| 86,200 | 86,250 | 18,889 | 15,176 | 19,233 | 17,251 | 89,200 | 89,250 | 19,729 | 15,926 | 20,167 | 18,001 | 92,200 | 92,250 | 20,569 | 16,676 | 21,157 | 18,751 |
| 86,250 | 86,300 | 18,903 | 15,189 | 19,247 | 17,264 | 89,250 | 89,300 | 19,743 | 15,939 | 20,184 | 18,014 | 92,250 | 92,300 | 20,583 | 16,689 | 21,174 | 18,764 |
| 86,300 | 86,350 | 18,917 | 15,201 | 19,261 | 17,276 | 89,300 | 89,350 | 19,757 | 15,951 | 20,200 | 18,026 | 92,300 | 92,350 | 20,597 | 16,701 | 21,190 | 18,776 |
| 86,350 | 86,400 | 18,931 | 15,214 | 19,275 | 17,289 | 89,350 | 89,400 | 19,771 | 15,964 | 20,217 | 18,039 | 92,350 | 92,400 | 20,611 | 16,714 | 21,207 | 18,789 |
| 86,400 | 86,450 | 18,945 | 15,226 | 19,289 | 17,301 | 89,400 | 89,450 | 19,785 | 15,976 | 20,233 | 18,051 | 92,400 | 92,450 | 20,625 | 16,726 | 21,223 | 18,801 |
| 86,450 | 86,500 | 18,959 | 15,239 | 19,303 | 17,314 | 89,450 | 89,500 | 19,799 | 15,989 | 20,250 | 18,064 | 92,450 | 92,500 | 20,639 | 16,739 | 21,240 | 18,814 |
| 86,500 | 86,550 | 18,973 | 15,251 | 19,317 | 17,326 | 89,500 | 89,550 | 19,813 | 16,001 | 20,266 | 18,076 | 92,500 | 92,550 | 20,653 | 16,751 | 21,256 | 18,826 |
| 86,550 | 86,600 | 18,987 | 15,264 | 19,331 | 17,339 | 89,550 | 89,600 | 19,827 | 16,014 | 20,283 | 18,089 | 92,550 | 92,600 | 20,667 | 16,764 | 21,273 | 18,839 |
| 86,600 | 86,650 | 19,001 | 15,276 | 19,345 | 17,351 | 89,600 | 89,650 | 19,841 | 16,026 | 20,299 | 18,101 | 92,600 | 92,650 | 20,681 | 16,776 | 21,289 | 18,851 |
| 86,650 | 86,700 | 19,015 | 15,289 | 19,359 | 17,364 | 89,650 | 89,700 | 19,855 | 16,039 | 20,316 | 18,114 | 92,650 | 92,700 | 20,695 | 16,789 | 21,306 | 18,864 |
| 86,700 | 86,750 | 19,029 | 15,301 | 19,373 | 17,376 | 89,700 | 89,750 | 19,869 | 16,051 | 20,332 | 18,126 | 92,700 | 92,750 | 20,709 | 16,801 | 21,322 | 18,876 |
| 86,750 | 86,800 | 19,043 | 15,314 | 19,387 | 17,389 | 89,750 | 89,800 | 19,883 | 16,064 | 20,349 | 18,139 | 92,750 | 92,800 | 20,723 | 16,814 | 21,339 | 18,889 |
| 86,800 | 86,850 | 19,057 | 15,326 | 19,401 | 17,401 | 89,800 | 89,850 | 19,897 | 16,076 | 20,365 | 18,151 | 92,800 | 92,850 | 20,737 | 16,826 | 21,355 | 18,901 |
| 86,850 | 86,900 | 19,071 | 15,339 | 19,415 | 17,414 | 89,850 | 89,900 | 19,911 | 16,089 | 20,382 | 18,164 | 92,850 | 92,900 | 20,751 | 16,839 | 21,372 | 18,914 |
| 86,900 | 86,950 | 19,085 | 15,351 | 19,429 | 17,426 | 89,900 | 89,950 | 19,925 | 16,101 | 20,398 | 18,176 | 92,900 | 92,950 | 20,765 | 16,851 | 21,388 | 18,926 |
| 86,950 | 87,000 | 19,099 | 15,364 | 19,443 | 17,439 | 89,950 | 90,000 | 19,939 | 16,114 | 20,415 | 18,189 | 92,950 | 93,000 | 20,779 | 16,864 | 21,405 | 18,939 |
| 87,000 |  |  |  |  |  | 90,000 |  |  |  |  |  | 93,000 |  |  |  |  |  |
| 87,000 | 87,050 | 19,113 | 15,376 | 19,457 | 17,451 | 90,000 | 90,050 | 19,953 | 16,126 | 20,431 | 18,201 | 93,000 | 93,050 | 20,793 | 16,876 | 21,421 | 18,951 |
| 87,050 | 87,100 | 19,127 | 15,389 | 19,471 | 17,464 | 90,050 | 90,100 | 19,967 | 16,139 | 20,448 | 18,214 | 93,050 | 93,100 | 20,807 | 16,889 | 21,438 | 18,964 |
| 87,100 | 87,150 | 19,141 | 15,401 | 19,485 | 17,476 | 90,100 | 90,150 | 19,981 | 16,151 | 20,464 | 18,226 | 93,100 | 93,150 | 20,821 | 16,901 | 21,454 | 18,976 |
| 87,150 | 87,200 | 19,155 | 15,414 | 19,499 | 17,489 | 90,150 | 90,200 | 19,995 | 16,164 | 20,481 | 18,239 | 93,150 | 93,200 | 20,835 | 16,914 | 21,471 | 18,989 |
| 87,200 | 87,250 | 19,169 | 15,426 | 19,513 | 17,501 | 90,200 | 90,250 | 20,009 | 16,176 | 20,497 | 18,251 | 93,200 | 93,250 | 20,849 | 16,926 | 21,487 | 19,001 |
| 87,250 | 87,300 | 19,183 | 15,439 | 19,527 | 17,514 | 90,250 | 90,300 | 20,023 | 16,189 | 20,514 | 18,264 | 93,250 | 93,300 | 20,863 | 16,939 | 21,504 | 19,014 |
| 87,300 | 87,350 | 19,197 | 15,451 | 19,541 | 17,526 | 90,300 | 90,350 | 20,037 | 16,201 | 20,530 | 18,276 | 93,300 | 93,350 | 20,877 | 16,951 | 21,520 | 19,026 |
| 87,350 | 87,400 | 19,211 | 15,464 | 19,557 | 17,539 | 90,350 | 90,400 | 20,051 | 16,214 | 20,547 | 18,289 | 93,350 | 93,400 | 20,891 | 16,964 | 21,537 | 19,039 |
| 87,400 | 87,450 | 19,225 | 15,476 | 19,573 | 17,551 | 90,400 | 90,450 | 20,065 | 16,226 | 20,563 | 18,301 | 93,400 | 93,450 | 20,905 | 16,976 | 21,553 | 19,051 |
| 87,450 | 87,500 | 19,239 | 15,489 | 19,590 | 17,564 | 90,450 | 90,500 | 20,079 | 16,239 | 20,580 | 18,314 | 93,450 | 93,500 | 20,919 | 16,989 | 21,570 | 19,064 |
| 87,500 | 87,550 | 19,253 | 15,501 | 19,606 | 17,576 | 90,500 | 90,550 | 20,093 | 16,251 | 20,596 | 18,326 | 93,500 | 93,550 | 20,933 | 17,001 | 21,586 | 19,076 |
| 87,550 | 87,600 | 19,267 | 15,514 | 19,623 | 17,589 | 90,550 | 90,600 | 20,107 | 16,264 | 20,613 | 18,339 | 93,550 | 93,600 | 20,947 | 17,014 | 21,603 | 19,089 |
| 87,600 | 87,650 | 19,281 | 15,526 | 19,639 | 17,601 | 90,600 | 90,650 | 20,121 | 16,276 | 20,629 | 18,351 | 93,600 | 93,650 | 20,961 | 17,026 | 21,619 | 19,101 |
| 87,650 | 87,700 | 19,295 | 15,539 | 19,656 | 17,614 | 90,650 | 90,700 | 20,135 | 16,289 | 20,646 | 18,364 | 93,650 | 93,700 | 20,975 | 17,039 | 21,636 | 19,114 |
| 87,700 | 87,750 | 19,309 | 15,551 | 19,672 | 17,626 | 90,700 | 90,750 | 20,149 | 16,301 | 20,662 | 18,376 | 93,700 | 93,750 | 20,989 | 17,051 | 21,652 | 19,126 |
| 87,750 | 87,800 | 19,323 | 15,564 | 19,689 | 17,639 | 90,750 | 90,800 | 20,163 | 16,314 | 20,679 | 18,389 | 93,750 | 93,800 | 21,003 | 17,064 | 21,669 | 19,139 |
| 87,800 | 87,850 | 19,337 | 15,576 | 19,705 | 17,651 | 90,800 | 90,850 | 20,177 | 16,326 | 20,695 | 18,401 | 93,800 | 93,850 | 21,017 | 17,076 | 21,685 | 19,151 |
| 87,850 | 87,900 | 19,351 | 15,589 | 19,722 | 17,664 | 90,850 | 90,900 | 20,191 | 16,339 | 20,712 | 18,414 | 93,850 | 93,900 | 21,031 | 17,089 | 21,702 | 19,164 |
| 87,900 | 87,950 | 19,365 | 15,601 | 19,738 | 17,676 | 90,900 | 90,950 | 20,205 | 16,351 | 20,728 | 18,426 | 93,900 | 93,950 | 21,045 | 17,101 | 21,718 | 19,176 |
| 87,950 | 88,000 | 19,379 | 15,614 | 19,755 | 17,689 | 90,950 | 91,000 | 20,219 | 16,364 | 20,745 | 18,439 | 93,950 | 94,000 | 21,059 | 17,114 | 21,735 | 19,189 |
| 88,000 |  |  |  |  |  | 91,000 |  |  |  |  |  | 94,000 |  |  |  |  |  |
| 88,000 | 88,050 | 19,393 | 15,626 | 19,771 | 17,701 | 91,000 | 91,050 | 20,233 | 16,376 | 20,761 | 18,451 | 94,000 | 94,050 | 21,073 | 17,126 | 21,751 | 19,201 |
| 88,050 | 88,100 | 19,407 | 15,639 | 19,788 | 17,714 | 91,050 | 91,100 | 20,247 | 16,389 | 20,778 | 18,464 | 94,050 | 94,100 | 21,087 | 17,139 | 21,768 | 19,214 |
| 88,100 | 88,150 | 19,421 | 15,651 | 19,804 | 17,726 | 91,100 | 91,150 | 20,261 | 16,401 | 20,794 | 18,476 | 94,100 | 94,150 | 21,101 | 17,151 | 21,784 | 19,226 |
| 88,150 | 88,200 | 19,435 | 15,664 | 19,821 | 17,739 | 91,150 | 91,200 | 20,275 | 16,414 | 20,811 | 18,489 | 94,150 | 94,200 | 21,115 | 17,164 | 21,801 | 19,239 |
| 88,200 | 88,250 | 19,449 | 15,676 | 19,837 | 17,751 | 91,200 | 91,250 | 20,289 | 16,426 | 20,827 | 18,501 | 94,200 | 94,250 | 21,129 | 17,176 | 21,817 | 19,251 |
| 88,250 | 88,300 | 19,463 | 15,689 | 19,854 | 17,764 | 91,250 | 91,300 | 20,303 | 16,439 | 20,844 | 18,514 | 94,250 | 94,300 | 21,143 | 17,189 | 21,834 | 19,264 |
| 88,300 | 88,350 | 19,477 | 15,701 | 19,870 | 17,776 | 91,300 | 91,350 | 20,317 | 16,451 | 20,860 | 18,526 | 94,300 | 94,350 | 21,157 | 17,201 | 21,850 | 19,276 |
| 88,350 | 88,400 | 19,491 | 15,714 | 19,887 | 17,789 | 91,350 | 91,400 | 20,331 | 16,464 | 20,877 | 18,539 | 94,350 | 94,400 | 21,171 | 17,214 | 21,867 | 19,289 |
| 88,400 | 88,450 | 19,505 | 15,726 | 19,903 | 17,801 | 91,400 | 91,450 | 20,345 | 16,476 | 20,893 | 18,551 | 94,400 | 94,450 | 21,185 | 17,226 | 21,883 | 19,301 |
| 88,450 | 88,500 | 19,519 | 15,739 | 19,920 | 17,814 | 91,450 | 91,500 | 20,359 | 16,489 | 20,910 | 18,564 | 94,450 | 94,500 | 21,199 | 17,239 | 21,900 | 19,314 |
| 88,500 | 88,550 | 19,533 | 15,751 | 19,936 | 17,826 | 91,500 | 91,550 | 20,373 | 16,501 | 20,926 | 18,576 | 94,500 | 94,550 | 21,213 | 17,251 | 21,916 | 19,326 |
| 88,550 | 88,600 | 19,547 | 15,764 | 19,953 | 17,839 | 91,550 | 91,600 | 20,387 | 16,514 | 20,943 | 18,589 | 94,550 | 94,600 | 21,227 | 17,264 | 21,933 | 19,339 |
| 88,600 | 88,650 | 19,561 | 15,776 | 19,969 | 17,851 | 91,600 | 91,650 | 20,401 | 16,526 | 20,959 | 18,601 | 94,600 | 94,650 | 21,241 | 17,276 | 21,949 | 19,351 |
| 88,650 | 88,700 | 19,575 | 15,789 | 19,986 | 17,864 | 91,650 | 91,700 | 20,415 | 16,539 | 20,976 | 18,614 | 94,650 | 94,700 | 21,255 | 17,289 | 21,966 | 19,364 |
| 88,700 | 88,750 | 19,589 | 15,801 | 20,002 | 17,876 | 91,700 | 91,750 | 20,429 | 16,551 | 20,992 | 18,626 | 94,700 | 94,750 | 21,269 | 17,301 | 21,982 | 19,376 |
| 88,750 | 88,800 | 19,603 | 15,814 | 20,019 | 17,889 | 91,750 | 91,800 | 20,443 | 16,564 | 21,009 | 18,639 | 94,750 | 94,800 | 21,283 | 17,314 | 21,999 | 19,389 |
| 88,800 | 88,850 | 19,617 | 15,826 | 20,035 | 17,901 | 91,800 | 91,850 | 20,457 | 16,576 | 21,025 | 18,651 | 94,800 | 94,850 | 21,297 | 17,326 | 22,015 | 19,401 |
| 88,850 | 88,900 | 19,631 | 15,839 | 20,052 | 17,914 | 91,850 | 91,900 | 20,471 | 16,589 | 21,042 | 18,664 | 94,850 | 94,900 | 21,311 | 17,339 | 22,032 | 19,414 |
| 88,900 | 88,950 | 19,645 | 15,851 | 20,068 | 17,926 | 91,900 | 91,950 | 20,485 | 16,601 | 21,058 | 18,676 | 94,900 | 94,950 | 21,325 | 17,351 | 22,048 | 19,426 |
| 88,950 | 89,000 | 19,659 | 15,864 | 20,085 | 17,939 | 91,950 | 92,000 | 20,499 | 16,614 | 21,075 | 18,689 | 94,950 | 95,000 | 21,339 | 17,364 | 22,065 | 19,439 |
| * This column must also be used by a qualifying widow(er). |  |  |  |  |  |  |  |  |  |  |  | (Continued on page 73) |  |  |  |  |  |

2003 Tax Table-Continued


Schedule X—Use if your filing status is Single

| If the amount on Form 1040, line 40, is: <br> Over- | But not over- | Enter on Form 1040, line 41 | of the amount over- |
| :---: | :---: | :---: | :---: |
| \$0 | \$7,000 | 10\% | \$0 |
| 7,000 | 28,400 | \$700.00 + 15\% | 7,000 |
| 28,400 | 68,800 | 3,910.00 + 25\% | 28,400 |
| 68,800 | 143,500 | 14,010.00 + 28\% | 68,800 |
| 143,500 | 311,950 | 34,926.00 + 33\% | 143,500 |
| 311,950 |  | 90,514.50 + 35\% | 311,950 |

Schedule Y-1—Use if your filing status is Married filing jointly or Qualifying widow(er)

| If the amount on Form 1040, line 40, is: Over- | But not over- | Enter on Form 1040, line 41 | of the amount over- |
| :---: | :---: | :---: | :---: |
| \$0 | \$14,000 | .... 10\% | \$0 |
| 14,000 | 56,800 | \$1,400.00 + 15\% | 14,000 |
| 56,800 | 114,650 | 7,820.00 + 25\% | 56,800 |
| 114,650 | 174,700 | 22,282.50 + 28\% | 114,650 |
| 174,700 | 311,950 | 39,096.50 + 33\% | 174,700 |
| 311,950 | -....... | 84,389.00 + 35\% | 311,950 |

Schedule Y-2—Use if your filing status is Married filing separately

| If the amount on Form 1040, line 40, is: <br> Over- | But not over- | Enter on Form 1040, line 41 | of the amount over- |
| :---: | :---: | :---: | :---: |
| \$0 | \$7,000 | .... 10\% | \$0 |
| 7,000 | 28,400 | \$700.00 + 15\% | 7,000 |
| 28,400 | 57,325 | 3,910.00 + 25\% | 28,400 |
| 57,325 | 87,350 | 11,141.25 + 28\% | 57,325 |
| 87,350 | 155,975 | 19,548.25 + 33\% | 87,350 |
| 155,975 | --.... | 42,194.50 + 35\% | 155,975 |

Schedule Z—Use if your filing status is Head of household

| If the amount on Form 1040, line 40, is: <br> Over- | But not over- | Enter on Form 1040, line 41 | of the amount over- |
| :---: | :---: | :---: | :---: |
| \$0 | \$10,000 | 10\% | \$0 |
| 10,000 | 38,050 | \$1,000.00 + 15\% | 10,000 |
| 38,050 | 98,250 | 5,207.50 + 25\% | 38,050 |
| 98,250 | 159,100 | 20,257.50 + 28\% | 98,250 |
| 159,100 | 311,950 | 37,295.50 + 33\% | 159,100 |
| 311,950 |  | 87,736.00 + 35\% | 311,950 |

## 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 Internet or fax, see page 7

## How To Use the Order Blank

Circle the items you need on the order blank below. Use the blank space 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 |

## Order Blank

Fill in your name and address.

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

|  |  |  |
| :--- | :--- | :--- |
| Name |  |  |
| Postal mere mailing address | State | Apt./Suite/Room |
| City | 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.

| 1040 | Schedule F (1040) | Schedule 3 <br> (1040A) | 2441 | 8582 | Pub. 17 | Pub. 525 | Pub. 596 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Schedules A\&B <br> (1040) | Schedule H (1040) | 1040EZ | 3903 | 8606 | Pub. 334 | Pub. 527 | Pub. 910 |
| Schedule C (1040) | Schedule J (1040) | $\begin{gathered} \text { 1040-ES } \\ (2004) \end{gathered}$ | 4506 | 8812 | Pub. 463 | Pub. 529 | Pub. 926 |
| $\begin{gathered} \text { Schedule } \\ \text { C-EZ (1040) } \end{gathered}$ | Schedule R <br> (1040) | 1040-V | 4562 | 8822 | Pub. 501 | Pub. 535 | Pub. 929 |
| Schedule D <br> (1040) | Schedule SE <br> (1040) | 1040X | 4868 | 8829 | Pub. 502 | Pub. 550 | Pub. 936 |
| Schedule D-1 <br> (1040) | 1040A | 2106 | 5329 | 8863 | Pub. 505 | Pub. 554 | Pub. 970 |
| Schedule E (1040) | Schedule 1 (1040A) | 2106-EZ | 8283 | 9465 | Pub. 521 | Pub. 575 | Pub. 972 |
| Schedule EIC (1040A or 1040) | Schedule 2 <br> (1040A) | 2210 | 8379 | Pub. 1 | Pub. 523 | Pub. 590 |  |

## Major Categories of Federal Income and Outlays for Fiscal Year 2002



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 2002 (which began on October 1, 2001, and ended on September 30, 2002), Federal income was $\$ 1.9$ trillion and outlays were $\$ 2.1$ trillion, leaving a deficit of $\$ 0.2$ trillion.

## 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 $17 \%$ 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 $14 \%$ of total outlays were for Medicaid, food stamps, temporary assistance for needy families, supplemental security income, and related programs; and 7\% for health research and public health programs, unemployment compensation, assisted housing, and social services.
[^3]
## Disclosure, Privacy Act, and Paperwork Reduction Act Notice

The IRS Restructuring and Reform Act of 1998, the Privacy Act of 1974, and the 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 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. We may also disclose this information to other countries under a tax treaty, or to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

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 email us at *taxforms@irs.gov. Please put "Forms Comment" on the subject line. Or you can write to the Tax Products Coordinating 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 ., 51 min . | $6 \mathrm{hr} ., 18 \mathrm{~min}$. | 34 min . | $13 \mathrm{hr} ., 29 \mathrm{~min}$. |
| Sch. A | 3 hr ., 4 min . | 39 min . | $1 \mathrm{hr} ., 34 \mathrm{~min}$. | 20 min . | $5 \mathrm{hr} ., 37 \mathrm{~min}$. |
| Sch. B | 33 min . | 8 min . | 25 min . | 20 min . | 1 hr ., 26 min . |
| Sch. C | 6 hr ., 4 min . | $1 \mathrm{hr} ., 51 \mathrm{~min}$. | $2 \mathrm{hr} ., 19 \mathrm{~min}$. | 41 min . | $10 \mathrm{hr} ., 55 \mathrm{~min}$. |
| Sch. C-EZ | 45 min . | 3 min . | 35 min . | 20 min . | 1 hr ., 43 min . |
| Sch. D | 1 hr ., 29 min . | $2 \mathrm{hr} ., 47 \mathrm{~min}$. | $3 \mathrm{hr} ., 8 \mathrm{~min}$. | 34 min . | 7 hr ., 58 min . |
| Sch. D-1 | 13 min . | 1 min . | 13 min . | 34 min . | $1 \mathrm{hr} ., 1 \mathrm{~min}$. |
| Sch. E | 3 hr . | $1 \mathrm{hr} ., 13 \mathrm{~min}$. | $1 \mathrm{hr} ., 27 \mathrm{~min}$. | 34 min . | $6 \mathrm{hr} ., 14 \mathrm{~min}$. |
| Sch. EIC | ---- | 1 min . | 13 min . | 20 min . | 34 min . |
| Sch. F: |  |  |  |  |  |
| Cash Method | $3 \mathrm{hr} ., 29 \mathrm{~min}$. | 36 min . | $1 \mathrm{hr} ., 27 \mathrm{~min}$. | 20 min . | $5 \mathrm{hr} ., 52 \mathrm{~min}$. |
| Accrual Method | 3 hr ., 36 min . | 26 min . | $1 \mathrm{hr} ., 25 \mathrm{~min}$. | 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 . | 13 min . | 2 hr ., 1 min . | 20 min . | 2 hr ., 53 min . |
| Sch. R | 19 min . | 15 min . | 29 min . | 34 min . | $1 \mathrm{hr} ., 37 \mathrm{~min}$. |
| Sch. SE: |  |  |  |  |  |
| Short | 13 min . | 14 min . | 13 min . | 13 min . | 53 min . |
| Long | 26 min . | 20 min . | 35 min . | 20 min . | $1 \mathrm{hr} ., 41 \mathrm{~min}$. |

# 2003 Instructions for Schedules A \& B (Form 1040) 

# Instructions for Schedule A, Itemized Deductions 

Use Schedule A (Form 1040) to figure your itemized deductions. In most cases, your Federal income tax will be less if you take the larger of your itemized deductions or your standard deduction.

If you itemize, you may deduct a part of your medical and dental expenses and unreimbursed employee business expenses, and amounts you paid for certain taxes, interest, contributions, and miscellaneous expenses. You may also deduct certain casualty and theft losses.

Do not include on Schedule A items deducted elsewhere, such as on Form 1040 or Schedule C, C-EZ, E, or F.


You cannot deduct insurance premiums paid with pretax dollars because the premiums are not included in box 1 of your Form(s) W-2.

- Prescription medicines or insulin.
- Acupuncturists, chiropractors, dentists, eye doctors, medical doctors, occupational therapists, osteopathic doctors, physical therapists, podiatrists, psychiatrists, psychoanalysts (medical care only), and psychologists.
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths your doctor ordered.
- Nursing help (including your share of the employment taxes paid). If you paid someone to do both nursing and housework, you may deduct only the cost of the nursing help.
- Hospital care (including meals and lodging), clinic costs, and lab fees.
- Qualified long-term care services (see Pub. 502).
- The supplemental part of Medicare insurance (Medicare B).
- A program to stop smoking and for prescription medicines to alleviate nicotine withdrawal.
- A weight-loss program as treatment for a specific disease (including obesity) diagnosed by a doctor.
- Medical treatment at a center for drug or alcohol addiction.
- Medical aids such as eyeglasses, contact lenses, hearing aids, braces, crutches, wheelchairs, and guide dogs, including the cost of maintaining them.
- Surgery to improve defective vision, such as laser eye surgery or radial keratotomy.
- Lodging expenses (but not meals) while away from home to receive medical care in a hospital or a medical care facility related to a hospital, provided there was no significant element of personal pleasure, recreation, or vacation in the travel. Do not deduct more than $\$ 50$ a night for each eligible person.
- Ambulance service and other travel costs to get medical care. If you used your own car, you may claim what you spent for gas and oil to go to and from the place you received the care; or you may claim 12 cents a mile. Add parking and tolls to the amount you claim under either method.

Note. Certain medical expenses paid out of a deceased taxpayer's estate may be claimed on the deceased taxpayer's final return. See Pub. 502 for details.

Limit on Long-Term Care Premiums You May Deduct. The amount you may deduct for qualified long-term care contracts (as defined in Pub. 502) depends on the age, at the end of 2003, of the person for whom the premiums were paid. See the following chart for details.

| IF the person <br> was, at the end <br> of 2003, age $\ldots$ | THEN the most <br> you may deduct <br> is $\ldots$ |
| :--- | :---: |
| 40 or under | $\$ 250$ |
| $41-50$ | $\$ 470$ |
| $51-60$ | $\$ 940$ |
| $61-70$ | $\$ 2,510$ |
| 71 or older | $\$ 3,130$ |

## Examples of Medical and Dental Payments You May Not Deduct

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

If you were 65 or older but not entitled to social security benefits, you may deduct premiums you voluntarily paid for Medicare A coverage.

- The cost of diet food.
- Cosmetic surgery unless it was necessary to improve a deformity related to a congenital abnormality, an injury from an accident or trauma, or a disfiguring disease.
- Life insurance or income protection policies.
- The Medicare tax on your wages and tips or the Medicare tax paid as part of the self-employment tax or household employment taxes.
- Nursing care for a healthy baby. But you may be able to take a credit for the amount you paid. See the instructions for Form 1040, line 45.
- Illegal operations or drugs.
- Nonprescription medicines (including nicotine gum and certain nicotine patches).
- Travel your doctor told you to take for rest or a change.
- Funeral, burial, or cremation costs.


## Line 1

## Medical and Dental Expenses

Enter the total of your medical and dental expenses (see page A-1), after you reduce these expenses by any payments received from insurance or other sources. See Reimbursements below.

(10)Do not forget to include insurance premiums you paid for medical and dental care. But if you claimed the self-employed health insurance deduction on Form 1040, line 29 , reduce the premiums by the amount on line 29.

Note. If, during 2003, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation pension recipient, you must complete Form 8885 before completing Schedule A, line 1. When figuring the amount of insurance premiums you can deduct on Schedule A, do not include any health coverage tax credit advance payments shown in box 1 of Form 1099-H. Also, subtract the amount shown on line 4 of Form 8885 (reduced by any advance payments shown on line 6 of that form) from the total insurance premiums you paid.

Whose Medical and Dental Expenses Can You Include? You may include medical and dental bills you paid for:

- Yourself and your spouse.
- All dependents you claim on your return.
- Your child whom you do not claim as a dependent because of the rules explained in Pub. 501 for children of divorced or separated parents.
- Any person you could have claimed as a dependent on your return if that person had not received $\$ 3,050$ or more of gross income or had not filed a joint return.

Example. You provided over half of your mother's support but may not claim her as a dependent because she received wages of $\$ 3,050$ in 2003. You may include on line 1 any medical and dental expenses you paid in 2003 for your mother.
Reimbursements. If your insurance company paid the provider directly for part of your expenses, and you paid only the amount that remained, include on line 1 only the amount you paid. If you received a reimbursement in 2003 for medical or dental expenses you paid in 2003, reduce your 2003 expenses by this amount. If you received a reimbursement in 2003 for prior year medical or dental expenses, do not reduce your 2003 expenses by this amount. But if you deducted the expenses in the earlier year and the deduction reduced your tax, you must include the reimbursement in income on Form 1040, line 21. See Pub. 502 for details on how to figure the amount to include.
Cafeteria Plans. Do not include on line 1 insurance premiums paid by an employer-sponsored health insurance plan (cafeteria plan) unless the premiums are included in box 1 of your Form(s) W-2. Also, do not include any other medical and dental expenses paid by the plan unless the amount paid is included in box 1 of your Form(s) W-2.

## Taxes You Paid

## Taxes You May Not Deduct

- Federal income and excise taxes.
- Social security, Medicare, Federal unemployment (FUTA), and railroad retirement (RRTA) taxes.
- Customs duties.
- Federal estate and gift taxes. But see the instructions for line 27 on page A-6.
- Certain state and local taxes, including: general sales tax, tax on gasoline, car inspection fees, assessments for sidewalks or other improvements to your property, tax you paid for someone else, and license fees (marriage, driver's, dog, etc.).


## Line 5 <br> State and Local Income Taxes

Include on this line the state and local income taxes listed below.

- State and local income taxes withheld from your salary during 2003. Your Form(s) W-2 will show these amounts. Forms W-2G, 1099-G, 1099-R, and 1099-MISC may also show state and local income taxes withheld.
- State and local income taxes paid in 2003 for a prior year, such as taxes paid with your 2002 state or local income tax return. Do not include penalties or interest.
- State and local estimated tax payments made during 2003, including any part of a prior year refund that you chose to have credited to your 2003 state or local income taxes.
- Mandatory contributions you made to the California, New Jersey, or New York Nonoccupational Disability Benefit Fund, Rhode Island Temporary Disability Benefit Fund, or Washington State Supplemental Workmen's Compensation Fund.

Do not reduce your deduction by any:

- State or local income tax refund or credit you expect to receive for 2003 or
- Refund of, or credit for, prior year state and local income taxes you actually received in 2003. Instead, see the instructions for Form 1040, line 10.


## Line 6

## Real Estate Taxes

Include taxes (state, local, or foreign) you paid on real estate you own that was not used for business, but only if the taxes are based on the assessed value of the property. Also, the assessment must be made uniformly on property throughout the community, and the proceeds must be used for general community or governmental purposes. Pub. 530 explains the deductions homeowners may take.

Do not include the following amounts on line 6.

- Itemized charges for services to specific property or persons (for example, a $\$ 20$ monthly charge per house for trash collection, a $\$ 5$ charge for every 1,000 gallons of water consumed, or a flat charge for mowing a lawn that had grown higher than permitted under a local ordinance).
- Charges for improvements that tend to increase the value of your property (for example, an assessment to build a new sidewalk). The cost of a property improvement is added to the basis of the property. However, a charge is deductible if it is used only to maintain an existing public facility in service (for example, a charge to repair an
existing sidewalk, and any interest included in that charge).

If your mortgage payments include your real estate taxes, you may deduct only the amount the mortgage company actually paid to the taxing authority in 2003.

If you sold your home in 2003, any real estate tax charged to the buyer should be shown on your settlement statement and in box 5 of any Form 1099-S you received. This amount is considered a refund of real estate taxes. See Refunds and Rebates below. Any real estate taxes you paid at closing should be shown on your settlement statement.
Refunds and Rebates. If you received a refund or rebate in 2003 of real estate taxes you paid in 2003, reduce your deduction by the amount of the refund or rebate. If you received a refund or rebate in 2003 of real estate taxes you paid in an earlier year, do not reduce your deduction by this amount. Instead, you must include the refund or rebate in income on Form 1040, line 21, if you deducted the real estate taxes in the earlier year and the deduction reduced your tax. See Recoveries in Pub. 525 for details on how to figure the amount to include in income.

## Line 7

## Personal Property Taxes

Enter personal property tax you paid, but only if it is based on value alone and it is charged on a yearly basis.

Example. You paid a yearly fee for the registration of your car. Part of the fee was based on the car's value and part was based on its weight. You may deduct only the part of the fee that was based on the car's value.

## Line 8

## Other Taxes

If you had any deductible tax not listed on line 5,6 , or 7 , list the type and amount of tax. Enter only one total on line 8. Include on this line income tax you paid to a foreign country or U.S. possession.

You may want to take a credit for the foreign tax instead of a deduction. See the instructions for Form 1040, line 44, for de-
tails.

## Interest You Paid

Whether your interest expense is treated as investment interest, personal interest, or business interest depends on how and when you used the loan proceeds. See Pub. 535 for details.

In general, if you paid interest in 2003 that applies to any period after 2003, you may deduct only amounts that apply for 2003.

## Lines 10 and 11 Home Mortgage Interest

A home mortgage is any loan that is secured by your main home or second home. It includes first and second mortgages, home equity loans, and refinanced mortgages.

A home may be a house, condominium, cooperative, mobile home, boat, or similar property. It must provide basic living accommodations including sleeping space, toilet, and cooking facilities.
Limit on Home Mortgage Interest. If you took out any mortgages after October 13, 1987, your deduction may be limited. Any additional amounts borrowed after October 13, 1987, on a line-of-credit mortgage you had on that date are treated as a mortgage taken out after October 13, 1987. If you refinanced a mortgage you had on October 13, 1987, treat the new mortgage as taken out on or before October 13, 1987. But if you refinanced for more than the balance of the old mortgage, treat the excess as a mortgage taken out after October 13, 1987.

See Pub. 936 to figure your deduction if either 1 or 2 below applies. If you had more than one home at the same time, the dollar amounts in $\mathbf{1}$ and $\mathbf{2}$ apply to the total mortgages on both homes.

1. You took out any mortgages after October 13, 1987, and used the proceeds for purposes other than to buy, build, or improve your home, and all of these mortgages totaled over $\$ 100,000$ at any time during 2003. The limit is $\$ 50,000$ if married filing separately. An example of this type of mortgage is a home equity loan used to pay off credit card bills, buy a car, or pay tuition.
2. You took out any mortgages after October 13, 1987, and used the proceeds to buy, build, or improve your home, and these mortgages plus any mortgages you took out on or before October 13, 1987, totaled over $\$ 1$ million at any time during 2003. The limit is $\$ 500,000$ if married filing separately.


If the total amount of all mortgages is more than the fair market value of the home, additional limits apply. See

## Pub. 936.

## Line 10

Enter on line 10 mortgage interest and points reported to you on Form 1098. If this form shows any refund of overpaid interest, do not reduce your deduction by the refund. Instead, see the instructions for Form 1040, line 21.

If you paid more interest to the recipient than is shown on Form 1098, see Pub. 936 to find out if you can deduct the additional interest. If you can, attach a statement explaining the difference and enter "See attached" to the right of line 10 .

Note. If you are claiming the mortgage interest credit (see the instructions for Form 1040, line 51), subtract the amount shown on line 3 of Form 8396 from the total deductible interest you paid on your home mortgage. Enter the result on line 10.

## Line 11

If you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 11.

If you bought your home from the recipient, be sure to show that recipient's name, identifying no., and address on the dotted lines next to line 11. If the recipient is an individual, the identifying no. is his or her social security number (SSN). Otherwise, it is the employer identification number. You must also let the recipient know your SSN. If you do not show the required information about the recipient or let the recipient know your SSN, you may have to pay a $\$ 50$ penalty.

If you and at least one other person (other than your spouse if filing jointly) were liable for and paid interest on the mortgage, and the other person received the Form 1098, attach a statement to your return showing the name and address of that person. To the right of line 11, enter "See attached."

## Line 12

## Points Not Reported on Form 1098

Points are shown on your settlement statement. Points you paid only to borrow money are generally deductible over the life of the loan. See Pub. 936 to figure the amount you may deduct. Points paid for other purposes, such as for a lender's services, are not deductible.
Refinancing. Generally, you must deduct points you paid to refinance a mortgage over the life of the loan. This is true even if the new mortgage is secured by your main home.

If you used part of the proceeds to improve your main home, you may be able to deduct the part of the points related to the improvement in the year paid. See Pub. 936 for details.


If you paid off a mortgage early, deduct any remaining points in the year you paid off the mortgage.

## Line 13

## Investment Interest

Investment interest is interest paid on money you borrowed that is allocable to property held for investment. It does not include any interest allocable to passive activities or to securities that generate taxexempt income.

Complete and attach Form 4952 to figure your deduction.
Exception. You do not have to file Form 4952 if all three of the following apply.

1. Your investment interest expense is not more than your investment income from interest and ordinary dividends minus any qualified dividends.
2. You have no other deductible investment expenses.
3. You have no disallowed investment interest expense from 2002.

Note. Alaska Permanent Fund dividends, including those reported on Form 8814, are not investment income.

For more details, see Pub. 550.

## Gifts to Charity

You may deduct contributions or gifts you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You may also deduct what you gave to organizations that work to prevent cruelty to children or animals. Examples of these organizations are:

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

To verify an organization's charitable status, you can:

- Check with the organization to which you made the donation. The organization should be able to provide you with verification of its charitable status.
- See Pub. 78 for a list of most qualified organizations. You can access Pub. 78 on
the IRS website at www.irs.gov under Charities and Non-Profits.
- Call our Tax Exempt/Government Entities Customer Account Services at $\mathbf{1 - 8 7 7 - 8 2 9 - 5 5 0 0}$. Assistance is available Monday through Friday from 8:00 a.m. to 6:30 p.m. EST.


## Contributions You May Deduct

Contributions may be in cash (keep canceled checks, receipts, or other reliable written records showing the name of the organization and the date and amount given), property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described earlier. If you drove to and from the volunteer work, you may take $\mathbf{1 4}$ cents a mile or the actual cost of gas and oil. Add parking and tolls to the amount you claim under either method. But do not deduct any amounts that were repaid to you.
Gifts From Which You Benefit. If you made a gift and received a benefit in return, such as food, entertainment, or merchandise, you may generally only deduct the amount that is more than the value of the benefit. But this rule does not apply to certain membership benefits provided in return for an annual payment of $\$ 75$ or less. For details, see Pub. 526.

Example. You paid $\$ 70$ to a charitable organization to attend a fund-raising dinner and the value of the dinner was $\$ 40$. You may deduct only $\$ 30$.
Gifts of \$250 or More. You may deduct a gift of $\$ 250$ or more only if you have a statement from the charitable organization showing the information in $\mathbf{1}$ and $\mathbf{2}$ below.

In figuring whether a gift is $\$ 250$ or more, do not combine separate donations. For example, if you gave your church \$25 each week for a total of $\$ 1,300$, treat each $\$ 25$ payment as a separate gift. If you made donations through payroll deductions, treat each deduction from each paycheck as a separate gift. See Pub. 526 if you made a separate gift of $\$ 250$ or more through payroll deduction.

1. The amount of any money contributed and a description (but not value) of any property donated.
2. Whether the organization did or did not give you any goods or services in return for your contribution. If you did receive any goods or services, a description and estimate of the value must be included. If you received only intangible religious benefits (such as admission to a religious ceremony), the organization must state this, but it does not have to describe or value the benefit.

You must get the statement by the date you file your return or the due date (including extensions) for filing your return,
whichever is earlier. Do not attach the statement to your return. Instead, keep it for your records.

Limit on the Amount You May Deduct. See Pub. 526 to figure the amount of your deduction if any of the following apply.

- Your cash contributions or contributions of ordinary income property are more than $30 \%$ of the amount on Form 1040, line 35.
- Your gifts of capital gain property are more than $20 \%$ of the amount on Form 1040, line 35.
- You gave gifts of property that increased in value or gave gifts of the use of property.


## Contributions You May Not Deduct

- Travel expenses (including meals and lodging) while away from home, unless there was no significant element of personal pleasure, recreation, or vacation in the travel.
- Political contributions.
- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
- Cost of raffle, bingo, or lottery tickets. But you may be able to deduct these expenses on line 27. See page A-6 for details.
- Cost of tuition. But you may be able to deduct this expense on line 20 (see page A-5) or take a credit for this expense (see Form 8863).
- Value of your time or services.
- Value of blood given to a blood bank.
- The transfer of a future interest in tangible personal property (generally, until the entire interest has been transferred).
- Gifts to individuals and groups that are run for personal profit.
- Gifts to foreign organizations. But you may be able to deduct gifts to certain U.S. organizations that transfer funds to foreign charities and certain Canadian, Israeli, and Mexican charities. See Pub. 526 for details.
- Gifts to organizations engaged in certain political activities that are of direct financial interest to your trade or business. See Internal Revenue Code section 170(f)(9).
- Gifts to groups whose purpose is to lobby for changes in the laws.
- Gifts to civic leagues, social and sports clubs, labor unions, and chambers of commerce.
- Value of benefits received in connection with a contribution to a charitable organization. See Pub. 526 for exceptions.


## Line 15

## Gifts by Cash or Check

Enter the total contributions you made in cash or by check (including out-of-pocket expenses).

## Line 16 <br> Other Than by Cash or Check

Enter your contributions of property. If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale. For more details on determining the value of donated property, see Pub. 561.

If the amount of your deduction is more than $\$ 500$, you must complete and attach Form 8283. For this purpose, the "amount of your deduction" means your deduction before applying any income limits that could result in a carryover of contributions. If your total deduction is over $\$ 5,000$, you may also have to get appraisals of the values of the donated property. See Form 8283 and its instructions for details.

Recordkeeping. If you gave property, you should keep a receipt or written statement from the organization you gave the property to, or a reliable written record, that shows the organization's name and address, the date and location of the gift, and a description of the property. For each gift of property, you should also keep reliable written records that include:

- How you figured the property's value at the time you gave it. If the value was determined by an appraisal, keep a signed copy of the appraisal.
- The cost or other basis of the property if you must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.
- How you figured your deduction if you chose to reduce your deduction for gifts of capital gain property.
- Any conditions attached to the gift.

Note. If your total deduction for gifts of property is over $\$ 500$, you gave less than your entire interest in the property, or you made a "qualified conservation contribution," your records should contain additional information. See Pub. 526 for details.

## Line 17

Carryover From Prior Year
Enter any carryover of contributions that you could not deduct in an earlier year be-
cause they exceeded your adjusted gross income limit. See Pub. 526 for details.

## Casualty and Theft Losses

## Line 19

Complete and attach Form 4684 to figure the amount of your loss to enter on line 19.

You may be able to deduct part or all of each loss caused by theft, vandalism, fire, storm, or similar causes, and car, boat, and other accidents. You may also be able to deduct money you had in a financial institution but lost because of the insolvency or bankruptcy of the institution.

You may deduct nonbusiness casualty or theft losses only to the extent that-

- The amount of each separate casualty or theft loss is more than \$100 and
- The total amount of all losses during the year is more than $10 \%$ of the amount on Form 1040, line 35.

Special rules apply if you had both gains and losses from nonbusiness casualties or thefts. See Form 4684 and its instructions for details.

Use line 22 of Schedule A to deduct the costs of proving that you had a property loss. Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.

For information on Federal disaster area losses, see Pub. 547.

## Job Expenses and Most Other Miscellaneous Deductions

You may deduct only the part of these expenses that exceeds $2 \%$ of the amount on Form 1040, line 35.

Pub. 529 discusses the types of expenses that may and may not be deducted.

## Examples of Expenses You May Not Deduct

- Political contributions.
- Personal legal expenses.
- Lost or misplaced cash or property.
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Commuting expenses. See Pub. 529
for the definition of commuting.
- Travel expenses for employment away from home if that period of employment exceeds 1 year. See Pub. 529 for an exception for certain Federal employees.
- Travel as a form of education.
- Expenses of attending a seminar, convention, or similar meeting unless it is related to your employment.
- Club dues. See Pub. 529 for exceptions.
- Expenses of adopting a child. But you may be able to take a credit for adoption expenses. See Form $\mathbf{8 8 3 9}$ for details.
- Fines and penalties.
- Expenses of producing tax-exempt income.


## Line 20

## Unreimbursed Employee Expenses

Enter the total ordinary and necessary job expenses you paid for which you were not reimbursed. (Amounts your employer included in box 1 of your Form W-2 are not considered reimbursements.)

An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.

But you must fill in and attach Form 2106 if either 1 or 2 next applies.

1. You claim any travel, transportation, meal, or entertainment expenses for your job.
2. Your employer paid you for any of your job expenses reportable on line 20.


If you used your own vehicle and item 2 does not apply, you may be able to file Form 2106-EZ instead.
If you do not have to file Form 2106 or 2106-EZ, list the type and amount of each expense on the dotted lines next to line 20 . If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 20.


Do not include on line 20 any educator expenses you deducted on Form 1040, line 23.

Examples of other expenses to include on line 20 are:

- Safety equipment, small tools, and supplies needed for your job.
- Uniforms required by your employer that are not suitable for ordinary wear.
- Protective clothing required in your work, such as hard hats, safety shoes, and glasses.
- Physical examinations required by your employer.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and other costs to look for a new job in your present occupation, even if you do not get a new job.
- Certain business use of part of your home. For details, including limits that apply, use TeleTax topic 509 (see page 11 of
the Form 1040 instructions) or see Pub. 587.
- Certain educational expenses. For details, use TeleTax topic 513 (see page 11 of the Form 1040 instructions) or see Pub. 970. Reduce your educational expenses by any tuition and fees deduction you claimed on Form 1040, line 26.

You may be able to take a credit for your educational expenses instead of a deduction. See Form 8863 for details.

## Line 21

## Tax Preparation Fees

Enter the fees you paid for preparation of your tax return, including fees paid for filing your return electronically. If you paid your tax by credit card, do not include the convenience fee you were charged.

## Line 22 <br> Other Expenses

Enter the total amount you paid to produce or collect taxable income and manage or protect property held for earning income. But do not include any personal expenses. List the type and amount of each expense on the dotted lines next to line 22. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 22.

Examples of expenses to include on line 22 are:

- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (for example, trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on nonfederally insured deposits in an insolvent or bankrupt financial institution. For details, including limits that apply, see Pub. 529.
- Casualty and theft losses of property used in performing services as an employee from Form 4684, lines 32 and 38b, or Form 4797, line 18b(1).
- Deduction for repayment of amounts under a claim of right if $\$ 3,000$ or less.


## Other Miscellaneous Deductions

## Line 27

Only the expenses listed next can be deducted on this line. List the type and amount of each expense on the dotted lines next to line 27. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 27.

- Gambling losses, but only to the extent of gambling winnings reported on Form 1040, line 21.
- Casualty and theft losses of income-producing property from Form 4684, lines 32 and 38b, or Form 4797, line 18b(1).
- Federal estate tax on income in respect of a decedent.
- Amortizable bond premium on bonds acquired before October 23, 1986.
- Deduction for repayment of amounts under a claim of right if over $\$ 3,000$. See Pub. 525 for details.
- Certain unrecovered investment in a pension.
- Impairment-related work expenses of a disabled person.

For more details, see Pub. 529.

## Total Itemized Deductions

## Line 28

Use the worksheet below to figure the amount to enter on line 28 if the amount on Form 1040, line 35, is over $\$ 139,500$ ( $\$ 69,750$ if married filing separately).

## Itemized Deductions Worksheet-Line 28

1. Enter the total of the amounts from Schedule A, lines $4,9,14,18,19,26$, and 27
2. 
3. Enter the total of the amounts from Schedule A, lines 4,13 , and 19 , plus any gambling and casualty or theft losses included on line 27.
4. 

$\qquad$
$\qquad$

Be sure your total gambling and casualty or theft losses are clearly identified on the dotted lines next to line 27.
3. Is the amount on line 2 less than the amount on line 1 ?No. sTop Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 28.
Yes. Subtract line 2 from line 1
4.
4. Multiply line 3 by $80 \%$ (.80)
.
5.
5. Enter the amount from Form 1040, line 35
6. $\qquad$
7. Is the amount on line 6 less than the amount on line 5 ?
$\square$ No. STop Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 28.
Yes. Subtract line 6 from line 5
7.
8. Multiply line 7 by $3 \%$ (.03).

8 $\qquad$
9. Enter the smaller of line 4 or line 8
. $\square$
10. Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule A, line 28
10.

# Instructions for Schedule B, Interest and Ordinary Dividends 

Use Schedule B (Form 1040) if any of the following apply.

- You had over $\$ 1,500$ of taxable interest.
- Any of the Special Rules listed in the instructions for line 1 below apply to you.
- You are claiming the exclusion of interest from series EE or I U.S. savings bonds issued after 1989.
- You had over $\$ 1,500$ of ordinary dividends.
- You received ordinary dividends as a nominee.
- You (a) had a foreign account or (b) received a distribution from, or were a grantor of, or transferor to, a foreign trust. Part III of the schedule has questions about foreign accounts and trusts.

(10)You may list more than one payer on each entry space for lines 1 and 5, but be sure to clearly show the amount paid next to the payer's name. Add the separate amounts paid by the payers listed on an entry space and enter the total in the "Amount" column. If you still need more space, attach separate statements that are the same size as the printed schedule. Use the same format as lines 1 and 5 , but show your totals on Schedule B. Be sure to put your name and social security number (SSN) on the statements and attach them at the end of your return.

## Part I. Interest

## Line 1

## Interest

Report on line 1 all of your taxable interest. Interest should be shown on your Forms 1099-INT, Forms 1099-OID, or substitute statements. Include interest from series EE and I U.S. savings bonds. List each payer's name and show the amount.

## Special Rules

## Seller-Financed Mortgages

If you sold your home or other property and the buyer used the property as a personal residence, list first any interest the buyer paid you on a mortgage or other form of seller financing. Be sure to show the buyer's name, address, and SSN. You must also let the buyer know your SSN. If you do not show the buyer's name, address, and SSN, or let the buyer know your SSN, you may have to pay a $\$ 50$ penalty.

## Nominees

If you received a Form 1099-INT that includes interest you received as a nominee (that is, in your name, but the interest actually belongs to someone else), report the total on line 1. Do this even if you later distributed some or all of this income to others. Under your last entry on line 1 , put a subtotal of all interest listed on line 1. Below this subtotal, enter "Nominee Distribution" and show the total interest you received as a nominee. Subtract this
amount from the subtotal and enter the result on line 2 .

TIP If you received interest as a nominee, you must give the actual owner a Form 1099-INT unless the owner is your spouse. You must also file a Form 1096 and a Form 1099-INT with the IRS. For more details, see the General Instructions for Forms 1099, 1098, 5498, and W-2G and Instructions for Forms 1099-INT and 1099-OID.

## Accrued Interest

When you buy bonds between interest payment dates and pay accrued interest to the seller, this interest is taxable to the seller. If you received a Form 1099 for interest as a purchaser of a bond with accrued interest, follow the rules earlier under Nominees to see how to report the accrued interest on Schedule B. But identify the amount to be subtracted as "Accrued Interest."

## Tax-Exempt Interest

If you received a Form 1099-INT for tax-exempt interest, follow the rules earlier under Nominees to see how to report the interest on Schedule B. But identify the amount to be subtracted as "Tax-Exempt Interest."

## Original Issue Discount (OID)

If you are reporting OID in an amount less than the amount shown on Form 1099-OID, follow the rules earlier under Nominees to see how to report the OID on Schedule B. But identify the amount to be subtracted as "OID Adjustment."

## Amortizable Bond Premium

If you are reducing your interest income on a bond by the amount of amortizable bond premium, follow the rules earlier under Nominees to see how to report the interest on Schedule B. But identify the amount to be subtracted as "ABP Adjustment."

## Line 3 <br> Excludable Interest on Series EE and I U.S. Savings Bonds Issued After 1989

If, during 2003, you cashed series EE or I U.S. savings bonds issued after 1989 and you paid qualified higher education expenses for yourself, your spouse, or your dependents, you may be able to exclude part or all of the interest on those bonds. See Form 8815 for details.

## Part II. Ordinary Dividends

Note. You may have to file Form 5471 if, in 2003, you were an officer or director of a foreign corporation. You may also have to file Form 5471 if, in 2003, you owned $10 \%$ or more of the total (a) value of a foreign corporation's stock or (b) combined voting power of all classes of a foreign corporation's stock with voting rights. For details, see Form 5471 and its instructions.

## Line 5

## Ordinary Dividends

Report on line 5 all of your ordinary dividends. This amount should be shown in box 1a of your Forms 1099-DIV or substitute statements. List each payer's name and show the amount.

## Nominees

If you received a Form 1099-DIV that includes ordinary dividends you received as a nominee (that is, in your name, but the ordinary dividends actually belong to someone else), report the total on line 5. Do this even if you later distributed some or all of this income to others. Under your last entry on line 5 , put a subtotal of all ordinary dividends listed on line 5 . Below this subtotal, enter "Nominee Distribution" and show the total ordinary dividends you received as a nominee. Subtract this amount from the subtotal and enter the result on line 6.

If you received dividends as a nominee, you must give the actual owner a Form 1099-DIV unless the owner is your spouse. You must also file a Form 1096 and a Form 1099-DIV with the IRS. For more details, see the General Instructions for Forms 1099, 1098, 5498, and W-2G and Instructions for Form 1099-DIV.

## Part III. Foreign <br> Accounts and Trusts

## Lines 7a and 7b <br> Foreign Accounts

## Line 7a

Check the "Yes" box on line 7a if either 1 or $\mathbf{2}$ next applies.

1. You own more than $50 \%$ of the stock in any corporation that owns one or more foreign bank accounts.
2. At any time during the year you had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account).

Note. Item 2 does not apply to foreign securities held in a U.S. securities account.

Exceptions. Check the "No" box if any of the following applies to you.

- The combined value of the accounts was $\$ 10,000$ or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.
- You were an officer or employee of a commercial bank that is supervised by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation; the account was in your employer's name; and you did not have a personal financial interest in the account.
- You were an officer or employee of a domestic corporation with securities listed on national securities exchanges or with assets of more than $\$ 1$ million and 500 or more shareholders of record; the account was in your employer's name; you did not have a personal financial interest in the account; and the corporation's chief financial officer has given you written notice that the corporation has filed a current report that includes the account.

See Form TD F 90-22.1 to find out if you are considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account). You can get Form TD F

90-22.1 by visiting the IRS website at www.irs.gov/pub/irs-pdf/f9022-1.pdf.

If you checked the "Yes" box on line 7a, file Form TD F 90-22.1 by June 30, 2004, with the Department of the Treasury at the address shown on that form. Do not attach it to Form 1040.

## Line 7b

If you checked the "Yes" box on line 7a, enter the name of the foreign country or countries in the space provided on line 7 b . Attach a separate statement if you need more space.

## Line 8

## Foreign Trusts

If you received a distribution from a foreign trust, you must provide additional information. For this purpose, a loan of cash or marketable securities generally is considered to be a distribution. See Form 3520 for details.

If you were the grantor of, or transferor to, a foreign trust that existed during 2003, you may have to file Form 3520.

## 2003 Instructions for Schedule C

## Profit or Loss From Business

Use Schedule C (Form 1040) to report income or loss from a business you operated or a profession you practiced as a sole proprietor. Also, use Schedule C to report wages and expenses you had as a statutory employee. An activity qualifies as a business if your primary purpose for engaging in the activity is for income or profit and you are involved in the activity with continuity and regularity. For example, a sporadic activity or a hobby does not qualify as a business. To report income from a nonbusiness activity, see the instructions for Form 1040, line 21.

Small businesses and statutory employees with expenses of $\$ 2,500$ or less may be able to file Schedule C-EZ instead of Schedule C. See Schedule C-EZ for details.

You may be subject to state and local taxes and other requirements such as business licenses and fees. Check with your state and local governments for more information.

## Section references are to the Internal Revenue Code.

## General Instructions

## A Change To Note

Contract labor is now reported on line 11 and bad debts are now reported in Part V.

## Other Schedules and Forms You May Have To File

- Schedule A to deduct interest, taxes, and casualty losses not related to your business.
- Schedule E to report rental real estate and royalty income or (loss) that is not subject to self-employment tax.
- Schedule F to report profit or (loss) from farming.
- Schedule SE to pay self-employment tax on income from any trade or business.
- Form 4562 to claim depreciation on assets placed in service in 2003, to claim amortization that began in 2003, to make an election under section 179 to expense certain property, or to report information on listed property.
- Form 4684 to report a casualty or theft gain or loss involving property used in your trade or business or income-producing property.
- Form 4797 to report sales, exchanges, and involuntary conversions (not from a casualty or theft) of trade or business property.
- Form 8271 if you are claiming or reporting on Schedule C or C-EZ any income, deduction, loss, credit, or other tax benefit from a tax shelter.
- Form 8594 to report certain purchases or sales of groups of assets that constitute a trade or business.
- Form 8824 to report like-kind exchanges.
- Form 8829 to claim expenses for business use of your home.
Husband-Wife Business. If you and your spouse jointly own and operate a business
and share in the profits and losses, you are partners in a partnership, whether or not you have a formal partnership agreement. Do not use Schedule C or C-EZ. Instead, file Form 1065. See Pub. 541 for more details.

Exception. If you and your spouse wholly own an unincorporated business as community property under the community property laws of a state, foreign country, or U.S. possession, you may treat the business either as a sole proprietorship or a partnership. The only states with community property laws are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. A change in your reporting position will be treated as a conversion of the entity.
Single-Member Limited Liability Company (LLC). Generally, a single-member domestic LLC is not treated as a separate entity for Federal income tax purposes. If you are the sole member of a domestic LLC, file Schedule C or C-EZ (or Schedule E or F, if applicable). However, you may elect to treat a domestic LLC as a corporation. See Form 8832 for details on the election and the tax treatment of a foreign LLC.

Heavy Highway Vehicle Use Tax. If you use certain highway trucks, truck-trailers, tractor-trailers, or buses in your trade or business, you may have to pay a Federal highway motor vehicle use tax. See the Instructions for Form 2290 to find out if you owe this tax.
Information Returns. You may have to file information returns for wages paid to employees, certain payments of fees and other nonemployee compensation, interest, rents, royalties, real estate transactions, annuities, and pensions. You may also have to file an information return if you sold $\$ 5,000$ or more of consumer products to a person on a buy-sell, deposit-commission, or other similar basis for resale. For details, see the 2003

General Instructions for Forms 1099, 1098, 5498, and W-2G.

If you received cash of more than $\$ 10,000$ in one or more related transactions in your trade or business, you may have to file Form 8300. For details, see Pub. 1544.

## Reportable Transaction Disclosure Statement

Use Form 8886 to disclose information for each reportable transaction in which you participated. Form 8886 must be filed for each tax year that your Federal income tax liability is affected by your participation in the transaction. The following are reportable transactions.

- Any transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS.
- Any transaction offered under conditions of confidentiality.
- Any transaction for which you have contractual protection against disallowance of the tax benefits.
- Any transaction resulting in a loss of at least $\$ 2$ million in any single tax year or $\$ 4$ million in any combination of tax years. (At least $\$ 50,000$ for a single tax year if the loss arose from a foreign currency transaction defined in section 988(c)(1), whether or not the loss flows through from an S corporation or partnership.)
- Any transaction resulting in a book-tax difference of more than $\$ 10$ million on a gross basis.
- Any transaction resulting in a tax credit of more than $\$ 250,000$, if you held the asset generating the credit for 45 days or less.

See the Instructions for Form 8886 for more details and exceptions.

## Additional Information

See Pub. 334 for more information for small businesses.

## Specific Instructions

Filers of Form 1041. Do not complete the block labeled "Social security number." Instead, enter your employer identification number (EIN) on line D.

## Line A

Describe the business or professional activity that provided your principal source of income reported on line 1. If you owned more than one business, you must complete a separate Schedule C for each business. Give the general field or activity and the type of product or service. If your general field or activity is wholesale or retail trade, or services connected with production services (mining, construction, or manufacturing), also give the type of customer or client. For example," "wholesale sale of hardware to retailers" or "appraisal of real estate for lending institutions."

## Line D

You need an EIN only if you had a qualified retirement plan or were required to file an employment, excise, estate, trust, or alcohol, tobacco, and firearms tax return. If you need an EIN, file Form SS-4. If you do not have an EIN, leave line D blank. Do not enter your SSN.

## Line E

Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any. If you conducted the business from your home located at the address shown on Form 1040, page 1, you do not have to complete this line.

## Line F

Generally, you can use the cash method, accrual method, or any other method permitted by the Internal Revenue Code. In all cases, the method used must clearly reflect income. Unless you are a qualifying taxpayer or a qualifying small business taxpayer, you must use the accrual method for sales and purchases of inventory items. See the Part III instructions on page C-6 for the definition of a qualifying taxpayer and a qualifying small business taxpayer. Special rules apply to long-term contracts. See section 460 for details.

If you use the cash method, show all items of taxable income actually or constructively received during the year (in cash, property, or services). Income is constructively received when it is credited to your account or set aside for you to use. Also, show amounts actually paid during the year for deductible expenses. However, if the payment of an expenditure creates an asset having a useful life that extends substantially beyond
the close of the year, it may not be deductible or may be deductible only in part for the year of the payment. See Pub. 535.

If you use the accrual method, report income when you earn it and deduct expenses when you incur them even if you do not pay them during the tax year. Accrual-basis taxpayers are put on a cash basis for deducting business expenses owed to a related cash-basis taxpayer. Other rules determine the timing of deductions based on economic performance. See Pub. 538.

To change your accounting method, you generally must file Form 3115. You may also have to make an adjustment to prevent amounts of income or expense from being duplicated or omitted. This is called a section 481(a) adjustment.

Example. You change to the cash method of accounting and choose to account for inventoriable items in the same manner as materials and supplies that are not incidental. You accrued sales in 2002 for which you received payment in 2003. You must report those sales in both years as a result of changing your accounting method and must make a section 481(a) adjustment to prevent duplication of income.

A net negative section 481(a) adjustment is taken into account entirely in the year of the change. A net positive section 481(a) adjustment is generally taken into account over a period of 4 years. Include any net positive section 481(a) adjustments on line 6. If the net section 481(a) adjustment is negative, report it in Part V.

For details on figuring section 481(a) adjustments, see Rev. Proc. 2002-9, Rev. Proc. 2002-19, and Rev. Proc. 2002-54. You can find Rev. Proc. 2002-9 on page 327 of Internal Revenue Bulletin 2002-3 at www.irs.gov/pub/irs-irbs/irb02-03.pdf, Rev. Proc. 2002-19 on page 696 of Internal Revenue Bulletin 2002-13 at www.irs.gov/pub/irs-irbs/irb02-13.pdf, and Rev. Proc. 2002-54 on page 432 of Internal Revenue Bulletin 2002-35 at www.irs.gov/pub/irs-irbs/irb02-35.pdf.

## Line G

If your business activity was not a rental activity and you met any of the material participation tests below or the exception for oil and gas applies (explained on page $\mathrm{C}-3$ ), check the "Yes" box. Otherwise, check the "No" box. If you check the "No" box, this business is a passive activity. If you have a loss from this business, see Limit on Losses on page C-3. If you have a profit from this business activity but have current year losses from other passive activities or you have prior year unallowed passive activity losses, see the Instructions for Form 8582.
Material Participation. Participation, for purposes of the seven material participation tests listed below, generally includes any work you did in connection with an activity if you owned an interest in the activity at the time you did the work. The capacity in which you did the
work does not matter. However, work is not treated as participation if it is work that an owner would not customarily do in the same type of activity and one of your main reasons for doing the work was to avoid the disallowance of losses or credits from the activity under the passive activity rules.

Work you did as an investor in an activity is not treated as participation unless you were directly involved in the day-to-day management or operations of the activity. Work done as an investor includes:

1. Studying and reviewing financial statements or reports on the activity,
2. Preparing or compiling summaries or analyses of the finances or operations of the activity for your own use, and
3. Monitoring the finances or operations of the activity in a nonmanagerial capacity.

Participation by your spouse during the tax year in an activity you own can be counted as your participation in the activity. This applies even if your spouse did not own an interest in the activity and whether or not you and your spouse file a joint return.

For purposes of the passive activity rules, you materially participated in the operation of this trade or business activity during 2003 if you met any of the following seven tests.

1. You participated in the activity for more than 500 hours during the tax year.
2. Your participation in the activity for the tax year was substantially all of the participation in the activity of all individuals (including individuals who did not own any interest in the activity) for the tax year.
3. You participated in the activity for more than 100 hours during the tax year, and you participated at least as much as any other person for the tax year. This includes individuals who did not own any interest in the activity.
4. The activity is a significant participation activity for the tax year, and you participated in all significant participation activities for more than 500 hours during the year. An activity is a "significant participation activity" if it involves the conduct of a trade or business, you participated in the activity for more than 100 hours during the tax year, and you did not materially participate under any of the material participation tests (other than this test 4).
5. You materially participated in the activity for any 5 of the prior 10 tax years.
6. The activity is a personal service activity in which you materially participated for any 3 prior tax years. A personal service activity is an activity that involves performing personal services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, or any other trade or business in which capital is not a material income-producing factor.
7. Based on all the facts and circumstances, you participated in the activity on a regular, continuous, and substantial basis during the tax year. But you do not meet this test if you participated in the activity for 100 hours or less during the tax year. Your participation in managing the activity does not count in determining if you meet this test if any person (except you) (a) received compensation for performing management services in connection with the activity or (b) spent more hours during the tax year than you spent performing management services in connection with the activity (regardless of whether the person was compensated for the services).

Rental of Personal Property. A rental activity (such as long-term equipment leasing) is a passive activity even if you materially participated in the activity. However, if you met any of the five exceptions listed under Rental Activities in the Instructions for Form 8582, the rental of the property is not treated as a rental activity and the material participation rules above apply.
Exception for Oil and Gas. If you are filing Schedule C to report income and deductions from an oil or gas well in which you own a working interest directly or through an entity that does not limit your liability, check the "Yes" box. The activity of owning the working interest is not a passive activity regardless of your participation.

Limit on Losses. If you checked the "No" box and you have a loss from this business, you may have to use Form 8582 to figure your allowable loss, if any, to enter on Schedule C, line 31. Generally, you can deduct losses from passive activities only to the extent of income from passive activities. For details, see Pub. 925.

## Line H

If you started or acquired this business in 2003 , check the box on line H. Also check the box if you are reopening or restarting this business after temporarily closing it, and you did not file a 2002 Schedule C or C-EZ for this business.

## Part I. Income

Except as otherwise provided in the Internal Revenue Code, gross income includes income from whatever source derived. Gross income, however, does not include extraterritorial income that is qualifying foreign trade income. Use Form 8873 to figure the extraterritorial income exclusion. Report it on Schedule C as explained in the Instructions for Form 8873.

## Line 1

Enter gross receipts from your trade or business. Include amounts you received in
your trade or business that were properly shown on Forms 1099-MISC. If the total amounts that were reported in box 7 of Forms 1099-MISC are more than the total you are reporting on line 1 , attach a statement explaining the difference.
Statutory Employees. If you received a Form W-2 and the "Statutory employee" box in box 13 of that form was checked, report your income and expenses related to that income on Schedule C or C-EZ. Enter your statutory employee income from box 1 of Form W-2 on line 1 of Schedule C or C-EZ and check the box on that line. Social security and Medicare tax should have been withheld from your earnings; therefore, you do not owe self-employment tax on these earnings. Statutory employees include full-time life insurance agents, certain agent or commission drivers and traveling salespersons, and certain homeworkers.

If you had both self-employment income and statutory employee income, you must file two Schedules C. You cannot use Schedule C-EZ or combine these amounts on a single Schedule C.
Installment Sales. Generally, the installment method may not be used to report income from the sale of (a) personal property regularly sold under the installment method or (b) real property held for resale to customers. But the installment method may be used to report income from sales of certain residential lots and timeshares if you elect to pay interest on the tax due on that income after the year of sale. See section $453(1)(2)(B)$ for details. If you make this election, include the interest on Form 1040, line 60. Also, enter "453(1)(3)" and the amount of the interest on the dotted line to the left of line 60 .

If you use the installment method, attach a schedule to your return. Show separately for 2003 and the 3 preceding years: gross sales, cost of goods sold, gross profit, percentage of gross profit to gross sales, amounts collected, and gross profit on amounts collected.

## Line 6

Report on line 6 amounts from finance reserve income, scrap sales, bad debts you recovered, interest (such as on notes and accounts receivable), state gasoline or fuel tax refunds you got in 2003, credit for Federal tax paid on gasoline or other fuels claimed on your 2002 Form 1040, prizes and awards related to your trade or business, and other kinds of miscellaneous business income. Include amounts you received in your trade or business as shown on Form 1099-PATR. Also, include any recapture of the deduction for clean-fuel vehicles used in your business and clean-fuel vehicle refueling property. For details, see Pub. 535.

If the business use percentage of any listed property (defined in the instructions for line 13 on page C-4) decreased to $50 \%$ or less in 2003 , report on this line any recapture of excess depreciation, including any section 179 expense deduction. Use Form 4797 to figure the recapture. Also, if the business use percentage drops to $50 \%$
or less on leased listed property (other than a vehicle), include on this line any inclusion amount. See Pub. 946 to figure the amount.

## Part II. Expenses

Capitalizing Costs of Property. If you produced real or tangible personal property or acquired property for resale, certain expenses attributable to the property generally must be included in inventory costs or capitalized. In addition to direct costs, producers of inventory property generally must also include part of certain indirect costs in their inventory. Purchasers of personal property acquired for resale must include part of certain indirect costs in inventory only if the average annual gross receipts for the 3 prior tax years exceed $\$ 10$ million. Also, you must capitalize part of the indirect costs that benefit real or tangible personal property constructed for use in a trade or business, or noninventory property produced for sale to customers. Reduce the amounts on lines 8-26 and Part V by amounts capitalized. For details, see Pub. 538.

Exception for Certain Producers. Producers who account for inventoriable items in the same manner as materials and supplies that are not incidental may currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs. See Cost of Goods Sold on page C-6 for more details.

Exception for Creative Property. If you are an artist, author, or photographer, you may be exempt from the capitalization rules. However, your personal efforts must have created (or reasonably be expected to create) the property. This exception does not apply to any expense related to printing, photographic plates, motion picture films, video tapes, or similar items. These expenses are subject to the capitalization rules. For details, see Pub. 538.

## Line 9

You can deduct the actual expenses of running your car or truck or take the standard mileage rate. You must use actual expenses if you used your vehicle for hire (such as a taxicab) or you used more than one vehicle simultaneously in your business (such as in fleet operations). You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

You can take the standard mileage rate for 2003 only if you:

- Owned the vehicle and use the standard mileage rate for the first year you placed the vehicle in service or
- Leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).

If you deduct actual expenses:

- Include on line 9 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc., and
- Show depreciation on line 13 and rent or lease payments on line 20a.

If you take the standard mileage rate, multiply the number of business miles by 36 cents. Add to this amount your parking fees and tolls, and enter the total on line 9 . Do not deduct depreciation, rent or lease payments, or your actual operating expenses.

For details, see Pub. 463.
Information on Your Vehicle. If you claim any car and truck expenses, you must provide certain information on the use of your vehicle by completing one of the following.

- Part IV of Schedule C or Part III of Schedule C-EZ if: (a) you are claiming the standard mileage rate, you lease your vehicle, or your vehicle is fully depreciated and (b) you are not required to file Form 4562 for any other reason. If you used more than one vehicle during the year, attach your own schedule with the information requested in Part IV of Schedule C, or Part III of Schedule C-EZ, for each additional vehicle.
- Part V of Form 4562 if you are claiming depreciation on your vehicle or you are required to file Form 4562 for any other reason (see the instructions for line 13).


## Line 11

Enter the total cost of contract labor for the tax year. Do not include contract labor deducted elsewhere on your return such as contract labor that you included in Part III. Also, do not include salaries and wages paid to your employees, instead see line 26.

## Line 12

Enter your deduction for depletion on this line. If you have timber depletion, attach Form T. See Pub. 535 for details.

## Line 13

Depreciation and Section 179 Expense Deduction. Depreciation is the annual deduction allowed to recover the cost or other basis of business or investment property having a useful life substantially beyond the tax year. You can also depreciate improvements made to leased business property. However, stock in trade, inventories, and land are not depreciable. Depreciation starts when you first use the property in your business or for the production of income. It ends when you take the property out of service, deduct all your depreciable cost or other basis, or no longer use the property in your business or for the production of income. You may also elect under section 179 to expense part of the cost of certain property you bought in 2003 for use in your business. See the Instructions for Form 4562 to figure the amount to enter on line 13.

When To Attach Form 4562. You must complete and attach Form 4562 only if:

- You are claiming depreciation on property placed in service during 2003;
- You are claiming depreciation on listed property (defined below), regardless of the date it was placed in service; or
- You are claiming a section 179 expense deduction.

If you acquired depreciable property for the first time in 2003, see Pub. 946.

Listed property generally includes, but is not limited to:

- Passenger automobiles weighing 6,000 pounds or less;
- Any other property used for transportation if the nature of the property lends itself to personal use, such as motorcycles, pickup trucks, etc.;
- Any property used for entertainment or recreational purposes (such as photographic, phonographic, communication, and video recording equipment);
- Cellular telephones or other similar telecommunications equipment; and
- Computers or peripheral equipment.

Exceptions. Listed property does not include photographic, phonographic, communication, or video equipment used exclusively in your trade or business or at your regular business establishment. It also does not include any computer or peripheral equipment used exclusively at a regular business establishment and owned or leased by the person operating the establishment. For purposes of these exceptions, a portion of your home is treated as a regular business establishment only if that portion meets the requirements under section 280A(c)(1) for deducting expenses for the business use of your home.

See the instructions for line 6 on page $\mathrm{C}-3$ if the business use percentage of any listed property decreased to $50 \%$ or less in 2003.

## Line 14

Deduct contributions to employee benefit programs that are not an incidental part of a pension or profit-sharing plan included on line 19. Examples are accident and health plans, group-term life insurance, and dependent care assistance programs.

Do not include on line 14 any contributions you made on your behalf as a self-employed person to an accident and health plan or for group-term life insurance. You may be able to deduct on Form 1040, line 29 , the amount you paid for health insurance on behalf of yourself, your spouse, and dependents, even if you do not itemize your deductions. See the instructions for Form 1040, line 29, for details.

## Line 15

Deduct premiums paid for business insurance on line 15. Deduct on line 14 amounts paid for employee accident and health insurance. Do not deduct amounts credited to a reserve for self-insurance or premiums paid for a policy that pays for your lost
earnings due to sickness or disability. For details, see Pub. 535.

## Lines 16a and 16b

Interest Allocation Rules. The tax treatment of interest expense differs depending on its type. For example, home mortgage interest and investment interest are treated differently. "Interest allocation" rules require you to allocate (classify) your interest expense so it is deducted (or capitalized) on the correct line of your return and receives the right tax treatment. These rules could affect how much interest you are allowed to deduct on Schedule C or C-EZ.

Generally, you allocate interest expense by tracing how the proceeds of the loan were used. See Pub. 535 for details.

If you paid interest on a debt secured by your main home and any of the proceeds from that debt were used in connection with your trade or business, see Pub. 535 to figure the amount that is deductible on Schedule C or C-EZ.
How To Report. If you have a mortgage on real property used in your business (other than your main home), enter on line 16a the interest you paid for 2003 to banks or other financial institutions for which you received a Form 1098 (or similar statement). If you did not receive a Form 1098, enter the interest on line 16b.

If you paid more mortgage interest than is shown on Form 1098, see Pub. 535 to find out if you can deduct the additional interest. If you can, include the amount on line 16a. Attach a statement to your return explaining the difference and enter "See attached" in the margin next to line 16a.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage and the other person received the Form 1098, include your share of the interest on line 16b. Attach a statement to your return showing the name and address of the person who received the Form 1098. In the margin next to line 16b, enter "See attached."

If you paid interest in 2003 that applies to future years, deduct only the part that applies to 2003.

## Line 17

Include on this line fees for tax advice related to your business and for preparation of the tax forms related to your business.

## Line 19

Enter your deduction for contributions to a pension, profit-sharing, or annuity plan, or plans for the benefit of your employees. If the plan included you as a self-employed person, enter contributions made as an employer on your behalf on Form 1040, line 30, not on Schedule C.

Generally, you must file the applicable form listed below if you maintain a pension, profit-sharing, or other funded-deferred compensation plan. The filing
requirement is not affected by whether or not the plan qualified under the Internal Revenue Code, or whether or not you claim a deduction for the current tax year. There is a penalty for failure to timely file these forms.

Form 5500. File this form for a plan that is not a one-participant plan (see below).

Form 5500-EZ. File this form for a one-participant plan. A one-participant plan is a plan that only covers you (or you and your spouse).

For details, see Pub. 560.

## Lines 20a and 20b

If you rented or leased vehicles, machinery, or equipment, enter on line 20a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an amount called the inclusion amount.

## You may have to do this if-

| The lease term began during ... | And the vehicle's fair market value on the first day of the lease exceeded ... |
| :---: | :---: |
| 2003 | \$18,000 |
| 1999 through | 2002 . . . . . 15,500 |
| 1997 or 1998 | 15,800 |
| 1995 or 1996 | 15,500 |
| If the lease term Pub. 463 to fin inclusion amou | m began before 1995, see d out if you have an nt. |

See Pub. 463 to figure your inclusion amount.

Enter on line 20b amounts paid to rent or lease other property, such as office space in a building.

## Line 21

Deduct the cost of repairs and maintenance. Include labor, supplies, and other items that do not add to the value or increase the life of the property. Do not deduct the value of your own labor. Do not deduct amounts spent to restore or replace property; they must be capitalized.

## Line 22

Generally, you can deduct the cost of supplies only to the extent you actually consumed and used them in your business during the tax year (unless you deducted them in a prior tax year). However, if you had incidental supplies on hand for which you kept no inventories or records of use, you may deduct the cost of supplies you actually purchased during the tax year, provided that method clearly reflects income.

## Line 23

You can deduct the following taxes and licenses on this line.

- State and local sales taxes imposed on you as the seller of goods or services. If you collected this tax from the buyer, you must also include the amount collected in gross receipts or sales on line 1.
- Real estate and personal property taxes on business assets.
- Licenses and regulatory fees for your trade or business paid each year to state or local governments. But some licenses, such as liquor licenses, may have to be amortized. See Pub. 535 for details.
- Social security and Medicare taxes paid to match required withholding from your employees' wages. Also, Federal unemployment tax paid. Reduce your deduction by the amount of the current year credit shown on line 4 of Form 8846.
- Federal highway use tax.

Do not deduct the following on this line.

- Federal income taxes, including your self-employment tax. However, you may deduct one-half of your self-employment tax on Form 1040, line 28.
- Estate and gift taxes.
- Taxes assessed to pay for improvements, such as paving and sewers.
- Taxes on your home or personal use property.
- State and local sales taxes on property purchased for use in your business. Instead, treat these taxes as part of the cost of the property.
- State and local sales taxes imposed on the buyer that you were required to collect and pay over to state or local governments. These taxes are not included in gross receipts or sales nor are they a deductible expense. However, if the state or local government allowed you to retain any part of the sales tax you collected, you must include that amount as income on line 6.
- Other taxes and license fees not related to your business.


## Line 24a

Enter your expenses for lodging and transportation connected with overnight travel for business while away from your tax home. Generally, your tax home is your main place of business regardless of where you maintain your family home. You cannot deduct expenses paid or incurred in connection with employment away from home if that period of employment exceeds 1 year. Also, you cannot deduct travel expenses for your spouse, your dependent, or any other individual unless that person is your employee, the travel is for a bona fide business purpose, and the expenses would otherwise be deductible by that person.

Do not include expenses for meals and entertainment on this line. Instead, see the instructions for lines 24 b and 24 c on this page.

Instead of keeping records of your actual incidental expenses, you can use an optional method for deducting incidental
expenses only if you did not pay or incur meal expenses on a day you were traveling away from your tax home. The amount of the deduction is $\$ 2$ a day for the period from January 1 through October 31, 2003, and $\$ 3$ a day for the period from November 1 through December 31, 2003. Incidental expenses include fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards or stewardesses and others on ships, and hotel servants in foreign countries. They do not include expenses for laundry, cleaning and pressing of clothing, lodging taxes, or the costs of telegrams or telephone calls. You cannot use this method on any day that you use the standard meal allowance (as explained in the instructions for lines 24 b and 24c).

You cannot deduct expenses for attending a foreign convention unless it is directly related to your trade or business and it is as reasonable for the meeting to be held outside the North American area as within it. These rules apply to both employers and employees. Other rules apply to luxury water travel.

For details, see Pub. 463.

## Lines 24b and 24c

On line 24b, enter your total business meal and entertainment expenses. Include meals expenses while traveling away from home for business. Instead of the actual cost of your meals while traveling away from home, you may use the standard meal allowance for your daily meals and incidental expenses. Under this method, you deduct a specified amount, depending on where you travel, instead of keeping records of your actual meal expenses. However, you must still keep records to prove the time, place, and business purpose of your travel.

The standard meal allowance is the Federal M\&IE rate. You can find these rates on the Internet at www.policyworks.gov/ perdiem. Click on 2003 Domestic Per Diem Rates for the period January 1, 2003-September 30, 2003 and on 2004 Domestic Per Diem Rates for the period October 1, 2003-December 31, 2003. For locations outside the continental United States, the applicable rates are published monthly. You can find these rates on the Internet at www.state.gov/m/a/als/prdm/ 2003.

See Pub. 463 for details on how to figure your deduction using the standard meal allowance, including special rules for partial days of travel.

Business meal expenses are deductible only if they are (a) directly related to or associated with the active conduct of your trade or business, (b) not lavish or extravagant, and (c) incurred while you or your employee is present at the meal.

You cannot deduct any expense paid or incurred for a facility (such as a yacht or hunting lodge) used for any activity usually considered entertainment, amusement, or recreation.

Also, you cannot deduct membership dues for any club organized for business, pleasure, recreation, or other social pur-
pose. This includes country clubs, golf and athletic clubs, airline and hotel clubs, and clubs operated to provide meals under conditions favorable to business discussion. But it does not include civic or public service organizations, professional organizations (such as bar and medical associations), business leagues, trade associations, chambers of commerce, boards of trade, and real estate boards, unless a principal purpose of the organization is to entertain, or provide entertainment facilities for, members or their guests.

There are exceptions to these rules as well as other rules that apply to sky-box rentals and tickets to entertainment events. See Pub. 463.

Generally, you may deduct only $50 \%$ of your business meal and entertainment expenses, including meals incurred while away from home on business. For individuals subject to the Department of Transportation (DOT) hours of service limits, that percentage is increased to $65 \%$ for business meals consumed during, or incident to, any period of duty for which those limits are in effect. Individuals subject to the DOT hours of service limits include the following persons:

- Certain air transportation workers (such as pilots, crew, dispatchers, mechanics, and control tower operators) who are under Federal Aviation Administration regulations.
- Interstate truck operators who are under DOT regulations.
- Certain merchant mariners who are under Coast Guard regulations.

However, you may fully deduct meals, incidentals, and entertainment furnished or reimbursed to an employee if you properly treat the expense as wages subject to withholding. You may also fully deduct meals, incidentals, and entertainment provided to a nonemployee to the extent the expenses are includible in the gross income of that person and reported on Form 1099-MISC. See Pub. 535 for details and other exceptions.

If you provide day-care in your home, see Pub. 587 for information on deducting the cost of meals and snacks you provide to your day-care recipients.

Figure how much of the amount on line 24 b is not deductible and enter that amount on line 24 c .

## Line 25

Deduct only utility expenses for your trade or business.

Local Telephone Service. If you used your home phone for business, do not deduct the base rate (including taxes) of the first phone line into your residence. But you can deduct expenses for any additional costs you incurred for business that are more than the cost of the base rate for the first phone line. For example, if you had a second line, you can deduct the business percentage of the charges for that line, including the base rate charges.

## Line 26

Enter the total salaries and wages for the tax year. Do not include salaries and wages deducted elsewhere on your return or amounts paid to yourself. Reduce your deduction by the current year credits claimed on:

- Form 5884, Work Opportunity Credit,
- Form 8844, Empowerment Zone and Renewal Community Employment Credit,
- Form 8845, Indian Employment Credit,
- Form 8861, Welfare-to-Work Credit, and
- Form 8884, New York Liberty Zone Business Employee Credit.


If you provided taxable fringe benefits to your employees, such as personal use of a car, do not deduct as wages the amount applicable to depreciation and other expenses claimed elsewhere.

## Line 30

Business Use of Your Home. You may be able to deduct certain expenses for business use of your home, subject to limitations. You must attach Form 8829 if you claim this deduction. For details, see the Instructions for Form 8829 and Pub. 587.

## Line 31

If you have a loss, the amount of loss you can deduct this year may be limited. Go to line 32 before entering your loss on line 31 . If you answered "No" to Question G on Schedule C, also see the Instructions for Form 8582. Enter the net profit or deductible loss here. Combine this amount with any profit or loss from other businesses, and enter the total on Form 1040, line 12, and Schedule SE, line 2. Estates and trusts should enter the total on Form 1041, line 3.

If you have a net profit on line 31, this amount is earned income and may qualify you for the earned income credit. See the instructions for Form 1040, line 63, for details.
Statutory Employees. Include your net profit or deductible loss from line 31 with other Schedule C amounts on Form 1040, line 12. However, do not report this amount on Schedule SE, line 2. If you are required to file Schedule SE because of other self-employment income, see the Instructions for Schedule SE.

## Line 32

At-Risk Rules. Generally, if you have (a) a business loss and (b) amounts in the business for which you are not at risk, you will have to complete Form 6198 to figure your allowable loss. The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the business.

Check box 32b if you have amounts for which you are not at risk in this business, such as the following.

- Nonrecourse loans used to finance the business, to acquire property used in the business, or to acquire the business that are not secured by your own property (other than property used in the business). However, there is an exception for certain nonrecourse financing borrowed by you in connection with holding real property.
- Cash, property, or borrowed amounts used in the business (or contributed to the business, or used to acquire the business) that are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).
- Amounts borrowed for use in the business from a person who has an interest in the business, other than as a creditor, or who is related under section 465 (b)(3) to a person (other than you) having such an interest.

If all amounts are at risk in this business, check box 32a and enter your loss on line 31. But if you answered "No" to Question G, you may need to complete Form 8582 to figure your deductible loss. See the Instructions for Form 8582 for details.

If you checked box 32b, see Form 6198 to determine the amount of your deductible loss. But if you answered "No" to Question G, your loss may be further limited. See the Instructions for Form 8582. If your at-risk amount is zero or less, enter zero on line 31. Be sure to attach Form 6198 to your return. If you checked box 32 b and you do not attach Form 6198, the processing of your tax return may be delayed.

Any loss from this business not allowed for 2003 because of the at-risk rules is treated as a deduction allocable to the business in 2004. For details, see the Instructions for Form 6198 and Pub. 925.

## Part III. Cost of Goods Sold

Generally, if you engaged in a trade or business in which the production, purchase, or sale of merchandise was an income-producing factor, you must take inventories into account at the beginning and end of your tax year.

However, if you are a qualifying taxpayer or a qualifying small business taxpayer, you may account for inventoriable items in the same manner as materials and supplies that are not incidental. To change your accounting method, see the instructions for line F on page $\mathrm{C}-2$.

A qualifying taxpayer is a taxpayer (a) whose average annual gross receipts for the 3 prior tax years are $\$ 1$ million or less and (b) whose business is not a tax shelter (as defined in section 448(d)(3)).

A qualifying small business taxpayer is a taxpayer (a) whose average annual gross receipts for the 3 prior tax years are more than $\$ 1$ million but not more than $\$ 10$ million, (b) whose business is not a tax shelter (as defined in section 448(d)(3)),
and (c) whose principal business activity is not an ineligible activity as explained in Rev. Proc. 2002-28, 2002-18 I.R.B. 815. You can find Rev. Proc. 2002-28 on page 815 of Internal Revenue Bulletin 2002-18 at www.irs.gov/pub/irs-irbs/irb02-18.pdf.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method). Enter amounts paid for all raw materials and merchandise during 2003 on line 36. The amount you can deduct for 2003 is figured on line 42.
Additional information. For additional guidance on this method of accounting for inventoriable items, see Rev. Proc. 2001-10, 2001-2 I.R.B. 272 if you are a qualifying taxpayer or Rev. Proc. 2002-28 if you are a qualifying small business taxpayer. You can find Rev. Proc. 2001-10 on page 272 of Internal Revenue Bulletin 2001-2 at www.irs.gov/pub/irs-irbs/ irb01-02.pdf, and Rev. Proc. 2002-28 on page 815 of Internal Revenue Bulletin 2002-18 at www.irs.gov/pub/irs-irbs/ irb02-18.pdf.

Note. Certain direct and indirect expenses may have to be capitalized or included in inventory. See the instructions for Part II beginning on page $\mathrm{C}-3$.

## Line 33

Your inventories can be valued at cost; cost or market value, whichever is lower; or any other method approved by the IRS. However, you are required to use cost if you are using the cash method of accounting.

## Line 35

If you are changing your method of accounting beginning with 2003, refigure last year's closing inventory using your new
method of accounting and enter the result on line 35. If there is a difference between last year's closing inventory and the refigured amount, attach an explanation and take it into account when figuring your section 481(a) adjustment. See the example on page C-2 for details.

## Line 41

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, enter on line 41 the portion of your raw materials and merchandise purchased for resale that are included on line 40 and were not sold during the year.

## Part V. Other Expenses

Include all ordinary and necessary business expenses not deducted elsewhere on Schedule C. List the type and amount of each expense separately in the space provided. Enter the total on lines 48 and 27. Do not include the cost of business equipment or furniture, replacements or permanent improvements to property, or personal, living, and family expenses. Do not include charitable contributions. Also, you may not deduct fines or penalties paid to a government for violating any law. For details on business expenses, see Pub. 535.

Amortization. Include amortization in this part. For amortization that begins in 2003, you must complete and attach Form 4562.

You may amortize:

- The cost of pollution-control facilities.
- Amounts paid for research and experimentation.
- Certain business startup costs.
- Qualified forestation and reforestation costs. See Pub. 535 for limitations.
- Qualified revitalization expenditures.
- Amounts paid to acquire, protect, expand, register, or defend trademarks or trade names.
- Goodwill and certain other intangibles.

In general, you may not amortize real property construction period interest and taxes. Special rules apply for allocating interest to real or personal property produced in your trade or business.
At-Risk Loss Deduction. Any loss from this activity that was not allowed as a deduction last year because of the at-risk rules is treated as a deduction allocable to this activity in 2003.
Capital Construction Fund. Do not claim on Schedule C or C-EZ the deduction for amounts contributed to a capital construction fund set up under the Merchant Marine Act of 1936. Instead, reduce the amount you would otherwise enter on Form 1040, line 40, by the amount of the deduction. Next to line 40, enter "CCF" and the amount of the deduction. For details, see Pub. 595.
Deduction for Clean-Fuel Vehicles and Clean-Fuel Vehicle Refueling Property. You may deduct part of the cost of qualified clean-fuel vehicle property used in your business and qualified clean-fuel vehicle refueling property. See Pub. 535 for details.
Disabled Access Credit and the Deduction for Removing Barriers to Individuals With Disabilities and the Elderly. You may be able to claim a tax credit of up to $\$ 5,000$ for eligible expenditures paid or incurred in 2003 to provide access to your business for individuals with disabilities. See Form $\mathbf{8 8 2 6}$ for details. You can also deduct up to $\$ 15,000$ of costs paid or incurred in 2003 to remove architectural or transportation barriers to individuals with disabilities and the elderly. However, you cannot take both the credit and the deduction on the same expenditures.

## Principal Business or Professional Activity Codes

These codes for the Principal Business or Professional Activity classify sole proprietorships by the type of activity they are engaged in to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).

Select the category that best describes your primary business activity (for example, Real Estate). Then select the activity that best identifies the principal source of your sales or receipts (for example, real estate agent). Now find the six-digit code assigned to this activity (for example, 531210, the code for offices
of real estate agents and brokers) and enter it on line B of Schedule C or C-EZ.

Note. If your principal source of income is from farming activities, you should file Schedule F, Profit or Loss From Farming.

## Accommodation, Food

 Services, \& Drinking Places Accommodation721310 Rooming \& boarding houses
721210 RV (recreational vehicle) parks \& recreational camps
721100 Travel accommodation (including hotels, motels, \& bed \& breakfast inns)
Food Services \& Drinking Places
722410 Drinking places (alcoholic beverages)
722110 Full-service restaurants
722210 Limited-service eating places
722300 Special food services (including food service contractors \& caterers)


\(\left.$$
\begin{array}{|l}561900 \\
\begin{array}{l}\text { Other support services } \\
\text { (including packaging \& } \\
\text { labeling services, \& } \\
\text { convention \& trade show } \\
\text { organizers) }\end{array}
$$ <br>

Waste Management \&\end{array}\right\}\)| Remediation Services |
| :--- |
| 562000 |
|  <br> remediation services |
| Agriculture, Forestry, |
| Hunting, \& Fishing |
| 112900 |

## Support Activities for <br> Agriculture \& Forestry

115210 Support activities for animal production (including farriers)
115110 Support activities for crop production (including cotton ginning, soil preparation, planting, \& cultivating)
115310 Support activities for forestry
Arts, Entertainment, \& Recreation
Amusement, Gambling, \& Recreation Industries
713100 Amusement parks \& arcades 713200 Gambling industries
713900 Other amusement \& recreation services (including golf courses, skiing facilities, marinas, fitness centers, bowling centers, skating rinks, miniature golf courses)
Museums, Historical Sites, \& Similar Institutions
712100 Museums, historical sites, \& similar institutions
Performing Arts, Spectator
Sports, \& Related Industries
711410 Agents \& managers for artists, athletes, entertainers, \& other public figures
711510 Independent artists, writers, \& performers
711100 Performing arts companies
711300 Promoters of performing arts, sports, \& similar events
711210 Spectator sports (including professional sports clubs \& racetrack operations)

## Construction of Buildings

236200 Nonresidential building construction
236100 Residential building construction
Heavy and Civil Engineering

## Construction

237310 Highway, street, \& bridge construction
237210 Land subdivision
237100 Utility system construction
237990 Other heavy \& civil engineering construction
Specialty Trade Contractors
238310 Drywall \& insulation contractors
238210 Electrical contractors
238350 Finish carpentry contractors
238330 Flooring contractors
238130 Framing carpentry contractors
238150 Glass \& glazing contractors
238140 Masonry contractors
238320 Painting \& wall covering contractors
238220 Plumbing, heating \& airconditioning contractors
238110 Poured concrete foundation \& structure contractors
238160 Roofing contractors
238170 Siding contractors
238910 Site preparation contractors
238120 Structural steel \& precast concrete construction contractors
238340 Tile \& terrazzo contractors
238290 Other building equipment contractors
238390 Other building finishing contractors
238190 Other foundation, structure, \& building exterior contractors
238990 All other specialty trade

## Educational Services

611000 Educational services (including schools, colleges, \& universities)

## Finance \& Insurance

Credit Intermediation \& Related Activities
522100 Depository credit intermediation (including commercial banking, savings institutions, \& credit unions)
522200 Nondepository credit intermediation (including sales financing \& consumer lending)
522300 Activities related to credit intermediation (including loan brokers)
Insurance Agents, Brokers, \&
Related Activities
524210 Insurance agencies \& brokerages
524290 Other insurance related activities
Securities, Commodity
Contracts, \& Other Financial Investments \& Related
Activities
523140 Commodity contracts brokers
523130 Commodity contracts dealers
523110 Investment bankers \& securities dealers
523210 Securities \& commodity exchanges
523120 Securities brokers
523900 Other financial investment activities (including investment advice)

## Health Care \& Social

 Assistance
## Ambulatory Health Care

## Services

621610 Home health care services
621510 Medical \& diagnostic laboratories
621310 Offices of chiropractors
621210 Offices of dentists
621330 Offices of mental health practitioners (except physicians)
621320 Offices of optometrists
621340 Offices of physical, occupational \& speech therapists, \& audiologists
621111 Offices of physicians (except mental health specialists)
621112 Offices of physicians, mental health specialists
621391 Offices of podiatrists
621399 Offices of all other miscellaneous health practitioners
621400 Outpatient care centers
621900 Other ambulatory health care services (including ambulance services, blood, \& organ banks)

## Hospitals

622000 Hospitals

## Nursing \& Residential Care Facilities

623000 Nursing \& residential care facilities

## Social Assistance

624410 Child day care services
624200 Community food \& housing, \& emergency \& other relief services
624100 Individual \& family services
624310 Vocational rehabilitation services

## Information

511000 Publishing industries (except Internet)
Broadcasting (except Internet) \& Telecommunications
515000 Broadcasting (except Internet)
517000 Telecommunications
Internet Publishing \&
Broadcasting
516110 Internet publishing \& broadcasting
Internet Service Providers,
Web Search Portals, \& Data

## Processing Services

518210 Data processing, hosting, \& related services
518111 Internet service providers
518112 Web search portals
519100 Other information services (including news syndicates and libraries)
Motion Picture \& Sound

## Recording

512100 Motion picture \& video industries (except video rental)
512200 Sound recording industries

## Manufacturing

315000 Apparel mfg.
312000 Beverage \& tobacco product mfg.
334000 Computer \& electronic product mfg .
335000 Electrical equipment, appliance, \& component mfg.
332000 Fabricated metal product mfg.
337000 Furniture \& related product mfg .
333000 Machinery mfg.
339110 Medical equipment \& supplies mfg.
322000 Paper mfg.
324100 Petroleum \& coal products mfg.
326000 Plastics \& rubber products mfg .
331000 Primary metal mfg.
323100 Printing \& related support activities
313000 Textile mills
314000 Textile product mills
336000 Transportation equipment mfg.
321000 Wood product mfg.
339900 Other miscellaneous mfg.
Chemical Manufacturing
325100 Basic chemical mfg.
325500 Paint, coating, \& adhesive mfg.
325300 Pesticide, fertilizer, \& other agricultural chemical mfg.
325410 Pharmaceutical \& medicine mfg .
325200 Resin, synthetic rubber, \& artificial \& synthetic fibers \& filaments mfg.
325600 Soap, cleaning compound, \& toilet preparation mfg.
325900 Other chemical product \& preparation mfg .

## Food Manufacturing

311110 Animal food mfg.
311800 Bakeries \& tortilla mfg.
311500 Dairy product mfg.
311400 Fruit \& vegetable preserving \& speciality food mfg
311200 Grain \& oilseed milling
311610 Animal slaughtering \& processing
311710 Seafood product preparation \& packaging

311300 Sugar \& confectionery product mfg .
311900 Other food mfg. (including coffee, tea, flavorings, \& seasonings)
Leather \& Allied Product

## Manufacturing

316210 Footwear mfg. (including leather, rubber, \& plastics)
316110 Leather \& hide tanning \& finishing
316990 Other leather \& allied product mfg .
Nonmetallic Mineral Product Manufacturing
327300 Cement \& concrete product mfg.
327100 Clay product \& refractory mfg.
327210 Glass \& glass product mfg.
327400 Lime \& gypsum product mfg.
327900 Other nonmetallic mineral product mfg .

## Mining

212110 Coal mining
212200 Metal ore mining
212300 Nonmetallic mineral mining \& quarrying
211110 Oil \& gas extraction
213110 Support activities for mining

## Other Services

Personal \& Laundry Services
812111 Barber shops
812112 Beauty salons
812220 Cemeteries \& crematories
812310 Coin-operated laundries \& drycleaners
812320 Drycleaning \& laundry services (except coin-operated) (including laundry \& drycleaning dropoff \& pickup sites)
812210 Funeral homes \& funeral services
812330 Linen \& uniform supply
812113 Nail salons
812930 Parking lots \& garages
812910 Pet care (except veterinary) services
812920 Photofinishing
812190 Other personal care services (including diet \& weight reducing centers)
812990 All other personal services

## Repair \& Maintenance

811120 Automotive body, paint, interior, \& glass repair
811110 Automotive mechanical \& electrical repair \& maintenance
811190 Other automotive repair \& maintenance (including oil change \& lubrication shops \& car washes)
811310 Commercial \& industrial machinery \& equipment (except automotive \& electronic) repair \& maintenance
811210 Electronic \& precision equipment repair \& maintenance
811430 Footwear \& leather goods repair
811410 Home \& garden equipment \& appliance repair \& maintenance
811420 Reupholstery \& furniture repair
811490 Other personal \& household goods repair \& maintenance

Principal Business or Professional Activity Codes (continued)

Professional, Scientific, \&
Technical Services
541100 Legal services
541211 Offices of certified public accountants
541214 Payroll services
541213 Tax preparation services
541219 Other accounting services
Architectural, Engineering, \&

## Related Services

541310 Architectural services
541350 Building inspection services
541340 Drafting services
541330 Engineering services
541360 Geophysical surveying \& mapping services
541320 Landscape architecture services
541370 Surveying \& mapping (except geophysical) services
541380 Testing laboratories
Computer Systems Design \&

## Related Services

541510 Computer systems design \& related services

## Specialized Design Services

$541400 \quad \begin{aligned} & \text { Specialized design services } \\ & \text { (including interior industrial }\end{aligned}$ (including interior, industrial, graphic, \& fashion design)
Other Professional, Scientific,

## \& Technical Services

541800 Advertising \& related services
541600 Management, scientific, \& technical consulting services
541910 Market research \& public opinion polling
541920 Photographic services
541700 Scientific research \& development services
541930 Translation \& interpretation services
541940 Veterinary services
541990 All other professional, scientific, \& technical services
Real Estate \& Rental \& Leasing

## Real Estate

531100 Lessors of real estate (including miniwarehouses \& self-storage units)
531210 Offices of real estate agents \& brokers
531320 Offices of real estate appraisers
531310 Real estate property managers
531390 Other activities related to real estate
Rental \& Leasing Services
532100 Automotive equipment rental \& leasing
532400 Commercial \& industrial machinery \& equipment rental \& leasing
532210 Consumer electronics \& appliances rental
532220 Formal wear \& costume rental
532310 General rental centers
532230 Video tape \& disc rental
532290 Other consumer goods rental

Religious, Grantmaking, Civic, Professional, \& Similar

## Organizations

813000 Religious, grantmaking, civic, professional, \& similar organizations

## Retail Trade

Building Material \& Garden
Equipment \& Supplies Dealers
444130 Hardware stores
444110 Home centers
444200 Lawn \& garden equipment \& supplies stores
444120 Paint \& wallpaper stores
444190 Other building materials dealers
Clothing \& Accessories

## Stores

448130 Children's \& infants' clothing stores
448150 Clothing accessories stores
448140 Family clothing stores
448310 Jewelry stores
448320 Luggage \& leather goods stores
448110 Men's clothing stores
448210 Shoe stores
448120 Women's clothing stores 448190 Other clothing stores
Electronic \& Appliance Stores
443130 Camera \& photographic supplies stores
443120 Computer \& software stores
443111 Household appliance stores
443112 Radio, television, \& other electronics stores
Food \& Beverage Stores
445310 Beer, wine, \& liquor stores
445220 Fish \& seafood markets
445230 Fruit \& vegetable markets
445100 Grocery stores (including supermarkets \& convenience stores without gas)
445210 Meat markets
445290 Other specialty food stores
Furniture \& Home Furnishing Stores
442110 Furniture stores
442200 Home furnishings stores

## Gasoline Stations

447100 Gasoline stations (including convenience stores with gas)
General Merchandise Stores
452000 General merchandise stores
Health \& Personal Care Stores
446120 Cosmetics, beauty supplies, \& perfume stores
446130 Optical goods stores
446110 Pharmacies \& drug stores
446190 Other health \& personal care stores
Motor Vehicle \& Parts Dealers
441300 Automotive parts, accessories, \& tire stores
441222 Boat dealers
441221 Motorcycle dealers
441110 New car dealers
441210 Recreational vehicle dealers (including motor home \& travel trailer dealers)

441120 Used car dealers
441229 All other motor vehicle dealers
Sporting Goods, Hobby, Book, \& Music Stores
451211 Book stores
451120 Hobby, toy, \& game stores
451140 Musical instrument \& supplies stores
451212 News dealers \& newsstands
451220 Prerecorded tape, compact disc, \& record stores
451130 Sewing, needlework, \& piece goods stores
451110 Sporting goods stores
Miscellaneous Store Retailers
453920 Art dealers
453110 Florists
453220 Gift, novelty, \& souvenir stores
453930 Manufactured (mobile) home dealers
453210 Office supplies \& stationery stores
453910 Pet \& pet supplies stores
453310 Used merchandise stores
453990 All other miscellaneous store retailers (including tobacco, candle, \& trophy shops)

## Nonstore Retailers

454112 Electronic auctions
454111 Electronic shopping
454310 Fuel dealers
454113 Mail-order houses
454210 Vending machine operators
454390 Other direct selling establishments (including door-to-door retailing, frozen food plan providers, party plan merchandisers, \& coffee-break service providers)

## Transportation \&

## Warehousing

481000 Air transportation
485510 Charter bus industry
484110 General freight trucking, local
484120 General freight trucking, long distance
485210 Interurban \& rural bus transportation
486000 Pipeline transportation
482110 Rail transportation
487000 Scenic \& sightseeing transportation
485410 School \& employee bus transportation
484200 Specialized freight trucking (including household moving vans)
485300 Taxi \& limousine service
485110 Urban transit systems
483000 Water transportation
485990 Other transit \& ground passenger transportation
488000 Support activities for transportation (including motor vehicle towing)

Couriers \& Messengers
492000 Couriers \& messengers
Warehousing \& Storage
Facilities
493100 Warehousing \& storage (except leases of miniwarehouses \& self-storage units)

## Utilities

221000 Utilities

## Wholesale Trade

Merchant Wholesalers,

## Durable Goods

423600 Electrical \& electronic goods
423200 Furniture \& home furnishing
423700 Hardware, \& plumbing \& heating equipment \& supplies
423940 Jewelry, watch, precious stone, \& precious metals
423300 Lumber \& other construction materials
423800 Machinery, equipment, \& supplies
423500 Metal \& mineral (except petroleum)
423100 Motor vehicle \& motor vehicle parts \& supplies
423400 Professional \& commercial equipment \& supplies
423930 Recyclable materials
423910 Sporting \& recreational goods \& supplies
423920 Toy \& hobby goods \& supplies
423990 Other miscellaneous durable goods
Merchant Wholesalers, Nondurable Goods
424300 Apparel, piece goods, \& notions
424800 Beer, wine, \& distilled alcoholic beverage
424920 Books, periodicals, \& newspapers
424600 Chemical \& allied products
424210 Drugs \& druggists' sundries
424500 Farm product raw materials
424910 Farm supplies
424930 Flower, nursery stock, \& florists' supplies
424400 Grocery \& related products
424950 Paint, varnish, \& supplies
424100 Paper \& paper products
424700 Petroleum \& petroleum products
424940 Tobacco \& tobacco products
424990 Other miscellaneous nondurable goods
Wholesale Electronic
Markets and Agents \&

## Brokers

425110 Business to business
electronic markets
425120 Wholesale trade agents \& brokers

999999 Unclassified establishments (unable to classify)

## 2003 Instructions for Schedule D

## Capital Gains and Losses

## General Instructions

## Changes To Note

Maximum Capital Gains Tax Rates. The 20\% maximum tax rate on net capital gain (the excess of net long-term capital gain over net short-term capital loss) has been reduced to $15 \%$, and the $10 \%$ rate has been reduced to $5 \%$, for sales and other dispositions after May 5, 2003 (and installment payments received after that date). The $25 \%$ rate on unrecaptured section 1250 gain and the $28 \%$ rate on collectibles gain and section 1202 gain have not changed.
Qualified Dividends. Dividends paid by most domestic and foreign corporations after December 31, 2002, are eligible for the new maximum capital gains tax rate of $15 \%$ ( $5 \%$ in some cases). Qualified dividends are reported on Form 1040, line 9b. For details, see the Instructions for Form 1040, line 9b, on page 23.
Qualified 5-Year Gain. The $8 \%$ maximum capital gains tax rate for qualified 5 -year gain has been eliminated for sales and other dispositions after May 5, 2003 (and installment payments received after that date). Instead, gain from these transactions will be taxed at the $5 \%$ maximum capital gains tax rate described above. See the instructions for line 35 on page D-10 for more details.
$\mathbf{2 8 \%}$ Rate Gain. Any 28\% rate gain is now figured on a worksheet and entered on Schedule D, line 20. See the instructions for line 20 beginning on page $\mathrm{D}-8$ for more details.
Capital Loss Carryover Worksheet. The Capital Loss Carryover Worksheet has been removed from the 2003 Instructions for Schedule D to simplify the preparation of your 2003 tax return. To figure your capital loss carryover to 2004, you will use a worksheet in the 2004 Instructions for Schedule D. See the instructions for line 18 on page D-7 for more details.

Use Schedule D (Form 1040) to report the following.

- The sale or exchange of a capital asset (defined on this page) not reported on another form or schedule.
- Gains from involuntary conversions (other than from casualty or theft) of capital assets not held for business or profit.
- Capital gain distributions not reported directly on Form 1040, line 13a.
- Nonbusiness bad debts.

Additional Information. See Pub. 544 and Pub. 550 for more details. For a comprehensive filled-in example of Schedule D, see Pub. 550.

Section references are to the Internal Revenue Code unless otherwise noted.

## Other Forms You May Have To File

Use Form 4797 to report the following.

- The sale or exchange of:

1. Property used in a trade or business;
2. Depreciable and amortizable property;
3. Oil, gas, geothermal, or other mineral property; and
4. Section 126 property.

- The involuntary conversion (other than from casualty or theft) of property used in a trade or business and capital assets held for business or profit.
- The disposition of noncapital assets other than inventory or property held primarily for sale to customers in the ordinary course of your trade or business.
- Ordinary loss on the sale, exchange, or worthlessness of small business investment company (section 1242) stock.
- Ordinary loss on the sale, exchange, or worthlessness of small business (section 1244) stock.
- Ordinary gain or loss on securities held in connection with your trading business, if you previously made a mark-to-market election. See Traders in Securities on page D-3.

Use Form 4684 to report involuntary conversions of property due to casualty or theft.

Use Form 6781 to report gains and losses from section 1256 contracts and straddles.

Use Form 8824 to report like-kind exchanges. A like-kind exchange occurs when you exchange business or investment property for property of a like kind.

## Capital Asset

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

- Stock in trade or other property included in inventory or held mainly for sale to customers.
- Accounts or notes receivable for services performed in the ordinary course of your trade or business or as an employee, or from the sale of stock in trade or other property held mainly for sale to customers.
- Depreciable property used in your trade or business, even if it is fully depreciated.
- Real estate used in your trade or business.
- Copyrights, literary, musical, or artistic compositions, letters or memoranda, or similar property: (a) created by your personal efforts; (b) prepared or produced for you (in the case of letters, memoranda, or similar property); or (c) that you received from someone who created them or for whom they were created, as mentioned in (a) or (b), in a way (such as by gift) that entitled you to the basis of the previous owner.
- U.S. Government publications, including the Congressional Record, that you received from the government, other than by purchase at the normal sales price, or that you got from someone who had received it in a similar way, if your basis is determined by reference to the previous owner's basis.
- Certain commodities derivative financial instruments held by a dealer. See section 1221(a)(6).
- Certain hedging transactions entered into in the normal course of your trade or business. See section 1221(a)(7).
- Supplies regularly used in your trade or business.


## Short Term or Long Term

Separate your capital gains and losses according to how long you held or owned the property. The holding period for short-term capital gains and losses is 1 year or less. The holding period for long-term capital gains and losses is more than 1 year. To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it.

If you disposed of property that you acquired by inheritance, report the disposition as a long-term gain or loss, regardless of how long you held the property.

A nonbusiness bad debt must be treated as a short-term capital loss. See Pub. 550 for what qualifies as a nonbusiness bad debt and how to enter it on Schedule D.

## Capital Gain Distributions

These distributions are paid by a mutual fund (or other regulated investment company) or real estate investment trust from its net realized long-term capital gains. Distributions of net realized short-term capital gains are not treated as capital gains. Instead, they are included on Form 1099-DIV as ordinary dividends.

Enter on line 13, column (f), the total capital gain distributions paid to you during the year, regardless of how long you held your investment. This amount is shown in box 2a of Form 1099-DIV.

If there is an amount in box $2 b$ of Form 1099-DIV, include that amount on line 13 , column (g).

If there is an amount in box 2 c , include that amount on line 5 of the Qualified 5-Year Gain Worksheet on page D-10 if you complete line 35 of Schedule D.

If there is an amount in box 2d, include that amount on line 11 of the Unrecaptured Section 1250 Gain Worksheet on page D-7 if you complete line 19 of Schedule D.

If there is an amount in box 2 e , see Exclusion of Gain on Qualified Small Business (QSB) Stock on page D-4.

If there is an amount in box 2 f , include that amount on line 4 of the $28 \%$ Rate Gain Worksheet on page D-8 if you complete line 20 of Schedule D.

If you received capital gain distributions as a nominee (that is, they were paid to you but actually belong to someone else), report on line 13 only the amount that belongs to you. Attach a statement showing the full amount you received and the amount you received as a nominee. See the Instructions for Schedule B for filing requirements for Forms 1099-DIV and 1096.

## Sale of Your Home

If you sold or exchanged your main home, do not report it on your tax return unless your gain exceeds your exclusion amount. Generally, if you meet the two tests below, you can exclude up to $\$ 250,000$ of gain. If both you and your spouse meet these tests and you file a joint return, you can exclude up to
$\$ 500,000$ of gain (but only one spouse needs to meet the ownership requirement in Test 1).

Test 1. You owned and used the home as your main home for 2 years or more during the 5 -year period ending on the date you sold or exchanged your home.

Test 2. You have not sold or exchanged another main home during the 2 -year period ending on the date of the sale or exchange of your home.

Even if you do not meet one or both of the above two tests, you still can claim an exclusion if you sold or exchanged the home because of a change in place of employment, health, or certain unforeseen circumstances. In this case, the maximum amount of gain you can exclude is reduced.

See Pub. 523 for details, including how to report any taxable gain if:

- You (or your spouse if married) used any part of the home for business or rental purposes after May 6, 1997, or
- Your gain exceeds your exclusion amount.


## Partnership Interests

A sale or other disposition of an interest in a partnership may result in ordinary income, collectibles gain ( $28 \%$ rate gain), or unrecaptured section 1250 gain. For details on $28 \%$ rate gain, see the instructions for line 20 beginning on page D-8. For details on unrecaptured section 1250 gain, see the instructions for line 19 beginning on page D-7.

## Capital Assets Held for Personal Use

Generally, gain from the sale or exchange of a capital asset held for personal use is a capital gain. Report it on Schedule D, Part I or Part II. However, if you converted depreciable property to personal use, all or part of the gain on the sale or exchange of that property may have to be recaptured as ordinary income. Use Part III of Form 4797 to figure the amount of ordinary income recapture. The recapture amount is included on line 31 (and line 13) of Form 4797. Do not enter any gain for this property on line 32 of Form 4797. If you are not completing Part III for any other properties, enter "N/A" on line 32. If the total gain is more than the recapture amount, enter "From Form 4797 " in column (a) of line 1 or line 8 of Schedule D, skip columns (b) through (e), and in column (f) (and column (g) for sales after May 5, 2003) enter the excess of the total gain over the recapture amount.

Loss from the sale or exchange of a capital asset held for personal use is not deductible. But if you had a loss from the sale or exchange of real estate held for personal use for which you received a Form 1099-S, you must report the transaction on Schedule D even though the loss is not deductible. For example, you have a loss on the sale of a vacation home that is not your main home and you received a Form 1099-S for the transaction. Report the transaction on line 1 or 8 , depending on how long you
owned the home. Complete columns (a) through (e). Because the loss is not deductible, enter zero in column (f).

## Nondeductible Losses

Do not deduct a loss from the direct or indirect sale or exchange of property between any of the following.

- Members of a family.
- A corporation and an individual owning more than $50 \%$ of the corporation's stock (unless the loss is from a distribution in complete liquidation of a corporation).
- A grantor and a fiduciary of a trust.
- A fiduciary and a beneficiary of the same trust.
- A fiduciary and a beneficiary of another trust created by the same grantor.
- An executor of an estate and a beneficiary of that estate, unless the sale or exchange was to satisfy a pecuniary bequest (that is, a bequest of a sum of money).
- An individual and a tax-exempt organization controlled by the individual or the individual's family.

See Pub. 544 for more details on sales and exchanges between related parties.

If you disposed of (a) an asset used in an activity to which the at-risk rules apply or (b) any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, see the Instructions for Form 6198.

If the loss is allowable under the at-risk rules, it may then be subject to the passive activity rules. See Form 8582 and its instructions for details on reporting capital gains and losses from a passive activity.

## Items for Special Treatment

- Transactions by a securities dealer. See section 1236.
- Bonds and other debt instruments. See Pub. 550.
- Certain real estate subdivided for sale that may be considered a capital asset. See section 1237.
- Gain on the sale of depreciable property to a more than $50 \%$ owned entity or to a trust of which you are a beneficiary. See Pub. 544.
- Gain on the disposition of stock in an interest charge domestic international sales corporation. See section 995(c).
- Gain on the sale or exchange of stock in certain foreign corporations. See section 1248.
- Transfer of property to a partnership that would be treated as an investment company if it were incorporated. See Pub. 541.
- Sales of stock received under a qualified public utility dividend reinvestment plan. See Pub. 550.
- Transfer of appreciated property to a political organization. See section 84 .
- In general, no gain or loss is recognized on the transfer of property from an
individual to a spouse or a former spouse if the transfer is incident to a divorce. See Pub. 504.
- Amounts received on the retirement of a debt instrument generally are treated as received in exchange for the debt instrument. See Pub. 550.
- Any loss on the disposition of converted wetland or highly erodible cropland that is first used for farming after March 1, 1986, is reported as a long-term capital loss on Schedule D, but any gain is reported as ordinary income on Form 4797.
- If qualified dividends that you reported on Form 1040, line 9b, include extraordinary dividends, any loss on the sale or exchange of the stock is a long-term capital loss to the extent of the extraordinary dividends. An extraordinary dividend is a dividend that equals or exceeds $10 \%$ ( $5 \%$ in the case of preferred stock) of your basis in the stock.
- Amounts received by shareholders in corporate liquidations. See Pub. 550.
- Cash received in lieu of fractional shares of stock as a result of a stock split or stock dividend. See Pub. 550.
- Mutual fund load charges, which may not be taken into account in determining gain or loss on certain dispositions of stock in mutual funds if reinvestment rights were exercised. See Pub. 564.
- The sale or exchange of S corporation stock or an interest in a trust held for more than 1 year, which may result in collectibles gain ( $28 \%$ rate gain). See page D-8.
- Gain or loss on the disposition of securities futures contracts. See Pub. 550.
- Gain on the constructive sale of certain appreciated financial positions. See Pub. 550.
- Certain constructive ownership transactions. Gain in excess of the gain you would have recognized if you had held a financial asset directly during the term of a derivative contract must be treated as ordinary income. See section 1260. If any portion of the constructive ownership transaction was open in any prior year, you may have to pay interest. See section 1260(b) for details, including how to figure the interest. Include the interest as an additional tax on Form 1040, line 60. Write "Section 1260(b) interest", and the amount of the interest to the left of line 60 . This interest is not deductible.
- The sale of publicly traded securities, if you elect to postpone gain by purchasing common stock or a partnership interest in a specialized small business investment company during the 60 -day period that began on the date of the sale. See Pub. 550.
- The sale of qualified securities, held for at least 3 years, to an employee stock ownership plan or eligible worker-owned cooperative, if you elect to postpone gain by purchasing qualified replacement property. See Pub. 550.


## Wash Sales

A wash sale occurs when you sell or otherwise dispose of stock or securities (in-
cluding a contract or option to acquire or sell stock or securities) at a loss and, within 30 days before or after the sale or disposition, you directly or indirectly:

- Buy substantially identical stock or securities,
- Acquire substantially identical stock or securities in a fully taxable trade, or
- Enter into a contract or option to acquire substantially identical stock or securities.

You cannot deduct losses from wash sales unless the loss was incurred in the ordinary course of your business as a dealer in stock or securities. The basis of the substantially identical property (or contract or option to acquire such property) is its cost increased by the disallowed loss. For more details on wash sales, see Pub. 550.

Report a wash sale transaction on line 1 or 8 . Enter the full amount of the (loss) in column (f). Also report this amount in column (g) if the transaction occurred after May 5, 2003. Directly below the line on which you reported the loss, enter "Wash Sale" in column (a), and enter as a positive amount in column (f) (and column (g) for transactions after May 5, 2003) the amount of the loss not allowed.

## Traders in Securities

You are a trader in securities if you are engaged in the business of buying and selling securities for your own account. To be engaged in business as a trader in securities:

- You must seek to profit from daily market movements in the prices of securities and not from dividends, interest, or capital appreciation.
- Your activity must be substantial.
- You must carry on the activity with continuity and regularity.

The following facts and circumstances should be considered in determining if your activity is a business.

- Typical holding periods for securities bought and sold.
- The frequency and dollar amount of your trades during the year.
- The extent to which you pursue the activity to produce income for a livelihood.
- The amount of time you devote to the activity.

You are considered an investor, and not a trader, if your activity does not meet the above definition of a business. It does not matter whether you call yourself a trader or a "day trader."

Like an investor, a trader must report each sale of securities (taking into account commissions and any other costs of acquiring or disposing of the securities) on Schedule D or D-1 or on an attached statement containing all the same information for each sale in a similar format. However, if a trader previously made the mark-to-market election (see below), each transaction is reported in Part II of Form 4797 instead of Schedules D and D-1. Regardless of whether a trader reports his or her gains and losses on Schedules D
and D-1 or Form 4797, the gain or loss from the disposition of securities is not taken into account when figuring net earnings from self-employment on Schedule SE. See the Instructions for Schedule SE for an exception that applies to section 1256 contracts.

The limitation on investment interest expense that applies to investors does not apply to interest paid or incurred in a trading business. A trader reports interest expense and other expenses (excluding commissions and other costs of acquiring or disposing of securities) from a trading business on Schedule C (instead of Schedule A).

A trader also may hold securities for investment. The rules for investors generally will apply to those securities. Allocate interest and other expenses between your trading business and your investment securities.

## Mark-To-Market Election for Traders

A trader may make an election under section $475(\mathrm{f})$ to report all gains and losses from securities held in connection with a trading business as ordinary income (or loss), including securities held at the end of the year. Securities held at the end of the year are "marked to market" by treating them as if they were sold (and reacquired) for fair market value on the last business day of the year. Generally, the election must be made by the due date (not including extensions) of the tax return for the year prior to the year for which the election becomes effective. To be effective for 2003, the election must have been made by April 15, 2003.

Starting with the year the election becomes effective, a trader reports all gains and losses from securities held in connection with the trading business, including securities held at the end of the year, in Part II of Form 4797. If you previously made the election, see the Instructions for Form 4797. For details on making the mark-to-market election for 2004 , see Pub. 550 or Rev. Proc. 99-17, 1999-1 C.B. 503. You can find Rev. Proc. 99-17 on page 52 of Internal Revenue Bulletin 1999-7 at www.irs.gov/pub/irs-irbs/ irb99-07.pdf.

If you hold securities for investment, they must be identified as such in your records on the day they are acquired (for example, by holding the securities in a separate brokerage account). Securities held for investment are not marked-to-market.

## Short Sales

A short sale is a contract to sell property you borrowed for delivery to a buyer. At a later date, you either buy substantially identical property and deliver it to the lender or deliver property that you held but did not want to transfer at the time of the sale. Usually, your holding period is the amount of time you actually held the property eventually delivered to the lender to close the short sale. However, your gain when closing a short sale is short term if you (a) held substantially identical property for 1 year or less on
the date of the short sale or (b) acquired property substantially identical to the property sold short after the short sale but on or before the date you close the short sale. If you held substantially identical property for more than 1 year on the date of a short sale, any loss realized on the short sale is a long-term capital loss, even if the property used to close the short sale was held 1 year or less.

## Gain or Loss From Options

Report on Schedule D gain or loss from the closing or expiration of an option that is not a section 1256 contract but is a capital asset in your hands. If an option you purchased expired, enter the expiration date in column (c) and enter "EXPIRED" in column (d). If an option that was granted (written) expired, enter the expiration date in column (b) and enter "EXPIRED" in column (e). Fill in the other columns as appropriate. See Pub. 550 for details.

## Undistributed Capital Gains

Include on line 11, column (f), the amount from box 1a of Form 2439. This represents your share of the undistributed long-term capital gains of the regulated investment company (including a mutual fund) or real estate investment trust.

If there is an amount in box 1 b of Form 2439, include that amount on line 11, column (g).

If there is an amount in box 1c, include that amount on line 5 of the Qualified 5-Year Gain Worksheet on page $\mathrm{D}-10$ if you complete line 35 of Schedule D.

If there is an amount in box 1d, include that amount on line 11 of the Unrecaptured Section 1250 Gain Worksheet on page D-7 if you complete line 19 of Schedule D.

If there is an amount in box 1e, see Exclusion of Gain on Qualified Small Business (QSB) Stock on page D-4.

If there is an amount in box 1f, include that amount on line 4 of the $\mathbf{2 8 \%}$ Rate Gain Worksheet on page D-8 if you complete line 20 of Schedule D.

Enter on Form 1040, line 67, the tax paid as shown in box 2 of Form 2439. Also on line 67, check the box for Form 2439. Add to the basis of your stock the excess of the amount included in income over the amount of the credit for the tax paid. See Pub. 550 for details.

## Installment Sales

If you sold property (other than publicly traded stocks or securities) at a gain and you will receive a payment in a tax year after the year of sale, you generally must report the sale on the installment method unless you elect not to. Use Form 6252 to report the sale on the installment method. Also use Form 6252 to report any payment received in 2003 from a sale made in an earlier year that you reported on the installment method.

To elect out of the installment method, report the full amount of the gain on Schedule D on a timely filed re-
turn (including extensions) for the year of the sale. If your original return was filed on time, you may make the election on an amended return filed no later than 6 months after the due date of your return (excluding extensions). Write "Filed pursuant to section 301.9100-2" at the top of the amended return.

## Demutualization of Life Insurance Companies

Demutualization of a life insurance company occurs when a mutual life insurance company changes to a stock company. If you were a policyholder or annuitant of the mutual company, you may have received either stock in the stock company or cash in exchange for your equity interest in the mutual company. The basis of your equity interest in the mutual company is considered to be zero.

If the demutualization transaction qualifies as a tax-free reorganization, no gain is recognized on the exchange of your equity interest in the mutual company for stock. The company can advise you if the transaction is a tax-free reorganization. Because the basis of your equity interest in the mutual company is considered to be zero, your basis in the stock received is zero. Your holding period for the new stock includes the period you held an equity interest in the mutual company. If you received cash in exchange for your equity interest, you must recognize a capital gain in an amount equal to the cash received. If you held the equity interest for more than 1 year, report the gain as a long-term capital gain on line 8 . If you held the equity interest for 1 year or less, report the gain as a short-term capital gain on line 1 .

If the demutualization transaction does not qualify as a tax-free reorganization, you must recognize a capital gain in an amount equal to the cash and fair market value of the stock received. If you held the equity interest for more than 1 year, report the gain as a long-term capital gain on line 8 . If you held the equity interest for 1 year or less, report the gain as a short-term capital gain on line 1. Your holding period for the new stock begins on the day after you received the stock.

## Exclusion of Gain on Qualified Small Business (QSB) Stock

Section 1202 allows for an exclusion of up to $50 \%$ of the eligible gain on the sale or exchange of QSB stock. The section 1202 exclusion applies only to QSB stock held for more than 5 years.

To be QSB stock, the stock must meet all of the following tests.

- It must be stock in a C corporation (that is, not S corporation stock).
- It must have been originally issued after August 10, 1993.
- As of the date the stock was issued, the corporation was a domestic C corporation with total gross assets of $\$ 50$ million or less (a) at all times after August

9, 1993, and before the stock was issued and (b) immediately after the stock was issued. Gross assets include those of any predecessor of the corporation. All corporations that are members of the same parent-subsidiary controlled group are treated as one corporation.

- You must have acquired the stock at its original issue (either directly or through an underwriter), either in exchange for money or other property or as pay for services (other than as an underwriter) to the corporation. In certain cases, you may meet the test if you acquired the stock from another person who met the test (such as by gift or inheritance) or through a conversion or exchange of QSB stock you held.
- During substantially all the time you held the stock:

1. The corporation was a C corporation,
2. At least $80 \%$ of the value of the corporation's assets were used in the active conduct of one or more qualified businesses (defined below), and
3. The corporation was not a foreign corporation, DISC, former DISC, regulated investment company, real estate investment trust, REMIC, FASIT, cooperative, or a corporation that has made (or that has a subsidiary that has made) a section 936 election.

Note. A specialized small business investment company (SSBIC) is treated as having met test $\mathbf{2}$ above.

## A qualified business is any business other than a-

- Business involving services performed in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, athletics, financial services, or brokerage services.
- Business whose principal asset is the reputation or skill of one or more employees.
- Banking, insurance, financing, leasing, investing, or similar business.
- Farming business (including the raising or harvesting of trees).
- Business involving the production of products for which percentage depletion can be claimed.
- Business of operating a hotel, motel, restaurant, or similar business.

For more details about limits and additional requirements that may apply, see section 1202.

## Pass-Through Entities

If you held an interest in a pass-through entity (a partnership, S corporation, or mutual fund or other regulated investment company) that sold QSB stock, to qualify for the exclusion you must have held the interest on the date the pass-through entity acquired the QSB stock and at all times thereafter until the stock was sold.

## How To Report

Report in column (f) of line 8 the entire gain realized on the sale of QSB stock. Complete all other columns as indicated, but do not enter any amount in column (g). Directly below the line on which you reported the gain, enter in column (a) "Section 1202 exclusion" and enter as a loss in column (f) the amount of the allowable exclusion. If you are completing line 20 of Schedule D, enter as a positive number the amount of your allowable exclusion on line 2 of the $\mathbf{2 8 \%}$ Rate Gain Worksheet on page D-8.
Gain From Form 1099-DIV. If you received a Form 1099-DIV with a gain in box 2 e , part or all of that gain (which is also included in box 2a) may be eligible for the section 1202 exclusion. In column (a) of line 8 , enter the name of the corporation whose stock was sold. In column (f), enter the amount of your allowable exclusion as a loss. If you are completing line 20 of Schedule D, enter as a positive number the amount of your allowable exclusion on line 2 of the $\mathbf{2 8 \%}$ Rate Gain Worksheet on page D-8.
Gain From Form 2439. If you received a Form 2439 with a gain in box 1e, part or all of that gain (which is also included in box 1a) may be eligible for the section 1202 exclusion. In column (a) of line 8, enter the name of the corporation whose stock was sold. In column (f), enter the amount of your allowable exclusion as a loss. If you are completing line 20 of Schedule D, enter as a positive number the amount of your allowable exclusion on line 2 of the $\mathbf{2 8 \%}$ Rate Gain Worksheet on page D-8.
Gain From an Installment Sale of QSB Stock. If all payments are not received in the year of sale, a sale of QSB stock that is not traded on an established securities market generally is treated as an installment sale and is reported on Form 6252. Figure the allowable section 1202 exclusion for the year by multiplying the total amount of the exclusion by a fraction, the numerator of which is the amount of eligible gain to be recognized for the tax year and the denominator of which is the total amount of eligible gain. In column (a) of line 8 , enter the name of the corporation whose stock was sold. In column (f), enter the amount of your allowable exclusion as a loss. If you are completing line 20 of Schedule D, enter as a positive number the amount of your allowable exclusion on line 2 of the $28 \%$ Rate Gain Worksheet on page D-8.
Alternative Minimum Tax. On line 12 of Form 6251 you must enter $42 \%$ of your allowable exclusion for dispositions before May 6, 2003 ( $7 \%$ for dispositions after May 5, 2003).

## Rollover of Gain From QSB Stock

If you sold QSB stock (defined on page D-4) that you held for more than 6
months, you may elect to postpone gain if you purchase other QSB stock during the 60 -day period that began on the date of the sale. A pass-through entity also may make the election to postpone gain. The benefit of the postponed gain applies to your share of the entity's postponed gain if you held an interest in the entity for the entire period the entity held the QSB stock. If a pass-through entity sold QSB stock held for more than 6 months and you held an interest in the entity for the entire period the entity held the stock, you also may elect to postpone gain if you, rather than the pass-through entity, purchase the replacement QSB stock within the 60-day period.

You must recognize gain to the extent the sale proceeds exceed the cost of the replacement stock. Reduce the basis of the replacement stock by any postponed gain.

You must make the election no later than the due date (including extensions) for filing your tax return for the tax year in which the QSB stock was sold. If your original return was filed on time, you may make the election on an amended return filed no later than 6 months after the due date of your return (excluding extensions). Write "Filed pursuant to section $301.9100-2$ " at the top of the amended return.

To make the election, report the entire gain realized on the sale in column (f) of line 1 or 8 . If the sale occurred after May 5,2003 , also report the gain in column (g) (unless the gain also qualifies for the section 1202 exclusion discussed on page D-4). Directly below the line on which you reported the gain, enter in column (a) "Section 1045 rollover", and enter the amount of the postponed gain as a (loss) in column (f) (and column (g) for sales after May 5, 2003, unless the gain also qualifies for the section 1202 exclusion discussed on page D-4).

## Rollover of Gain From Empowerment Zone Assets

If you sold a qualified empowerment zone asset that you held for more than 1 year, you may be able to elect to postpone part or all of the gain that you would otherwise include on Schedule D. If you make the election, the gain on the sale generally is recognized only to the extent, if any, that the amount realized on the sale exceeds the cost of qualified empowerment zone assets (replacement property) you purchased during the 60 -day period beginning on the date of the sale. The following rules apply.

- No portion of the cost of the replacement property may be taken into account to the extent the cost is taken into account to exclude gain on a different empowerment zone asset.
- The replacement property must qualify as an empowerment zone asset with
respect to the same empowerment zone as the asset sold.
- You must reduce the basis of the replacement property by the amount of postponed gain.
- This election does not apply to any gain (a) treated as ordinary income or (b) attributable to real property, or an intangible asset, which is not an integral part of an enterprise zone business.
- The District of Columbia enterprise zone is not treated as an empowerment zone for this purpose.
- The election is irrevocable without IRS consent.

See Pub. 954 for the definition of empowerment zone and enterprise zone business. You can find out if your business is located within an empowerment zone by using the RC/EZ/EC Address Locator at http://hud.esri.com/ locateservices/ezec.
Qualified empowerment zone assets are:

- Tangible property, if:

1. You acquired the property after December 21, 2000,
2. The original use of the property in the empowerment zone began with you, and
3. Substantially all of the use of the property, during substantially all of the time that you held it, was in your enterprise zone business; and

- Stock in a domestic corporation or a capital or profits interest in a domestic partnership, if:

1. You acquired the stock or partnership interest after December 21, 2000, solely in exchange for cash, from the corporation at its original issue (directly or through an underwriter) or from the partnership;
2. The business was an enterprise zone business (or a new business being organized as an enterprise zone business) as of the time you acquired the stock or partnership interest; and
3. The business qualified as an enterprise zone business during substantially all of the time during which you held the stock or partnership interest.
How To Report. Report the entire gain realized from the sale as you otherwise would without regard to the election. On Schedule D, line 8, enter "Section 1397B Rollover" in column (a) and enter as a loss in column ( f ) (and column (g) for sales after May 5, 2003) the amount of gain included on Schedule D that you are electing to postpone. If you are reporting the sale directly on Schedule D, line 8 , use the line directly below the line on which you are reporting the sale.

See section 1397B for more details.

## Specific Instructions

## Lines 1 and 8

Enter all sales and exchanges of capital assets, including stocks, bonds, etc., and real estate (if not reported on Form 4684, 4797,6252 , 6781, or 8824). But do not report the sale or exchange of your main home unless required (see page D-2). Include these transactions even if you did not receive a Form 1099-B or 1099-S (or substitute statement) for the transaction. You can use stock ticker symbols or abbreviations to describe the property as long as they are based on the descriptions of the property as shown on Form 1099-B or 1099-S (or substitute statement).

Use Schedule D-1 to list additional transactions for lines 1 and 8. Use as many Schedules D-1 as you need. Enter on Schedule D, lines 2 and 9, the combined totals from all your Schedules D-1.

$\Delta$
Add the following amounts reported to you for 2003 on Forms 1099-B and 1099-S (or substitute statements) that you are not reporting on another form or schedule included with your return: (a) proceeds from transactions involving stocks, bonds, and other securities and (b) gross proceeds from real estate transactions (other than the sale of your main home if you are not required to report it). If this total is more than the total of lines 3 and 10, attach an explanation of the difference.

## Column (b)—Date Acquired

Enter in this column the date the asset was acquired. Use the trade date for stocks and bonds traded on an exchange or over-the-counter market. For stock or other property sold short, enter the date the stock or property was delivered to the broker or lender to close the short sale.

The date acquired for an asset you held on January 1, 2001, for which you made an election to recognize any gain in a deemed sale is the date of the deemed sale and reacquisition.

If you disposed of property that you acquired by inheritance, report the gain or (loss) on line 8 and enter "INHERITED" in column (b) instead of the date you acquired the property.

If you sold a block of stock (or similar property) that was acquired through several different purchases, you may report the sale on one line and enter "VARIOUS" in column (b). However, you still must report the short-term gain or (loss) on the sale in Part I and the long-term gain or (loss) in Part II.

## Column (c)—Date Sold

Enter in this column the date the asset was sold. Use the trade date for stocks and bonds traded on an exchange or over-the-counter market. For stock or other property sold short, enter the date you sold the stock or property you borrowed to open the short sale transaction.

## Column (d)—Sales Price

Enter in this column either the gross sales price or the net sales price from the sale. If you sold stocks or bonds and you received a Form 1099-B (or substitute statement) from your broker that shows gross sales price, enter that amount in column (d). But if Form 1099-B (or substitute statement) indicates that gross proceeds minus commissions and option premiums were reported to the IRS, enter that net amount in column (d). If you enter the net amount in column (d), do not include the commissions and option premiums from the sale in column (e).

You should not have received a Form 1099-B (or substitute statement) for a transaction merely representing the return of your original investment in a nontransferable obligation, such as a savings bond or a certificate of deposit. But if you did, report the amount shown on Form 1099-B (or substitute statement) in both columns (d) and (e).


Be sure to add all sales price entries on lines 1 and 8, column (d), to amounts on lines 2 and 9, column (d). Enter the totals on lines 3 and 10 .

## Column (e)—Cost or Other Basis

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

If you sold stock, adjust your basis by subtracting all the nontaxable distributions you received before the sale. Also adjust your basis for any stock splits. See Pub. 550 for details.

If you elected to recognize gain on an asset held on January 1, 2001, your basis in the asset is its closing market price or fair market value, whichever applies, on the date of the deemed sale and reacquisition, whether the deemed sale resulted in a gain or an unallowed loss.

You may elect to use an average basis for all shares of a mutual fund if you acquired the shares at various times and prices and you left the shares on deposit in an account handled by a custodian or agent who acquired or redeemed those shares. If you are reporting an average basis, include "AVGB" in column (a) of Schedule D. For details on making the election and how to figure average basis, see Pub. 564.

The basis of property acquired by gift is generally the basis of the property in the hands of the donor. The basis of property acquired from a decedent is generally the fair market value at the date of death. See Pub. 551 for details.

Increase the cost or other basis of an original issue discount (OID) debt instrument by the amount of OID that has been included in gross income for that instrument. See Pub. 550 for details.

If a charitable contribution deduction is allowed because of a bargain sale of property to a charitable organization, the adjusted basis for purposes of determining gain from the sale is the amount that has the same ratio to the adjusted basis as the amount realized has to the fair market value. See Pub. 544 for details.

Increase your cost or other basis by any expense of sale, such as broker's fees, commissions, state and local transfer taxes, and option premiums, before making an entry in column (e), unless you reported the net sales price in column (d).

## For more details, see Pub. 551.

## Column (f)-Gain or (Loss) for the Entire Year

You must make a separate entry in this column for each transaction reported on lines 1 and 8 and any other line(s) that applies to you. For lines 1 and 8, subtract the amount in column (e) from the amount in column (d). Enter negative amounts in parentheses.

## Column (g)—Post-May 5 Gain or (Loss)

Enter in this column all gains and losses you reported in column (f) from sales, exchanges, or conversions (including installment payments received) after May 5, 2003. However, do not include gain attributable to unrecaptured section 1250 gain, collectibles gains and losses (defined on page D-8) or eligible gain on qualified small business stock (defined on page D-4).

## Line 7a

Enter on line 7a, column (g), your post-May 5 short-term loss, if any. If the total of lines 1 through 5 in column (g) is a gain, enter zero.

Example 1. Bill and Jean Birch had the following short-term capital gains and losses for 2003.

1. A sale of stock on April 10, 2003, at a loss of $(\$ 2,000)$.
2. A sale of stock on July 7, 2003, at a gain of $\$ 2,000$.
3. A sale of stock on September 15, 2003, at a loss of $(\$ 3,000)$.

The Birches enter a loss of $(\$ 1,000)$ on line 7 a , column (g), consisting of the post-May 5 short-term gain of $\$ 2,000$ from item 2 and the post-May 5 short-term loss of $(\$ 3,000)$ from item 3.

Example 2. Frank and Barbara Elm had the following short-term capital gains and losses for 2003.

1. A sale of stock on March 5, 2003, at a gain of $\$ 2,500$.
2. A sale of stock on June 9, 2003, at a gain of $\$ 4,000$.
3. A sale of stock on September 20, 2003 , at a loss of $(\$ 3,000)$.

The Elms enter zero on line 7a, column (g), since they have a post-May 5 net short-term gain of $\$ 1,000$, consisting of the post-May 5 short-term gain of $\$ 4,000$ from item 2 and the post-May 5 short-term loss of $(\$ 3,000)$ from item 3.

## Line 18

Limit on Capital Losses. For 2003, you may deduct capital losses up to the amount of your capital gains plus $\$ 3,000$ ( $\$ 1,500$ if married separately).
Capital Loss Carryover. You have a capital loss carryover from 2003 to 2004 if you have a loss on line 17a and either:

- That loss is more than the loss on line 18 or
- Form 1040, line 38, is less than zero.

To figure any capital loss carryover to 2004, you will use the Capital Loss Carryover Worksheet in the 2004 Instructions for Schedule D. If you want to figure your carryover now, see Pub. 550.

You will need a copy of your 2003 Form 1040 and Schedule D to figure your capital loss carryover to 2004.

## Tax Computation Using Maximum Capital Gains Rates

First, complete Form 1040 through line 40 (taxable income). Then, unless the Ex-
ception below applies, complete Part IV of Schedule D to figure your tax if:

- Both lines 16 and 17a of Schedule D are gains or
- You have qualified dividends on Form 1040, line 9b.

If you cannot use Part IV of Schedule D to figure your tax, see the Instructions for Form 1040, line 41.
Exception. If Form 1040, line 40, is zero, enter zero on Form 1040, line 41, and do not complete Part IV of Schedule D.

## Line 19

If you complete Part IV, complete the worksheet below if any of the following apply for 2003.

- You sold or otherwise disposed of section 1250 property (generally, real property that you depreciated) held more than 1 year.
- You received installment payments for section 1250 property held more than 1 year for which you are reporting gain on the installment method.
- You received a Schedule K-1 from an estate or trust, partnership, or S corporation that shows "unrecaptured section 1250 gain."
- You received a Form 1099-DIV or Form 2439 from a real estate investment trust or regulated investment company (including a mutual fund) that reports "unrecaptured section 1250 gain."
- You reported a long-term capital gain from the sale or exchange of an interest in a partnership that owned section 1250 property.


## Instructions for the Unrecaptured Section 1250 Gain Worksheet

Lines 1 through 3. If you had more than one property described on line 1 , complete lines 1 through 3 for each property on a separate worksheet. Enter the total of the line 3 amounts for all properties on line 3 and go to line 4 .

Line 4. To figure the amount to enter on line 4, follow the steps below for each installment sale of trade or business property held more than 1 year.

Step 1. Figure the smaller of (a) the depreciation allowed or allowable or (b) the total gain for the sale. This is the smaller of line 22 or line 24 of your 2003 Form 4797 (or the comparable lines of Form 4797 for the year of sale) for the property.

## Unrecaptured Section 1250 Gain Worksheet—Line 19

If you are not reporting a gain on Form 4797, line 7, column (g), skip lines 1 through 9 and go to line $\mathbf{1 0}$.

1. If you have a section 1250 property in Part III of Form 4797 for which you made an entry in Part I of Form 4797 (but not on Form 6252), enter the smaller of line 22 or line 24 of Form 4797 for that property. If you did not have any such property, go to line 4 . If you had more than one such property, see instructions . . . .
2. Enter the amount from Form 4797, line 26 g , for the property for which you made an entry on line $1 \ldots$. . . 2
3. Subtract line 2 from line 1
4. 
5. 
6. Enter the total unrecaptured section 1250 gain included on line 26 or line 37 of Form(s) 6252 from installment sales of trade or business property held more than 1 year (see instructions)
7. 
8. Enter the total of any amounts reported to you on a Schedule K-1 from a partnership or an S corporation as "unrecaptured section 1250 gain"
9. Add lines 3 through 5 .
.................
10. Enter the smaller of line 6 or the gain from Form 4797, line 7, column (g) . . . . . . . . 7.
11. Enter the amount, if any, from Form 4797, line 8, column (g)
12. 
13. Subtract line 8 from line 7. If zero or less, enter -0-
14. Enter the amount of any gain from the sale or exchange of an interest in a partnership attributable to unrecaptured section 1250 gain (see instructions)
$\qquad$
15. 
16. $\qquad$
17. Enter the total of any amounts reported to you on a Schedule K-1, Form 1099-DIV, or Form 2439 as "unrecaptured section 1250 gain" from an estate, trust, real estate investment trust, or mutual fund (or other regulated investment company)
18. 


10. $\qquad$
12. Enter the total of any unrecaptured section 1250 gain from sales (including installment sales) or other dispositions of section 1250 property held more than 1 year for which you did not make an entry in Part I of Form 4797 for the year of sale (see instructions)
12.
13. Add lines 9 through 12 .
13.
14. If you had any section 1202 gain or collectibles gain or (loss), enter the total of lines 1 through 4 of the $\mathbf{2 8 \%}$ Rate Gain Worksheet on page D-8. Otherwise, enter $-0-\ldots \ldots$. .
15. Enter the (loss), if any, from Schedule D, line 7b. If Schedule D, line 7b, is zero or a gain, enter -0-
14.
15. $($
16. Enter your long-term capital loss carryovers from Schedule D, line 14, and Schedule K-1 (Form 1041), line 13c
16. $\qquad$
11. $\qquad$
17. Combine lines 14 through 16. If the result is a (loss), enter it as a positive amount. If the result is zero or a gain, enter -0-
17.
18. Unrecaptured section 1250 gain. Subtract line 17 from line 13. If zero or less, enter -0-. Enter the result here and on Schedule D, line 19
18.

Step 2. Reduce the amount figured in step 1 by any section 1250 ordinary income recapture for the sale. This is the amount from line 26 g of your 2003 Form 4797 (or the comparable line of Form 4797 for the year of sale) for the property. The result is your total unrecaptured section 1250 gain that must be allocated to the installment payments received from the sale.

Step 3. Generally, the amount of section 1231 gain on each installment payment is treated as unrecaptured section 1250 gain until the total unrecaptured section 1250 gain figured in step 2 has been used in full. Figure the amount of gain treated as unrecaptured section 1250 gain for installment payments received in 2003 as the smaller of (a) the amount from line 26 or line 37 of your 2003 Form 6252, whichever applies, or (b) the amount of unrecaptured section 1250 gain remaining to be reported. This amount is generally the total unrecaptured section 1250 gain for the sale reduced by all gain reported in prior years (excluding section 1250 ordinary income recapture). However, if you chose not to treat all of the gain from payments received after May 6, 1997, and before August 24, 1999, as unrecaptured section 1250 gain, use only the amount you chose to treat as unrecaptured section 1250 gain for those payments to reduce the total unrecaptured section 1250 gain remaining to be reported for the sale. Include this amount on line 4.

Line 10. Include on line 10 your share of the partnership's unrecaptured section 1250 gain that would result if the partnership had transferred all of its section 1250 property in a fully taxable transaction immediately before you sold or exchanged your interest in that partnership. If you recognized less than all of the realized gain, the partnership will be treated as having transferred only a proportionate amount of each section 1250 property. For details, see Regulations section 1.1(h)-1. Also attach the statement
required under Regulations section 1.1(h)-1(e).
Line 12. An example of an amount to include on line 12 is unrecaptured section 1250 gain from the sale of a vacation home you previously used as a rental property but converted to personal use prior to the sale. To figure the amount to enter on line 12, follow the applicable instructions below.

Installment sales. To figure the amount to include on line 12, follow the steps below for each installment sale of property held more than 1 year for which you did not make an entry in Part I of your Form 4797 for the year of sale.

- Step 1. Figure the smaller of (a) the depreciation allowed or allowable or (b) the total gain for the sale. This is the smaller of line 22 or line 24 of your 2003 Form 4797 (or the comparable lines of Form 4797 for the year of sale) for the property.
- Step 2. Reduce the amount figured in step 1 by any section 1250 ordinary income recapture for the sale. This is the amount from line 26 g of your 2003 Form 4797 (or the comparable line of Form 4797 for the year of sale) for the property. The result is your total unrecaptured section 1250 gain that must be allocated to the installment payments received from the sale.
- Step 3. Generally, the amount of capital gain on each installment payment is treated as unrecaptured section 1250 gain until the total unrecaptured section 1250 gain figured in step 2 has been used in full. Figure the amount of gain treated as unrecaptured section 1250 gain for installment payments received in 2003 as the smaller of (a) the amount from line 26 or line 37 of your 2003 Form 6252, whichever applies, or (b) the amount of unrecaptured section 1250 gain remaining to be reported. This amount is generally the total unrecaptured section 1250 gain for the sale reduced by all gain reported in prior years (excluding section 1250 ordinary income recapture). However, if
you chose not to treat all of the gain from payments received after May 6 , 1997, and before August 24, 1999, as unrecaptured section 1250 gain, use only the amount you chose to treat as unrecaptured section 1250 gain for those payments to reduce the total unrecaptured section 1250 gain remaining to be reported for the sale. Include this amount on line 12 .

Other sales or dispositions of section 1250 property. For each sale of property held more than 1 year (for which you did not make an entry in Part I of Form 4797), figure the smaller of (a) the depreciation allowed or allowable or (b) the total gain for the sale. This is the smaller of line 22 or line 24 of Form 4797 for the property. Next, reduce that amount by any section 1250 ordinary income recapture for the sale. This is the amount from line 26 g of Form 4797 for the property. The result is the total unrecaptured section 1250 gain for the sale. Include this amount on line 12.

## Line 20

If you complete Part IV, complete the worksheet below if either of the following apply for 2003.

- You reported in Part II, column (f), a section 1202 exclusion from the eligible gain on qualified small business stock (see page D-4) or
- You reported in Part II, column (f), a collectibles gain or (loss). A collectibles gain or (loss) is any long-term gain or deductible long-term loss from the sale or exchange of a collectible that is a capital asset.

Collectibles include works of art, rugs, antiques, metals (such as gold, silver, and platinum bullion), gems, stamps, coins, alcoholic beverages, and certain other tangible property.

Include on the worksheet any gain (but not loss) from the sale or exchange of an interest in a partnership, S corporation, or trust held for more than 1 year

1. Enter the total of all collectibles gain or (loss) from items you reported on line 8 , column ( f ), of Schedules D and D-1
2. Enter as a positive number the amount of any section 1202 exclusion you reported on line 8 , column (f), of Schedules D and D-1
3. Enter the total of all collectibles gain or (loss) from Form 4684, line 4 (but only if Form 4684, line 15, is more than zero); Form 6252; Form 6781, Part II; and Form 8824
4. Enter the total of any collectibles gain reported to you on:

- Form 1099-DIV, box 2f;
- Form 2439, box 1f; and
- Schedule K-1 from a partnership, S corporation, estate, or trust.

5. Enter your long-term capital loss carryovers from Schedule D, line 14, and Schedule K-1 (Form 1041), line 13c
6. If Schedule D , line 7 b , is a (loss), enter that (loss) here. Otherwise, enter $-0-$
7. Combine lines 1 through 6 . If zero or less, enter -0-. If more than zero, also enter this amount on Schedule D, line 20

and attributable to unrealized appreciation of collectibles. For details, see Regulations section 1.1(h)-1. Also, attach the statement required under Regulations section 1.1(h)-1(e).
amount on line 4 g is greater than the amount on line 4 e of that form, use the worksheet below to figure the amount to enter on Schedule D, lines 31 and 43.

Otherwise, enter on those lines the sum of lines 17 b and 23 of Schedule D (unless you are skipping the line).

## Lines 31 and 43

If you are filing Form 4952, Investment Interest Expense Deduction, and the

## Worksheet for Lines 31 and 43

1. 
2. Enter your qualified dividends from Form 1040, line 9b
3. Enter the amount from Form 4952, line 4 g
(or, . . . . . . . . . . . . . . . . . . . . . . . . . . . . 2
4. Enter the amount from Form 4952, line 4e (or, if applicable, the smaller amount you entered on the dotted line next to line 4e)
. 3.
5. Subtract line 3 from line 2 . If zero or less, enter -0 -
6. 
7. 
8. $\qquad$
9. Enter the amount from Schedule D, line 17b
. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . .
10. $\qquad$
11. $\qquad$

## Line 35—Qualified 5-Year Gain

Qualified 5-year gain is long-term capital gain (other than $28 \%$ rate gain or gain on line 6 or 10 through 12 of the Unrecaptured Section 1250 Gain Worksheet) from property held more than 5 years and sold or otherwise disposed of before May 6, 2003. Qualified 5-year gain is taxed at $8 \%$ to the extent the gain would otherwise be taxed at $10 \%$. To figure your qualified 5 -year gain, complete the
worksheet on this page if any of the following apply.

- You held long-term capital gain property for more than 5 years and sold or otherwise disposed of it at a gain before May 6, 2003.
- You received a Schedule K-1 from an estate, trust, partnership, or S corporation that reports "qualified 5-year gain."
- You received a Form 1099-DIV (or Form 2439) with "qualified 5-year gain"
reported in box 2c (box 1c of Form 2439).
- You received payments before May 6, 2003, from an installment sale of long-term capital gain property that you had held for more than 5 years when you entered into the installment sale.


## Qualified 5-Year Gain Worksheet-Line 35

1. Enter the total of all gains that you reported on line 8 , column ( f ), of Schedules D and $\mathrm{D}-1$ from property held more than 5 years and disposed of before May 6, 2003. Do not reduce these gains by any losses . . . . . . . . . .
2. 
3. Enter the total of all gains from property held more than 5 years and disposed of before May 6,2003 , from Form 4797, Part I, but only if Form 4797, line 7, column (g), is more than zero. Do not reduce these gains by any losses
4. Enter the total of all capital gains from property held more than 5 years and disposed of before May 6,2003 , from Form 4684, line 4, but only if Form 4684, line 15, is more than zero. Do not reduce these gains by any losses
5. 
6. Enter the total of all capital gains from property held more than 5 years and disposed of before May 6,2003 , from Form 6252; Form 6781, Part II; and Form 8824. Do not reduce these gains by any losses
. 4.
7. Enter the total of any qualified 5 -year gain reported to you on:

- Form 1099-DIV, box 2c;
- Form 2439, box 1c; and
- Schedule K-1 from a partnership, S corporation, estate, or trust (do not include gains from section 1231 property; take them into account on line 2 above, but only if Form 4797, line 7, column (g), is more than zero).

6. Add lines 1 through 5 .
7. 
8. $\qquad$
9. Enter the part, if any, of the gain on line 6 that is:

- Attributable to $28 \%$ rate gain or
- Included on line $6,10,11$, or 12 of the Unrecaptured Section 1250 Gain Worksheet on page D-7.

8. Qualified 5-year gain. Subtract line 7 from line 6. Enter the result here and on Schedule D, line 35
9. 

Complete this worksheet only if line 19 or line 20 of Schedule D is more than zero.

1. Enter your taxable income from Form 1040, line 40
2. Enter your qualified dividends from Form 1040, line 9b
3. Enter the amount from Form 4952, line $4 g \quad 3$.
4. Enter the amount from Form 4952, line $4 \mathrm{e}^{*} 4$.
5. Subtract line 4 from line 3 . If zero or less, enter -0
6. Subtract line 5 from line 2 . If zero or less, enter $-0-$
7. Enter the smaller of line 16 or line 17 a of Schedule D
8. Enter the smaller of line 3 or line 4
9. Subtract line 8 from line 7. If zero or less, enter $-0-$
10. Add lines 6 and 9
11. Add lines 19 and 20 of Schedule D
12. Enter the smaller of line 9 or line 11
13. Subtract line 12 from line 10 .
14. Subtract line 13 from line 1 . If zero or less, enter $-0-$.
15. Enter the smaller of line 1 or:

- $\$ 56,800$ if married filing jointly or qualifying widow(er);
- $\$ 28,400$ if single or married filing separately; or
- $\$ 38,050$ if head of household.

16. Enter the smaller of line 14 or line 15
17. Subtract line 10 from line 1 . If zero or less, enter -0 -
18. Enter the larger of line 16 or line 17
19. $\qquad$
20. $\qquad$
21. 
22. $\qquad$ 9. $\qquad$
23. $\qquad$
24. $\qquad$
25. $\qquad$
26. 
27. 
28. 
29. $\qquad$
$\} \ldots \ldots$.
30. $\qquad$
31. $\qquad$
32. $\qquad$
33. $\qquad$
34. $\qquad$
35. $\qquad$
36. $\qquad$
37. $\qquad$
38. $\qquad$
39. $\qquad$
40. $\qquad$
41. $\qquad$
42. $\qquad$
43. Subtract line 25 from line 23
44. Multiply line 27 by $10 \%$ (.10) If lines 1 and 15 are the same, skip lines 29 through 47 and go to line 48 . Otherwise, go to line 29.
45. Enter the smaller of line 1 or line 13
46. 
47. Enter the amount from line 19 (if line 19 is blank, enter $-0-$ )
48. 
49. Subtract line 30 from line 29. If zero or less, enter -0-
50. $\qquad$ 31. $\qquad$
51. 
52. 
53. $\qquad$ 35. $\qquad$
54. 
55. $\qquad$ 38. $\qquad$
56. Multiply line 37 by $20 \%$ (.20)

If Schedule $D$, line 19 , is zero or blank, skip lines 39 through 44 and go to line 45 . Otherwise, go to line 39.
39. Enter the smaller of line 9 above or Schedule D, line 19
40. Add lines 10 and 18
40.
41. $\qquad$
41. Enter the amount from line 1 above.
42. Subtract line 41 from line 40 . If zero or less, enter -0 -
43. Subtract line 42 from line 39 . If zero or less, enter -0 -
44. Multiply line 43 by $25 \%$ (.25)

If Schedule D, line 20 , is zero or blank, skip lines 45 through 47 and go to line 48 . Otherwise, go to line 45.
45. Add lines $18,19,31$, and 43

$$
45 .
$$

46. $\qquad$
47. 
48. Multiply line 46 by $28 \%$ (.28)
49. $\qquad$
50. Add the amounts on Schedule D, line 17b, and line 6 above
$\qquad$
51. 
52. $\qquad$
53. $\qquad$
54. Figure the tax on the amount on line 18. Use the Tax Table or Tax Rate Schedules, whichever applies
55. Add lines $22,26,28,36,38,44,47$, and 48
56. Figure the tax on the amount on line 1. Use the Tax Table or Tax Rate Schedules, whichever applies
57. Tax on all taxable income (including capital gains and qualified dividends). Enter the smaller of line 49 or line 50 . Also enter this amount on Schedule D, line 53, and Form 1040, line 41
58. 
59. 
60. 
61. $\qquad$
[^4]
# 2003 Instructions for Schedule E (Form 1040) 

Supplemental Income and Loss

## General Instructions

## At-Risk Rules

Generally, you must complete Form 6198 to figure your allowable loss if you have:

- A loss from an activity carried on as a trade or business or for the production of income and
- Amounts in the activity for which you are not at risk.

The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the activity. However, the at-risk rules do not apply to losses from an activity of holding real property, if you acquired your interest in the activity before 1987 and the property was placed in service before 1987. The activity of holding mineral property does not qualify for this exception.

In most cases, you are not at risk for amounts such as the following.

- Nonrecourse loans used to finance the activity, to acquire property used in the activity, or to acquire your interest in the activity that are not secured by your own property (other than property used in the activity). However, there is an exception for certain nonrecourse financing borrowed by you in connection with holding real property. See Qualified nonrecourse financing below.
- Cash, property, or borrowed amounts used in the activity (or contributed to the activity, or used to acquire your interest in the activity) that are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).
- Amounts borrowed for use in the activity from a person who has an interest in the activity (other than as a creditor) or who is related, under section $465(\mathrm{~b})(3)$, to a person (other than you) having such an interest.

Qualified nonrecourse financing is treated as an amount at risk if it is secured by real property used in an activity of holding real property that is subject to the at-risk rules. Qualified nonrecourse financ-

Use Schedule E (Form 1040) to report income or loss from rental real estate, royalties, partnerships, $S$ corporations, estates, trusts, and residual interests in REMICs.

You may attach your own schedule(s) to report income or loss from any of these sources. Use the same format as on Schedule E.

Enter separately on Schedule E the total income and the total loss for each part. Enclose loss figures in (parentheses).

Section references are to the Internal Revenue Code.
ing is financing for which no one is personally liable for repayment and is:

- Borrowed by you in connection with holding real property,
- Not convertible from a debt obligation to an ownership interest, and
- Loaned or guaranteed by any Federal, state, or local government, or borrowed by you from a qualified person.

A qualified person is a person who actively and regularly engages in the business of lending money, such as a bank or savings and loan association. A qualified person cannot be:

- Related to you (unless the nonrecourse financing obtained is commercially reasonable and on the same terms as loans involving unrelated persons),
- The seller of the property (or a person related to the seller), or
- A person who receives a fee due to your investment in real property (or a person related to that person).


## Passive Activity Loss Rules

The passive activity loss rules may limit the amount of losses you can deduct. These rules apply to losses in Parts I, II, and III, and line 40 of Schedule E.

Losses from passive activities may be subject first to the at-risk rules. Losses deductible under the at-risk rules are then subject to the passive activity loss rules.

You generally can deduct losses from passive activities only to the extent of income from passive activities. An exception applies to certain rental real estate activities (explained on page E-2).

## Passive Activity

A passive activity is any business activity in which you did not materially participate and any rental activity, except as explained on this page and page E-2. If you are a limited partner, you generally are not treated as having materially participated in the partnership's activities for the year.

The rental of real or personal property is generally a rental activity under the passive activity loss rules, but exceptions apply. If your rental of property is not treated as a rental activity, you must determine whether it is a trade or business activity, and if so,
whether you materially participated in the activity for the tax year.

See the Instructions for Form 8582 to determine whether you materially participated in the activity and for the definition of "rental activity."

See Pub. 925 for special rules that apply to rentals of:

- Substantially nondepreciable property,
- Property incidental to development activities, and
- Property to activities in which you materially participate.


## Activities That Are Not Passive Activities

Activities of Real Estate Professionals. If you were a real estate professional in 2003, any rental real estate activity in which you materially participated is not a passive activity. You were a real estate professional only if you met both of the following conditions.

1. More than half of the personal services you performed in trades or businesses were performed in real property trades or businesses in which you materially participated.
2. You performed more than 750 hours of services in real property trades or businesses in which you materially participated.

For purposes of this rule, each interest in rental real estate is a separate activity, unless you elect to treat all your interests in rental real estate as one activity. To make this election, attach a statement to your original tax return that declares you are a qualifying taxpayer for the year and you are making the election under section 469(c)(7)(A). The election applies for the year made and all later years in which you are a real estate professional. You may revoke the election only if your facts and circumstances materially change.

If you are married filing jointly, either you or your spouse must separately meet both of the above conditions, without taking into account services performed by the other spouse.

## E-1

A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trade or business. Services you performed as an employee are not treated as performed in a real property trade or business unless you owned more than $5 \%$ of the stock (or more than $5 \%$ of the capital or profits interest) in the employer.

If you were a real estate professional for 2003, complete line 43 on page 2 of Schedule E.

Other Activities. The rental of your home that you also used for personal purposes is not a passive activity. See the instructions for line 2 on page E-3.

A working interest in an oil or gas well that you held directly or through an entity that did not limit your liability is not a passive activity even if you did not materially participate.

Royalty income not derived in the ordinary course of a trade or business reported on Schedule E generally is not considered income from a passive activity.

For more details on passive activities, see the Instructions for Form 8582 and Pub. 925.

## Exception for Certain Rental Real Estate Activities

If you meet all three of the following conditions, your rental real estate losses are not limited by the passive activity loss rules. If you do not meet all three of these conditions, see the Instructions for Form 8582 to find out if you must complete and attach Form 8582 to figure any losses allowed.

1. Rental real estate activities are your only passive activities.
2. You do not have any prior year unallowed losses from any passive activities.
3. All of the following apply if you have an overall net loss from these activities:

- You actively participated (defined below) in all of the rental real estate activities;
- If married filing separately, you lived apart from your spouse all year;
- Your overall net loss from these activities is $\$ 25,000$ or less $(\$ 12,500$ or less if married filing separately);
- You have no current or prior year unallowed credits from passive activities; and
- Your modified adjusted gross income (defined later) is $\$ 100,000$ or less ( $\$ 50,000$ or less if married filing separately).

Active Participation. You can meet the active participation requirement without regular, continuous, and substantial involvement in real estate activities. But you must have participated in making management decisions or arranging for others to provide services (such as repairs) in a
significant and bona fide sense. Such management decisions include:

- Approving new tenants,
- Deciding on rental terms,
- Approving capital or repair expenditures, and
- Other similar decisions.

You are not considered to actively participate if, at any time during the tax year, your interest (including your spouse's interest) in the activity was less than $10 \%$ by value of all interests in the activity.
Modified Adjusted Gross Income. This is your adjusted gross income from Form 1040, line 34, without taking into account:

- Any passive activity loss,
- Rental real estate losses allowed under the exception for real estate professionals (explained on page E-1),
- Taxable social security or tier 1 railroad retirement benefits,
- Deductible contributions to a traditional IRA or certain other qualified retirement plans under section 219,
- The student loan interest deduction,
- The tuition and fees deduction,
- The deduction for one-half of self-employment tax, and
- Any excluded amounts under an employer's adoption assistance program.

However, if you file Form 8815, include in your modified adjusted gross income the savings bond interest excluded on line 14 of that form.

## Reportable Transaction Disclosure Statement

Use Form 8886 to disclose information for each reportable transaction in which you participated. Form 8886 must be filed for each tax year that your Federal income tax liability is affected by your participation in the transaction. The following are reportable transactions.

- Any transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS.
- Any transaction offered under conditions of confidentiality.
- Any transaction for which you have contractual protection against disallowance of the tax benefits.
- Any transaction resulting in a loss of at least $\$ 2$ million in any single tax year or $\$ 4$ million in any combination of tax years. (At least $\$ 50,000$ for a single tax year if the loss arose from a foreign currency transaction defined in section 988(c)(1), whether or not the loss flows through from an S corporation or partnership.)
- Any transaction resulting in a book-tax difference of more than $\$ 10$ million on a gross basis.
- Any transaction resulting in a tax credit of more than $\$ 250,000$, if you held
the asset generating the credit for 45 days or less.

See the Instructions for Form 8886 for more details and exceptions.

## Tax Shelter Registration Number

Complete and attach Form 8271 if you are reporting any deduction, loss, credit, other tax benefit, or income from an interest purchased or otherwise acquired in a tax shelter.

Form 8271 is used to report the name, tax shelter registration number, and identifying number of the tax shelter. There is a $\$ 250$ penalty if you do not report the registration number of the tax shelter on your tax return.

## Specific Instructions

## Filers of Form 1041

If you are a fiduciary filing Schedule E with Form 1041, enter the estate's or trust's employer identification number (EIN) in the space for "Your social security number."

## Part I

## Income or Loss From Rental Real Estate and Royalties

Use Part I to report:

- Income and expenses from rental real estate (including personal property leased with real estate) and
- Royalty income and expenses.

See the instructions for lines 3 and 4 to determine if you should report your rental real estate and royalty income on Schedule C, Schedule C-EZ, or Form 4835 instead of Schedule E.

If you own a part interest in a rental real estate property, report only your part of the income and expenses on Schedule E.

Complete lines 1 and 2 for each rental real estate property. Leave these lines blank for each royalty property.

If you have more than three rental real estate or royalty properties, complete and attach as many Schedules E as you need to list them. But fill in the "Totals" column on only one Schedule E. The figures in the "Totals" column on that Schedule E should be the combined totals of all your Schedules E. If you are also using page 2 of Schedule E, use the same Schedule E on which you entered the combined totals for Part I.

Personal Property. Do not use Schedule E to report income and expenses from the rental of personal property, such as equipment or vehicles. Instead, use Schedule C or C-EZ if you are in the business of renting personal property. You are in the business of renting personal property if the primary purpose for renting the property is income or profit and you are involved in the rental activity with continuity and regularity.

If your rental of personal property is not a business, see the Instructions for Form 1040, lines 21 and 33, to find out how to report the income and expenses.
Extraterritorial Income Exclusion. Except as otherwise provided in the Internal Revenue Code, gross income includes all income from whatever source derived. Gross income, however, does not include extraterritorial income that is qualifying foreign trade income. Use Form 8873 to figure the extraterritorial income exclusion. Report it on Schedule E as explained in the Instructions for Form 8873.

## Line 1

For rental real estate property only, show:

- The kind of property you rented (for example, townhouse).
- The street address, city or town, and state. You do not have to give the ZIP code.
- Your percentage of ownership in the property, if less than $100 \%$.


## Line 2

If you rented out a dwelling unit that you also used for personal purposes during the year, you may not be able to deduct all the expenses for the rental part. "Dwelling unit" (unit) means a house, apartment, condominium, or similar property.

A day of personal use is any day, or part of a day, that the unit was used by:

- You for personal purposes;
- Any other person for personal purposes, if that person owns part of the unit (unless rented to that person under a "shared equity" financing agreement);
- Anyone in your family (or in the family of someone else who owns part of the unit), unless the unit is rented at a fair rental price to that person as his or her main home;
- Anyone who pays less than a fair rental price for the unit; or
- Anyone under an agreement that lets you use some other unit.

Do not count as personal use:

- Any day you spent working substantially full time repairing and maintaining the unit, even if family members used it for recreational purposes on that day or
- Any days you used the unit as your main home before or after renting it or offering it for rent, if you rented or tried to rent it for at least 12 consecutive months (or
for a period of less than 12 consecutive months at the end of which you sold or exchanged it).

Check "Yes" if you or your family used the unit for personal purposes in 2003 more than the greater of:

1. 14 days or
2. $10 \%$ of the total days it was rented to others at a fair rental price.

Otherwise, check "No."
If you checked "No," you can deduct all your expenses for the rental part, subject to the At-Risk Rules and the Passive Activity Loss Rules explained beginning on page E-1.

If you checked "Yes" and rented the unit out for fewer than 15 days, do not report the rental income and do not deduct any rental expenses. If you itemize deductions on Schedule A, you may deduct allowable interest, taxes, and casualty losses.

If you checked "Yes" and rented the unit out for at least 15 days, you may not be able to deduct all your rental expenses. You can deduct all of the following expenses for the rental part on Schedule E.

- Mortgage interest.
- Real estate taxes.
- Casualty losses.
- Other rental expenses not related to your use of the unit as a home, such as advertising expenses and rental agents' fees.

If any income is left after deducting these expenses, you can deduct other expenses, including depreciation, up to the amount of remaining income. You can carry over to 2004 the amounts you cannot deduct.

See Pub. 527 for details.

## Line 3

If you received rental income from real estate (including personal property leased with real estate) and you were not in the real estate business, report the income on line 3. Include income received for renting a room or other space. If you received services or property instead of money as rent, report the fair market value of what you received as rental income.

Be sure to enter the total of all your rents in the "Totals" column even if you have only one property.

If you provided significant services to the renter, such as maid service, report the rental activity on Schedule C or C-EZ, not on Schedule E. Significant services do not include the furnishing of heat and light, cleaning of public areas, trash collection, or similar services.

If you were in the real estate sales business, include on line 3 only the rent received from real estate (including personal property leased with real estate) you held
for investment or speculation. Do not use Schedule E to report income and expenses from rentals of real estate held for sale to customers in the ordinary course of your real estate sales business. Instead, use Schedule C or C-EZ for these rentals.

For more details on rental income, use TeleTax topic 414 (see page 11 of the Form 1040 instructions) or see Pub. 527.
Rental Income From Farm Production or Crop Shares. Report farm rental income and expenses on Form 4835 if:

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


## Line 4

Report on line 4 royalties from oil, gas, or mineral properties (not including operating interests); copyrights; and patents. Use a separate column (A, B, or C) for each royalty property. Be sure to enter the total of all your royalties in the "Totals" column even if you have only one source of royalties.

If you received $\$ 10$ or more in royalties during 2003, the payer should send you a Form 1099-MISC or similar statement by February 2, 2004, showing the amount you received.

If you are in business as a self-employed writer, inventor, artist, etc., report your royalty income and expenses on Schedule C or C-EZ.

You may be able to treat amounts received as "royalties" for the transfer of a patent or amounts received on the disposal of coal and iron ore as the sale of a capital asset. For details, see Pub. 544.

Enter on line 4 the gross amount of royalty income, even if state or local taxes were withheld from oil or gas payments you received. Include taxes withheld by the producer on line 16.

## General Instructions for Lines 5 Through 21

Enter your rental and royalty expenses for each property in the appropriate column. You can deduct all ordinary and necessary expenses, such as taxes, interest, repairs, insurance, management fees, agents' commissions, and depreciation.

Do not deduct the value of your own labor or amounts paid for capital investments or capital improvements.

Enter your total expenses for mortgage interest (line 12), total expenses before depreciation expense or depletion (line 19), and depreciation expenses or depletion (line 20) in the "Totals" column even if you have only one property.
Renting Out Part of Your Home. If you rent out only part of your home or other
property, deduct the part of your expenses that applies to the rented part.
Credit or Deduction for Access Expenditures. You may be able to claim a tax credit for eligible expenditures paid or incurred in 2003 to provide access to your business for individuals with disabilities. See Form 8826 for details.

You can also deduct up to $\$ 15,000$ of qualified costs paid or incurred in 2003 to remove architectural or transportation barriers to individuals with disabilities and the elderly.

You cannot take both the credit and the deduction for the same expenditures. See Pub. 535 for details.

## Line 6

You may deduct ordinary and necessary auto and travel expenses related to your rental activities, including $50 \%$ of meal expenses incurred while traveling away from home. You generally can either deduct your actual expenses or take the standard mileage rate. You must use actual expenses if you use more than one vehicle simultaneously in your rental activities (as in fleet operations). You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

You can use the standard mileage rate for 2003 only if:

- You owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service or
- You leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).

If you deduct actual auto expenses:

- Include on line 6 the rental activity portion of the cost of gasoline, oil, repairs, insurance, tires, etc. and
- Show auto rental or lease payments on line 18 and depreciation on line 20.

If you take the standard mileage rate, multiply the number of miles you drove your auto in connection with your rental activities by 36 cents. Include this amount and your parking fees and tolls on line 6.

If you claim any auto expenses (actual or the standard mileage rate), you must complete Part V of Form 4562 and attach Form 4562 to your tax return.

See Pub. 527 and Pub. 463 for details.

## Line 10

Include on line 10 fees for tax advice and the preparation of tax forms related to your rental real estate or royalty properties.

Do not deduct legal fees paid or incurred to defend or protect title to property, to recover property, or to develop or improve property. Instead, you must capital-
ize these fees and add them to the property's basis.

## Lines 12 and 13

In general, to determine the interest expense allocable to your rental activities, you must have records to show how the proceeds of each debt were used. Specific tracing rules apply for allocating debt proceeds and repayment. See Pub. 535 for details.

If you have a mortgage on your rental property, enter on line 12 the amount of interest you paid for 2003 to banks or other financial institutions. Be sure to fill in the "Totals" column.

Do not deduct prepaid interest when you paid it. You can deduct it only in the year to which it is properly allocable. Points, including loan origination fees, charged only for the use of money must be deducted over the life of the loan.

If you paid $\$ 600$ or more in interest on a mortgage during 2003, the recipient should send you a Form 1098 or similar statement by February 2, 2004, showing the total interest received from you.

If you paid more mortgage interest than is shown on your Form 1098 or similar statement, see Pub. 535 to find out if you can deduct part or all of the additional interest. If you can, enter the entire deductible amount on line 12. Attach a statement to your return explaining the difference. Write "See attached" in the left margin next to line 12.

Note. If the recipient was not a financial institution or you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 13.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage, and the other person received Form 1098, report your share of the deductible interest on line 13. Attach a statement to your return showing the name and address of the person who received Form 1098. In the left margin next to line 13, write "See attached."

## Line 14

You may deduct the cost of repairs made to keep your property in good working condition. Repairs generally do not add significant value to the property or extend its life. Examples of repairs are fixing a broken lock or painting a room. Improvements that increase the value of the property or extend its life, such as replacing a roof or renovating a kitchen, must be capitalized and depreciated (that is, they cannot be deducted in full in the year they are paid or incurred). See the instructions for line 20.

## Line 17

You may deduct the cost of ordinary and necessary telephone calls related to your rental activities or royalty income (for example, calls to the renter). However, the base rate (including taxes and other charges) for local telephone service for the first telephone line into your residence is a personal expense and is not deductible.

## Line 20

Depreciation is the annual deduction you must take to recover the cost or other basis of business or investment property having a useful life substantially beyond the tax year. Land is not depreciable.

Depreciation starts when you first use the property in your business or for the production of income. It ends when you deduct all your depreciable cost or other basis or no longer use the property in your business or for the production of income.

See the Instructions for Form 4562 to figure the amount of depreciation to enter on line 20. Be sure to fill in the "Totals" column.

You must complete and attach Form 4562 only if you are claiming:

- Depreciation on property first placed in service during 2003;
- Depreciation on listed property (defined in the Instructions for Form 4562), including a vehicle, regardless of the date it was placed in service; or
- A section 179 expense deduction or amortization of costs that began in 2003.

See Pub. 527 for more information on depreciation of residential rental property. See Pub. 946 for a more comprehensive guide to depreciation.

If you own mineral property or an oil, gas, or geothermal well, you may be able to take a deduction for depletion. See Pub. 535 for details.

## Line 22

If you have amounts for which you are not at risk, use Form 6198 to determine the amount of your deductible loss. Enter that amount in the appropriate column of Schedule E, line 22. In the space to the left of line 22, write "Form 6198." Attach Form 6198 to your return. For details on the at-risk rules, see page E-1.

## Line 23

Do not complete line 23 if the amount on line 22 is from royalty properties.

If you have a rental real estate loss from a passive activity (defined on page E-1), the amount of loss you can deduct may be limited by the passive activity loss rules. You may need to complete Form 8582 to figure the amount of loss, if any, to enter on line 23.

If your rental real estate loss is not from a passive activity or you meet the exception for certain rental real estate activities (explained on page E-2), you do not have to complete Form 8582. Enter the loss from line 22 on line 23 .

## Parts II and III

If you need more space in Part II or III to list your income or losses, attach a continuation sheet using the same format as shown in Part II or III. However, be sure to complete the "Totals" columns for lines 29a and 29 b , or lines 34 a and 34 b , as appropriate. If you also completed Part I on more than one Schedule E, use the same Schedule E on which you entered the combined totals in Part I.

Tax Preference Items. If you are a partner, a shareholder in an S corporation, or a beneficiary of an estate or trust, you must take into account your share of preferences and adjustments from these entities for the alternative minimum tax on Form 6251 or Schedule I of Form 1041.

## Part II

## Income or Loss From Partnerships and S Corporations

If you are a member of a partnership or joint venture or a shareholder in an S corporation, use Part II to report your share of the partnership or S corporation income (even if not received) or loss.

You should receive a Schedule K-1 from the partnership or $S$ corporation. You should also receive a copy of the Partner's or Shareholder's Instructions for Schedule K-1. Your copy of Schedule K-1 and its instructions will tell you where on your return to report your share of the items. If you did not receive these instructions with your Schedule K-1, see page 7 of the Form 1040 instructions for how to get a copy. Do not attach Schedules K-1 to your return. Keep them for your records.

If you are treating items on your tax return differently from the way the partnership (other than an electing large partnership) or S corporation reported them on its return, you may have to file Form 8082. If you are a partner in an electing large partnership, you must report the items shown on Schedule K-1 (Form 1065-B) on your tax return the same way that the partnership reported the items on Schedule K-1.

## Special Rules That Limit Losses. Please

 note the following.- If you have a current year loss, or a prior year unallowed loss, from a partnership or an S corporation, see At-Risk Rules and Passive Activity Loss Rules on page E-1.

Partners and S corporation shareholders should get a separate statement of income, expenses, deductions, and credits for each activity engaged in by the partnership and $S$ corporation. If you are subject to the at-risk rules for any activity, use Form 6198 to figure the amount of any deductible loss. If the activity is nonpassive, enter any deductible loss from Form 6198 on the appropriate line in Part II, column (h), of Schedule E.

- If you have a passive activity loss, you generally need to complete Form 8582 to figure the amount of the allowable loss to enter in Part II, column (f), for that activity. But if you are a general partner or an S corporation shareholder reporting your share of a partnership or an S corporation loss from a rental real estate activity and you meet all three of the conditions listed on page E-2 under Exception for Certain Rental Real Estate Activities, you do not have to complete Form 8582. Instead, enter your allowable loss in Part II, column (f).

If you have passive activity income, complete Part II, column (g), for that activity.

If you have nonpassive income or losses, complete Part II, columns (h) through ( j ), as appropriate.

## Partnerships

See the Schedule K-1 instructions before entering on your return other partnership items from a passive activity or income or loss from any publicly traded partnership.

You may deduct unreimbursed ordinary and necessary expenses you paid on behalf of the partnership if you were required to pay these expenses under the partnership agreement. See the instructions for line 27 on this page for how to report these expenses.

Report allowable interest expense paid or incurred from debt-financed acquisitions in Part II or on Schedule A depending on the type of expenditure to which the interest is allocated. See Pub. 535 for details.

If you claimed a credit for Federal tax on gasoline or other fuels on your 2002 Form 1040 based on information received from the partnership, enter as income in column (g) or column ( j ), whichever applies, the amount of the credit claimed for 2002.

Part or all of your share of partnership income or loss from the operation of the business may be considered net earnings from self-employment that must be reported on Schedule SE. Enter the amount from Schedule K-1 (Form 1065), line 15a (or from Schedule K-1 (Form 1065-B), box 9 (code K-1)), on Schedule SE, after you reduce this amount by any allowable expenses attributable to that income.
Foreign Partnerships. If you are a U.S. person, you may have to file Form 8865 if any of the following applies:

- You controlled a foreign partnership (that is, you owned more than a $50 \%$ direct or indirect interest in the partnership).
- You owned at least a $10 \%$ direct or indirect interest in a foreign partnership
while U.S. persons controlled that partnership.
- You had an acquisition, disposition, or change in proportional interest of a foreign partnership that:

1. Increased your direct interest to at least $10 \%$ or reduced your direct interest of at least $10 \%$ to less than $10 \%$ or
2. Changed your direct interest by at least a $10 \%$ interest.

- You contributed property to a foreign partnership in exchange for a partnership interest if:

1. Immediately after the contribution, you owned, directly or indirectly, at least a $10 \%$ interest in the partnership or
2. The fair market value of the property you contributed to the partnership in exchange for a partnership interest, when added to other contributions of property you made to the partnership during the preceding 12 -month period, exceeds $\$ 100,000$.

Also, you may have to file Form 8865 to report certain dispositions by a foreign partnership of property you previously contributed to that partnership if you were a partner at the time of the disposition.

For more details, including penalties for failing to file Form 8865, see Form 8865 and its separate instructions.

## S Corporations

If you are a shareholder in an $S$ corporation, your share of the corporation's aggregate losses and deductions (combined income, losses, and deductions) is limited to the adjusted basis of your corporate stock and any debt the corporation owes you. Any loss or deduction not allowed this year because of the basis limitation may be carried forward and deducted in a later year subject to the basis limitation for that year.

If you are claiming a deduction for your share of an aggregate loss, attach to your return a computation of the adjusted basis of your corporate stock and of any debt the corporation owes you. See the Schedule $\mathrm{K}-1$ instructions for details.

After applying the basis limitation, the deductible amount of your aggregate losses and deductions may be further reduced by the at-risk rules and the passive activity loss rules. See page E-1.

Distributions of prior year accumulated earnings and profits of S corporations are dividends and are reported on Form 1040, line 9a.

Interest expense relating to the acquisition of shares in an $S$ corporation may be fully deductible on Schedule E. For details, see Pub. 535.

Your share of the net income of an S corporation is not subject to self-employment tax.

## Line 27

If you answered "Yes" on line 27, follow the instructions below. If you fail to follow these instructions, the IRS may send you a notice of additional tax due because the amounts reported by the partnership or S
corporation on Schedule K-1 do not match the amounts you reported on your tax return.

## Losses Not Allowed in Prior Years Due to the At-Risk or Basis Limitations

- Enter your total prior year unallowed losses that are now deductible on a separate line in column (h) of line 28. Do not combine these losses with, or net them against, any current year amounts from the partnership or $S$ corporation.
- Enter "PYA" (prior year amount) in column (a) of the same line.


## Passive Losses Not Reported on Form 8582

- If you are not required to file Form 8582, enter any prior year unallowed losses on a separate line in column (f) of line 28. Do not combine these losses with, or net them against, any current year amounts from the partnership or $S$ corporation.
- Enter "PYA" (prior year amount) in column (a) of the same line.


## Unreimbursed Partnership Expenses

- You may deduct unreimbursed ordinary and necessary partnership expenses you paid on behalf of the partnership on Schedule E if you were required to pay these expenses under the partnership agreement (except amounts deductible only as itemized deductions, which you must enter on Schedule A).
- Enter unreimbursed partnership expenses from nonpassive activities on a separate line in column (h) of line 28. Do not combine these expenses with, or net them against, any other amounts from the partnership.
- If the expenses are from a passive activity and you are not required to file Form 8582, enter the expenses related to a passive activity on a separate line in column (f) of line 28. Do not combine these expenses with, or net them against, any other amounts from the partnership.
- Enter "UPE" (unreimbursed partnership expenses) in column (a) of the same line.


## Line 28

For nonpassive income or loss (and passive losses for which you are not filing Form 8582), enter in the applicable column of line 28 your current year ordinary income or loss from the partnership or S corporation. Report each related item in the applicable column of a separate line following the line on which you reported the current year ordinary income or loss. Also enter a description of the related item (for example, depletion) in column (a) of the same line.

If you are required to file Form 8582, see the Instructions for Form 8582 before completing Schedule E.

## Part III

## Income or Loss From Estates and Trusts

If you are a beneficiary of an estate or trust, use Part III to report your part of the income (even if not received) or loss. You should receive a Schedule K-1 (Form 1041) from the fiduciary. Your copy of Schedule K-1 and its instructions will tell you where on your return to report the items from Schedule K-1. Do not attach Schedule K-1 to your return. Keep it for your records.

If you are treating items on your tax return differently from the way the estate or trust reported them on its return, you may have to file Form 8082.

If you have estimated taxes credited to you from a trust (Schedule K-1, line 14a), write "ES payment claimed" and the amount on the dotted line next to line 37 . Do not include this amount in the total on line 37. Instead, enter the amount on Form 1040, line 62.

A U.S. person who transferred property to a foreign trust may have to report the income received by the trust as a result of the transferred property if, during 2003, the trust had a U.S. beneficiary. See section 679. An individual who received a distribution from, or who was the grantor of or transferor to, a foreign trust must also complete Part III of Schedule B (Form 1040) and may have to file Form 3520. In addition, the owner of a foreign trust must ensure that the trust files an annual information return on Form 3520-A.

## Part IV

## Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)

If you are the holder of a residual interest in a REMIC, use Part IV to report your total share of the REMIC's taxable income or loss for each quarter included in your tax year. You should receive Schedule $\mathbf{Q}$ (Form 1066) and instructions from the REMIC for each quarter. Do not attach Schedules Q to your return. Keep them for your records.

If you are treating REMIC items on your tax return differently from the way the REMIC reported them on its return, you may have to file Form 8082.

If you are the holder of a residual interest in more than one REMIC, attach a continuation sheet using the same format as in

Part IV. Enter the totals of columns (d) and (e) on line 39 of Schedule E. If you also completed Part I on more than one Schedule E, use the same Schedule E on which you entered the combined totals in Part I.

REMIC income or loss is not income or loss from a passive activity.
Note. If you are the holder of a regular interest in a REMIC, do not use Schedule E to report the income you received. Instead, report it on Form 1040, line 8a.
Column (c). Report the total of the amounts shown on Schedule(s) Q, line 2c. This is the smallest amount you are allowed to report as your taxable income (Form 1040, line 40). It is also the smallest amount you are allowed to report as your alternative minimum taxable income (AMTI) (Form 6251, line 28).

If the amount in column (c) is larger than your taxable income would otherwise be, enter the amount from column (c) on Form 1040, line 40. Similarly, if the amount in column (c) is larger than your AMTI would otherwise be, enter the amount from column (c) on Form 6251, line 28. Write "Sch. Q" on the dotted line to the left of this amount on Form 1040 or 6251.

Note. These rules also apply to estates and trusts that hold a residual interest in a REMIC. Be sure to make the appropriate entries on the comparable lines on Form 1041.


Do not include the amount shown in column (c) in the total on line 39 of Schedule E.

Column (e). Report the total of the amounts shown on Schedule(s) Q, line 3b. If you itemize your deductions on Schedule A, include this amount on line 22.

## Part V Summary

## Line 42

You will not be charged a penalty for underpayment of estimated tax if:

1. Your gross farming or fishing income for 2002 or 2003 is at least two-thirds of your gross income and
2. You file your 2003 tax return and pay the tax due by March 1, 2004.

## 2003 Instructions for Schedule F

## Profit or Loss From Farming

Use Schedule F (Form 1040) to report farm income and expenses. File it with Form 1040, 1041, 1065, or 1065-B.

This activity may subject you to state and local taxes and other requirements such as business licenses and fees. Check with your state and local governments for more information.

Additional Information. Pub. 225 has samples of filled-in forms and schedules, and lists important dates that apply to farmers.

Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

## Other Schedules and Forms You May Have To File

- Schedule E to report rental income from pastureland that is based on a flat charge. Report this income in Part I of Schedule E. But report on line 10 of Schedule F pasture income received from taking care of someone else's livestock.
- Schedule J to figure your tax by averaging your farm income over the previous 3 years. Doing so may reduce your tax.
- Schedule SE to pay self-employment tax on income from your farming business.
- Form 4562 to claim depreciation on assets placed in service in 2003, to claim amortization that began in 2003, to make an election under section 179 to expense certain tangible property, or to report information on vehicles and other listed property.
- Form 4684 to report a casualty or theft gain or loss involving farm business property including livestock held for draft, breeding, sport, or dairy purposes.

See Pub. 225 for more information on how to report various farm losses, such as losses due to death of livestock or damage to crops or other farm property.

- Form 4797 to report sales, exchanges, or involuntary conversions (other than from a casualty or theft) of certain farm property. Also use this form to report sales of livestock held for draft, breeding, sport, or dairy purposes.
- Form 4835 to report rental income based on farm production or crop shares if you did not materially participate (for self-employment tax purposes) in the management or operation of the farm. This income is not subject to self-employment tax. See Pub. 225.
- Form 8824 to report like-kind exchanges.

Heavy Highway Vehicle Use Tax. If you use certain highway trucks, truck-trailers, tractor-trailers, or buses in your farming business, you may have to pay a Federal highway motor vehicle use tax. See the Instructions for Form 2290 to find out if you owe this tax.

Information Returns. You may have to file information returns for wages paid to employees, certain payments of fees and other nonemployee compensation, interest, rents, royalties, annuities, and pensions. You may also have to file an information return if you sold $\$ 5,000$ or more of consumer products to a person on a buy-sell, deposit-commission, or other similar basis for resale. For details, see the 2003 General Instructions for Forms 1099, 1098, 5498, and W-2G.

If you received cash of more than $\$ 10,000$ in one or more related transactions in your farming business, you may have to file Form 8300. For details, see Pub. 1544.

Reportable Transaction Disclosure Statement. If you entered into a reportable transaction in 2003, you must use Form 8886 to disclose information if your Federal income tax liability is affected by your participation in the transaction. For more information, see Reportable Transaction Disclosure Statement in the Instructions for Schedule C on page $\mathrm{C}-1$.

## Estimated Tax

If you had to make estimated tax payments in 2003 and you underpaid your estimated tax, you will not be charged a penalty if both of the following apply.

- Your gross farming or fishing income for 2002 or 2003 is at least two-thirds of your gross income.
- You file your 2003 tax return and pay the tax due by March 1, 2004.

For details, see Pub. 225.

## Specific Instructions

## Filers of Forms 1041, 1065, and 1065-B

Do not complete the block labeled "Social security number (SSN)." Instead, enter your employer identification number (EIN) on line D.

## Lines A and B

On line A, enter your principal crop or activity for the current year.

On line B , enter one of the 14 principal agricultural activity codes listed in Part IV on page 2 of Schedule F. Select the code that best describes the source of most of your income.

## Line C

If you use the cash method, check the box labeled "Cash." Complete Parts I and II of Schedule F. Generally, report income in the year in which you actually or constructively received it and deduct expenses in the year you paid them. However, if the payment of an expenditure creates an asset having a useful life that extends substantially beyond the close of the year, it may not be deductible or may be deductible only in part for the year of the payment. See Pub. 225.

If you use the accrual method, check the box labeled "Accrual." Complete Parts II, III, and line 11 of Schedule F. Generally, report income in the year in which you earned it and deduct expenses in the year you incurred them, even if you did not pay them in that year. Accrual basis taxpayers are put on a cash basis for deducting business expenses owed to a related cash-basis taxpayer. Other rules determine the timing of de-
ductions based on economic performance. See Pub. 538.

Farming syndicates cannot use the cash method of accounting. A farming syndicate may be a partnership, any other noncorporate group, or an S corporation if:

- The interests in the business have ever been for sale in a way that would require registration with any Federal or state agency or
- More than $35 \%$ of the loss during any tax year is shared by limited partners or limited entrepreneurs. A limited partner is one who can lose only the amount invested or required to be invested in the partnership. A limited entrepreneur is a person who does not take any active part in managing the business.


## Line D

You need an employer identification number (EIN) only if you had a qualified retirement plan or were required to file an employment, excise, estate, trust, partnership, or alcohol, tobacco, or firearms tax return. If you need an EIN, file Form SS-4. If you do not have an EIN, leave line D blank. Do not enter your SSN.

## Line E

Material Participation. For the definition of material participation for purposes of the passive activity rules, see the instructions for Schedule C, line G, on page C -2. If you meet any of the material participation tests described in those instructions, check the "Yes" box.

If you are a retired or disabled farmer, you are treated as materially participating in a farming business if you materially participated 5 of the 8 years preceding your retirement or disability. Also, a surviving spouse is treated as materially participating in a farming activity if the real property used for farming meets the estate tax rules for special valuation of farm property passed from a qualifying decedent, and the surviving spouse actively manages the farm.

Check the "No" box if you did not materially participate. If you checked "No" and you have a loss from this business, see Limit on Passive Losses below. If you have a profit from this business activity but have current year losses from other passive activities or prior year unallowed passive activity losses, see the Instructions for Form 8582.
Limit on Passive Losses. If you checked the "No" box and you have a loss from this business, you may have to use Form 8582 to figure your allowable loss, if any, to enter on Schedule F, line 36. Generally, you can deduct losses from
passive activities only to the extent of income from passive activities. For details, see Pub. 925.

## Part I. Farm IncomeCash Method

In Part I, show income received for items listed on lines 1 through 10. Generally, count both the cash actually or constructively received and the fair market value of goods or other property received for these items. Income is constructively received when it is credited to your account or set aside for you to use. However, farm production flexibility contract payments received under the Federal Agriculture Improvement and Reform Act of 1996 are required to be included in income only in the year of actual receipt.

If you ran the farm yourself and received rents based on crop shares or farm production, report these rents as income on line 4.

## Sales of Livestock Because of WeatherRelated Conditions

If you sold livestock because of drought, flood, or other weather-related conditions, you can elect to report the income from the sale in the year after the year of sale if all of the following apply.

- Your main business is farming.
- You can show that you sold the livestock only because of weather-related conditions.
- Your area qualified for Federal aid.


## Forms 1099 or CCC-1099-G

If you received Forms 1099 or CCC-1099-G showing amounts paid to you, first determine if the amounts are to be included with farm income. Then, use the following chart to determine where to report the income on Schedule F. Include the Form 1099 or CCC-1099-G amounts in the total amount reported on that line.

| Form | Where to report |
| :---: | :---: |
| 1099-PATR | Line 5a |
| 1099-A | Line 7b |
| 1099-MISC <br> (for crop insurance) | Line 8a |
| 1099-G or CCC-1099-G <br> (for disaster payments) | Line 8a |
| (for other agricultural program payments). | Line 6a |

You may also receive Form 1099-MISC for other types of income. In this case, report it on whichever line best describes the income. For example, if you received a Form 1099-MISC for custom farming work, include this amount on line 9, "Custom hire (machine work) income."

## Lines 1 and 2

On line 1, show amounts received from sales of livestock and other items bought for resale. On line 2, show the cost or other basis of the livestock and other items you actually sold.

## Line 4

Show amounts received from sales of livestock, produce, grains, and other products you raised.

## Lines 5a and 5b

If you received distributions from a cooperative in 2003, you should receive Form 1099-PATR. On line 5a, show your total distributions from cooperatives. This includes patronage dividends, nonpatronage distributions, per-unit retain allocations, and redemption of nonqualified notices and per-unit retain allocations.

Show patronage dividends received in cash and the dollar amount of qualified written notices of allocation. If you received property as patronage dividends, report the fair market value of the property as income. Include cash advances received from a marketing cooperative. If you received per-unit retains in cash, show the amount of cash. If you received qualified per-unit retain certificates, show the stated dollar amount of the certificates.

Do not include as income on line 5 b patronage dividends from buying personal or family items, capital assets, or depreciable assets. Enter these amounts on line 5a only. If you do not report patronage dividends from these items as income, you must subtract the amount of the dividend from the cost or other basis of these items.

## Lines 6a and 6b

Enter on line 6a the total of the following amounts.

- Price support payments.
- Market gain from the repayment of a secured Commodity Credit Corporation (CCC) loan for less than the original loan amount.
- Diversion payments.
- Cost-share payments (sight drafts).
- Payments in the form of materials (such as fertilizer or lime) or services (such as grading or building dams).

These amounts are government payments you received, usually reported to you on Form 1099-G. You may also receive Form CCC-1099-G from the Department of Agriculture showing the amounts and types of payments made to you.

On line 6b, report only the taxable amount. For example, do not report the market gain shown on Form CCC-1099-G on line 6b if you elected to report CCC loan proceeds as income in the year received (see Lines 7a Through 7c below). No gain results from redemption of the commodity because you previously reported the CCC loan proceeds as income. You are treated as repurchasing the commodity for the amount of the loan repayment. However, if you did not report the CCC loan proceeds under the election, you must report the market gain on line 6 b.

## Lines 7a Through 7c

Commodity Credit Corporation (CCC) Loans. Generally, you do not report CCC loan proceeds as income. However, if you pledge part or all of your production to secure a CCC loan, you may elect to report the loan proceeds as income in the year you receive them, instead of the year you sell the crop. If you make this election (or made the election in a prior year), report loan proceeds you received in 2003 on line 7a. Attach a statement to your return showing the details of the loan(s).

Forfeited CCC Loans. Include the full amount forfeited on line 7 b , even if you reported the loan proceeds as income.

If you did not elect to report the loan proceeds as income, also include the forfeited amount on line 7c.

If you did elect to report the loan proceeds as income, you generally will not have an entry on line 7 c . But if the amount forfeited is different from your basis in the commodity, you may have an entry on line 7 c .

See Pub. 225 for details on the tax consequences of electing to report CCC loan proceeds as income or forfeiting CCC loans.

## Lines 8a Through 8d

In general, you must report crop insurance proceeds in the year you receive them. Federal crop disaster payments are treated as crop insurance proceeds. However, if 2003 was the year of damage, you may elect to include certain proceeds in income for 2004. To make this election, check the box on line 8c and attach a statement to your return. See Pub. 225 for a description of the proceeds for which an election may be
made and for what you must include in your statement.

Generally, if you elect to defer any eligible crop insurance proceeds, you must defer all such crop insurance proceeds (including Federal disaster payments).

Enter on line 8a the total crop insurance proceeds you received in 2003, even if you elect to include them in income for 2004.

Enter on line 8 b the taxable amount of the proceeds you received in 2003. Do not include proceeds you elect to include in income for 2004.

Enter on line 8d the amount, if any, of crop insurance proceeds you received in 2002 and elected to include in income for 2003.

## Line 10

Use this line to report income not shown on lines 1 through 9 , such as the following.

- Illegal Federal irrigation subsidies. See Pub. 225.
- Bartering income.
- Income from cancellation of debt. Generally, if a debt is canceled or forgiven, you must include the canceled amount in income. If a Federal agency, financial institution, or credit union canceled or forgave a debt you owed of $\$ 600$ or more, it should send you a Form 1099-C, or similar statement, by February 2, 2004, showing the amount of debt canceled in 2003. However, certain solvent farmers may exclude canceled qualified farm indebtedness from income. To find out if you must include any cancellation of debt in income, see Pub. 225.
- State gasoline or fuel tax refund you received in 2003.
- The amount of credit for Federal tax paid on fuels claimed on your 2002 Form 1040.
- The amount of credit for alcohol used as fuel that was entered on Form 6478.
- Any recapture of excess depreciation, including any section 179 expense deduction, if the business use percentage of any listed property decreased to $50 \%$ or less in 2003. Use Form 4797 to figure the recapture. See the instructions for Schedule C, line 13 , on page $\mathrm{C}-4$ for the definition of listed property.
- The inclusion amount on leased listed property (other than vehicles) when the business use percentage drops to $50 \%$ or less. See Pub. 946 to figure the amount.
- Any recapture of the deduction for clean-fuel vehicles used in your farming business and clean-fuel vehicle refueling property. For details on how to figure recapture, see Pub. 535.
- The gain or loss on the sale of commodity futures contracts if the contracts were made to protect you from price changes. These are a form of business in-
surance and are considered hedges. If you had a loss in a closed futures contract, enclose it in parentheses.


For property acquired and hedging positions established, you must clearly identify on your books and records both the hedging transaction and the item(s) or aggregate risk that is being hedged.

Purchase or sales contracts are not true hedges if they offset losses that already occurred. If you bought or sold commodity futures with the hope of making a profit due to favorable price changes, report the profit or loss on Form 6781 instead of this line.

## Part II. Farm Expenses

Do not deduct the following.

- Personal or living expenses (such as taxes, insurance, or repairs on your home) that do not produce farm income.
- Expenses of raising anything you or your family used.
- The value of animals you raised that died.
- Inventory losses.
- Personal losses.

If you were repaid for any part of an expense, you must subtract the amount you were repaid from the deduction.
Capitalizing Costs of Property. If you produced real or tangible personal property or acquired property for resale, certain expenses must be included in inventory costs or capitalized. These expenses include the direct costs of the property and the share of any indirect costs allocable to that property. However, these rules generally do not apply to expenses of:

1. Producing any plant that has a preproductive period of 2 years or less,
2. Raising animals, or
3. Replanting certain crops if they were lost or damaged by reason of freezing temperatures, disease, drought, pests, or casualty.

Note. Exceptions $\mathbf{1}$ and $\mathbf{2}$ above do not apply to tax shelters, farming syndicates, or partnerships required to use the accrual method of accounting under section 447 or 448.

But you may be able to currently deduct rather than capitalize the expenses of producing a plant with a preproductive period of more than 2 years. See Election To Deduct Certain Preproductive Period Expenses on page F-4.

Do not reduce your deductions on lines 12 through 34 e by the preproductive period
expenses you must capitalize. Instead, enter the total amount capitalized in parentheses on line 34f. See Preproductive $\mathbf{P e}$ riod Expenses on page F-6 for details.

If you revoked an election made before 1989 to deduct preproductive period expenses for animals, you must continue to apply the alternative depreciation rules to property placed in service while your election was in effect. Also, the expenses you previously chose to deduct will have to be recaptured as ordinary income when you dispose of the animals.
Election To Deduct Certain Preproductive Period Expenses. If the preproductive period of any plant you produce is more than 2 years, you may choose to currently deduct the expenses rather than capitalize them. But you may not make this election for the costs of planting or growing citrus or almond groves that are incurred before the end of the 4th tax year beginning with the tax year you planted them in their permanent grove. By deducting the preproductive period expenses for which you may make this election, you are treated as having made the election.

Note. In the case of a partnership or S corporation, the election must be made by the partner or shareholder. This election may not be made by tax shelters, farming syndicates, or partners in partnerships required to use the accrual method of accounting under section 447 or 448.

If you make the election to deduct preproductive expenses for plants, any gain you realize when disposing of the plants is ordinary income up to the amount of the preproductive expenses you deducted. Also, the alternative depreciation rules apply to property placed in service in any tax year your election is in effect. Unless you obtain IRS consent, you must make this election for the first tax year in which you engage in a farming business involving the production of property subject to the capitalization rules. You may not revoke this election without IRS consent.

For details, see Pub. 225.
Prepaid Farm Supplies. Generally, if you use the cash method of accounting and your prepaid farm supplies are more than $50 \%$ of your other deductible farm expenses, your deduction for those supplies may be limited. Prepaid farm supplies include expenses for feed, seed, fertilizer, and similar farm supplies not used or consumed during the year. They also include the cost of poultry that would be allowable as a deduction in a later tax year if you were to (a) capitalize the cost of poultry bought for use in your farming business and deduct it ratably over the lesser of 12 months or the useful life of the poultry and (b) deduct the cost of poultry bought for resale in the year you sell or otherwise dispose of it.

If the limit applies, you can deduct prepaid farm supplies that do not exceed $50 \%$
of your other deductible farm expenses in the year of payment. You can deduct the excess only in the year you use or consume the supplies (other than poultry, which is deductible as explained above). For details and exceptions to these rules, see Pub. 225.

## Line 12

You can deduct the actual expenses of running your car or truck or take the standard mileage rate. You must use actual expenses if you used your vehicle for hire or you used more than one vehicle simultaneously in your farming business (such as in fleet operations). You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

You can take the standard mileage rate for 2003 only if you:

- Owned the vehicle and use the standard mileage rate for the first year you placed the vehicle in service or
- Leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).

If you deduct actual expenses:

- Include on line 12 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc., and
- Show depreciation on line 16 and rent or lease payments on line 26a.

If you take the standard mileage rate, multiply the number of business miles by 36 cents. Add to this amount your parking fees and tolls, and enter the total on line 12. Do not deduct depreciation, rent or lease payments, or your actual operating expenses.

If you claim any car or truck expenses (actual or the standard mileage rate), you must provide the information requested in Part V of Form 4562. Be sure to attach Form 4562 to your return.

For details, see Pub. 463.

## Line 14

Deductible soil and water conservation expenses generally are those that are paid to conserve soil and water or to prevent erosion of land used for farming. These expenses include (but are not limited to) the cost of leveling, grading and terracing, contour furrowing, the construction, control, and protection of diversion channels, drainage ditches, earthen dams, watercourses, outlets and ponds, the eradication of brush, and the planting of windbreaks.

These expenses can be deducted only if they are consistent with a conservation plan approved by the Natural Resources Conservation Service of the Department of Agriculture for the area in which your land is
located. If no plan exists, the expenses must be consistent with a plan of a comparable state agency. You cannot deduct the expenses if they were paid or incurred for land used in farming in a foreign country.

Do not deduct expenses you paid or incurred to drain or fill wetlands, to prepare land for center pivot irrigation systems, or to clear land.

Your deduction may not exceed $25 \%$ of your gross income from farming (excluding certain gains from selling assets such as farm machinery and land). If your conservation expenses are more than the limit, the excess may be carried forward and deducted in later tax years. However, the amount deductible for any 1 year may not exceed the $25 \%$ gross income limit for that year.

For details, see Pub. 225.

## Line 15

Enter amounts paid for custom hire or machine work (the machine operator furnished the equipment).

Do not include amounts paid for rental or lease of equipment that you operated yourself. Instead, report those amounts on line 26a.

## Line 16

You can deduct depreciation of buildings, improvements, cars and trucks, machinery, and other farm equipment of a permanent nature.

Do not deduct depreciation on your home, furniture or other personal items, land, livestock you bought or raised for resale, or other property in your inventory.

You may also elect under section 179 to expense a portion of the cost of certain tangible property you bought in 2003 for use in your farming business.

For details, including when you must complete and attach Form 4562, see the instructions for Schedule C, line 13, on page C-4.

## Line 17

Deduct contributions to employee benefit programs that are not an incidental part of a pension or profit-sharing plan included on line 25. Examples are accident and health plans, group-term life insurance, and dependent care assistance programs.

Do not include on line 17 any contributions you made on your behalf as a self-employed person to an accident and health plan or for group-term life insurance. You may be able to deduct on Form 1040, line 29, the amount you paid for health insurance on behalf of yourself, your spouse, and dependents even if you do not itemize
your deductions. See the instructions for Form 1040, line 29, for details.

## Line 18

If you use the cash method, you cannot deduct when paid the cost of feed your livestock will consume in a later year unless all of the following apply.

- The payment was for the purchase of feed rather than a deposit.
- The prepayment had a business purpose and was not made merely to avoid tax.
- Deducting the prepayment will not materially distort your income.

If all of the above apply, you can deduct the prepaid feed, which is subject to the overall limit for Prepaid Farm Supplies explained on page F-4. If all of the above do not apply, you can deduct the prepaid feed only in the year it is consumed.

## Line 20

Do not include the cost of transportation incurred in purchasing livestock held for resale as freight paid. Instead, add these costs to the cost of the livestock, and deduct them when the livestock is sold.

## Line 22

Deduct on this line premiums paid for farm business insurance. Deduct on line 17 amounts paid for employee accident and health insurance. Amounts credited to a reserve for self-insurance or premiums paid for a policy that pays for your lost earnings due to sickness or disability are not deductible.

## Lines 23a and 23b

Interest Allocation Rules. The tax treatment of interest expense differs depending on its type. For example, home mortgage interest and investment interest are treated differently. "Interest allocation" rules require you to allocate (classify) your interest expense so it is deducted on the correct line of your return and receives the right tax treatment. These rules could affect how much interest you are allowed to deduct on Schedule F.

Generally, you allocate interest expense by tracing how the proceeds of the loan are used. See Pub. 535 for details.

If you paid interest on a debt secured by your main home and any of the proceeds from that debt were used in your farming business, see Pub. 535 to figure the amount to include on lines 23a and 23b.
How To Report. If you have a mortgage on real property used in your farming business (other than your main home), enter on line

23a the interest you paid for 2003 to banks or other financial institutions for which you received a Form 1098 (or similar statements). If you did not receive a Form 1098, enter the interest on line 23b.

If you paid more mortgage interest than is shown on Form 1098, see Pub. 535 to find out if you can deduct the additional interest. If you can, include the amount on line 23a. Attach a statement to your return explaining the difference and enter "See attached" in the margin next to line 23a.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage and the other person received the Form 1098, include your share of the interest on line 23b. Attach a statement to your return showing the name and address of the person who received the Form 1098. In the margin next to line 23b, enter "See attached."

Do not deduct interest you prepaid in 2003 for later years; include only the part that applies to 2003.

## Line 24

Enter the amounts you paid for farm labor. Do not include amounts paid to yourself. Reduce your deduction by the current year credits claimed on:

- Form 5884, Work Opportunity Credit,
- Form 8844, Empowerment Zone and Renewal Community Employment Credit,
- Form 8845, Indian Employment Credit,
- Form 8861, Welfare-to-Work Credit, and
- Form 8884, New York Liberty Zone Business Employee Credit.

Count the cost of boarding farm labor but not the value of any products they used from the farm. Count only what you paid household help to care for farm laborers.


If you provided taxable fringe benefits to your employees, such as personal use of a car, do not include in farm labor the amounts you depreciated or deducted elsewhere.

## Line 25

Enter your deduction for contributions to employee pension, profit-sharing, or annuity plans. If the plan included you as a self employed person, enter contributions made as an employer on your behalf on Form 1040, line 30, not on Schedule F.

Generally, you must file the applicable form listed below if you maintain a pension, profit-sharing, or other funded-deferred compensation plan. The filing requirement is not affected by whether or
not the plan qualified under the Internal Revenue Code, or whether or not you claim a deduction for the current tax year. There is a penalty for failure to timely file these forms.

Form 5500. File this form for a plan that is not a one-participant plan (see below).

Form 5500-EZ. File this form for a one-participant plan. A one-participant plan is a plan that only covers you (or you and your spouse).

For details, see Pub. 560.

## Lines 26a and 26b

If you rented or leased vehicles, machinery, or equipment, enter on line 26a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an inclusion amount. For details, see the instructions for Schedule C, lines 20a and 20b, on page C-5.

Enter on line 26b amounts paid to rent or lease other property such as pasture or farm land.

## Line 27

Enter amounts you paid for repairs and maintenance of farm buildings, machinery, and equipment. You can also include what you paid for tools of short life or minimal cost, such as shovels and rakes.

Do not deduct repairs or maintenance on your home.

## Line 31

You can deduct the following taxes on this line.

- Real estate and personal property taxes on farm business assets.
- Social security and Medicare taxes you paid to match what you are required to withhold from farm employees' wages and any Federal unemployment tax paid.
- Federal highway use tax.

Do not deduct the following taxes on this line.

- Federal income taxes, including your self-employment tax. However, you may deduct one-half of your self-employment tax on Form 1040, line 28.
- Estate and gift taxes.
- Taxes assessed for improvements, such as paving and sewers.
- Taxes on your home or personal use property.
- State and local sales taxes on property purchased for use in your farming business. Instead, treat these taxes as part of the cost of the property.
- Other taxes not related to your farming business.


## Line 32

Enter amounts you paid for gas, electricity, water, etc., for business use on the farm. Do not include personal utilities. You cannot deduct the base rate (including taxes) of the first telephone line into your residence, even if you use it for your farming business. But you can deduct expenses you paid for your farming business that are more than the cost of the base rate for the first phone line. For example, if you had a second phone line, you can deduct the business percentage of the charges for that line, including the base rate charges.

## Lines 34a Through 34f

Include all ordinary and necessary farm expenses not deducted elsewhere on Schedule F , such as advertising, office supplies, etc. Do not include fines or penalties paid to a government for violating any law.
Amortization. You can amortize qualifying forestation and reforestation costs over 84 months. You can also amortize certain business startup costs over a period of at least 60 months. For details, see Pub. 535. For amortization that begins in 2003, you must complete and attach Form 4562.
At-Risk Loss Deduction. Any loss from this activity that was not allowed as a deduction last year because of the at-risk rules is treated as a deduction allocable to this activity in 2003.

Bad Debts. See Pub. 535.
Business Use of Your Home. You may be able to deduct certain expenses for business use of your home, subject to limitations. Use the worksheet in Pub. 587 to figure your allowable deduction. Do not use Form 8829.
Deduction for Clean-Fuel Vehicles and Clean-Fuel Vehicle Refueling Property. You may deduct part of the cost of qualified clean-fuel vehicle property used in your farming business and qualified clean-fuel vehicle refueling property. See Pub. 535.

Legal and Professional Fees. You can deduct on this line fees for tax advice related to your farming business and for preparation of the tax forms related to your farming business.
Travel, Meals, and Entertainment. Generally, you can deduct expenses for farm business travel and $50 \%$ of your business meals and entertainment. But there are exceptions and limitations. See the instructions for Schedule C, lines 24a through 24c, on page C-5.

Preproductive Period Expenses. If you had preproductive period expenses in 2003 and you decided to capitalize them, you must enter the total of these expenses in parentheses on line 34 f and enter " 263 A " in the space to the left of the total.

If you entered an amount in parentheses on line 34 f because you have preproductive period expenses you are capitalizing, subtract the amount on line 34 f from the total of lines 12 through 34e. Enter the result on line 35.

For details, see Capitalizing Costs of Property on page F-3 and Pub. 225.

## Line 36

If you have a loss, the amount of loss you can deduct this year may be limited. Go on to line 37 before entering your loss on line 36. If you checked the "No" box on line E on Schedule F, also see the Instructions for Form 8582. Enter the net profit or deductible loss here and on Form 1040, line 18, and Schedule SE, line 1. Estates and trusts should enter the net profit or deductible loss here and on Form 1041, line 6. Partnerships should stop here and enter the profit or loss on this line and on Form 1065, line 5 (or Form 1065-B, line 7).

If you have a net profit on line 36 , this amount is earned income and may qualify you for the earned income credit if you meet certain conditions. See the instructions for Form 1040, line 63, for details.

## Line 37

At-Risk Rules. Generally, if you have (a) a loss from a farming activity and (b) amounts in the activity for which you are not at risk, you will have to complete Form 6198 to figure your allowable loss. The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the activity

Check box 37b if you have amounts for which you are not at risk in this activity, such as the following.

- Nonrecourse loans used to finance the activity, to acquire property used in the activity, or to acquire the activity that are not secured by your own property (other than property used in the activity). However, there is an exception for certain nonrecourse financing borrowed by you in connection with holding real property.
- Cash, property, or borrowed amounts used in the activity (or contributed to the activity, or used to acquire the activity) that are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).
- Amounts borrowed for use in the activity from a person who has an interest in the activity, other than as a creditor, or who is related under section $465(\mathrm{~b})(3)$ to a person (other than you) having such an interest.

If all amounts are at risk in this business, check box 37a and enter your loss on line 36. But if you checked the "No" box on line E, you may need to complete Form 8582 to figure your allowable loss to enter on line 36. See the Instructions for Form 8582.

If you checked box 37b, see Form 6198 to determine the amount of your deductible loss and enter that amount on line 36. But if you checked the "No" box on line E, your loss may be further limited. See the Instructions for Form 8582. If your at-risk amount is zero or less, enter zero on line 36 . Be sure to attach Form 6198 to your return. If you checked box 37b and you do not attach Form 6198, the processing of your tax return may be delayed.

Any loss from this activity not allowed for 2003 because of the at-risk rules is treated as a deduction allocable to the activity in 2004.

For details, see Pub. 925 and the Instructions for Form 6198.

## Part III. Farm Income-Accrual Method

If you use the accrual method, report farm income when you earn it, not when you receive it. Generally, you must include animals and crops in your inventory if you use this method. See Pub. 225 for exceptions, inventory methods, how to change methods of accounting, and for rules that require certain costs to be capitalized or included in inventory.

## Line 38

Enter the amount earned from the sale of livestock, produce, grains, and other products you raised.

## Lines 39a Through 41c

See the instructions for lines 5a through 7c that begin on page F-2.

## Line 44

See the instructions for line 10 on page F-3.

## 2003 Instructions for Schedule J

## Farm Income Averaging

Use Schedule J (Form 1040) to elect to figure your 2003 tax by averaging, over the previous 3 years (base years), all or part of your 2003 taxable income from your trade or business of farming. Making this election may give you a lower tax if your 2003 income from farming is high and your taxable income for one or more of the 3 prior years was low.

If you owe alternative minimum tax (AMT) for 2003 (figured without regard to farm income averaging), filing Schedule J will not reduce your total tax for 2003. Filing Schedule J may, however, increase your credit for prior year minimum tax in a later tax year.

This election does not apply when figuring your tentative minimum tax on Form 6251 (that is, you cannot average your AMT farm income). Also, you do not have to recompute, because of this election, the tax liability of any minor child who was required to use your tax rates in the prior years.

## General Instructions

## Prior Year Tax Returns

You may need copies of your original or amended income tax returns for 2000, 2001, and 2002 to figure your tax on Schedule J. If you do not have copies of those returns, you can get them by filing Form 4506. See your Form 1040 instruction booklet to find out how to get this form. Keep a copy of your 2003 income tax return for use in 2004, 2005, or 2006.

## Additional Information

See Regulations section 1.1301-1 for more details.

## Specific Instructions

## Line 2

## Elected Farm Income

To figure elected farm income, first figure your taxable income from farming. Taxable income from farming includes all income, gains, losses, and deductions attributable to any farming business. However, it does not include gain from the sale or other disposition of land.

Your elected farm income is the amount of your taxable income from
farming that you elect to include on line 2. You do not have to include all of your taxable income from farming on line 2. It may be to your advantage to include less than the full amount, depending on how the amount you include on line 2 affects your tax bracket for the current and prior 3 tax years.

Your elected farm income cannot exceed your taxable income. Also, the portion of your elected farm income treated as a net capital gain cannot exceed the smaller of your total net capital gain or your net capital gain attributable to your farming business. If your elected farm income includes net capital gain, you must allocate an equal portion of the net capital gain to each of the base years. If, for any base year, you had a capital loss that resulted in a capital loss carryover to the next tax year, do not reduce the elected farm income allocated to that base year by any part of the carryover.
Farming Business. A farming business is the trade or business of cultivating land or raising or harvesting any agricultural or horticultural commodity. This includes:

- Operating a nursery or sod farm;
- Raising or harvesting of trees bearing fruits, nuts, or other crops;
- Raising ornamental trees (but not evergreen trees that are more than 6 years old when severed from the roots);
- Raising, shearing, feeding, caring for, training, and managing animals; and
- Leasing land to a tenant engaged in a farming business, but only if the lease payments are (a) based on a share of the tenant's production (not a fixed amount) and (b) determined under a written agreement entered into before the tenant begins significant activities on the land.

A farming business does not include:

- Contract harvesting of an agricultural or horticultural commodity grown or raised by someone else or
- Merely buying or reselling plants or animals grown or raised by someone else.


Generally, farm income, gains, losses, and deductions are reported on:

- Form 1040, line 7, to the extent of wages and other compensation you received as a shareholder in an $S$ corporation engaged in a farming business;
- Schedule D;
- Schedule E, Part II;
- Schedule F;
- Form 4797; and
- Form 4835.


## Line 4

Figure the tax on the amount on line 3 using the 2003 Tax Table, Tax Rate Schedules, or Qualified Dividends and Capital Gain Tax Worksheet from your 2003 Form 1040 instruction booklet, or use Schedule D. Enter the tax on line 4.

## Line 5

If you used Schedule J to figure your tax for 2002 (that is, you entered the amount from line 22 of that Schedule J on Form 1040, line 42, or on Form 1040X), enter on line 5 the amount from line 11 of your 2002 Schedule J. If you used Schedule J to figure your tax for 2001 but not 2002, enter on line 5 the amount from line 15 of your 2001 Schedule J. If you used Schedule J to figure your tax for 2000 but not 2001 nor 2002, enter on line 5 the amount from line 3 of your 2000 Schedule J.

If you figured your tax for 2000, 2001, and 2002 without using Schedule J, enter on line 5 the taxable income from your 2000 tax return (or as previously adjusted by the IRS, an amended return, etc.). But if that amount is zero or less, complete the worksheet below to figure the amount to enter on line 5.

If you filed your 2000 tax return using TeleFile, enter the taxable income from your TeleFile Tax Record. If you did not file a tax return for 2000, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2000 for at least 3 years after April 15, 2004 (or the date you file your

2003 tax return, if later), even if you did not file a tax return for 2000 .

## Instructions for 2000 Taxable Income Worksheet

Line 2. Any net capital loss deduction on your 2000 Schedule D, line 18, is not allowed for farm income averaging purposes to the extent it did not reduce your capital loss carryover to 2001. This could happen if the taxable income before subtracting exemptions shown on your 2000 Form 1040, line 37 (or as previously adjusted), was less than zero. Enter the amount by which your 2000 capital loss carryover to 2001 (the sum of your shortand long-term capital loss carryovers) exceeds the excess of the loss on your 2000 Schedule D, line 17, over the loss on your 2000 Schedule D, line 18. If you had any net operating loss (NOL) carrybacks to 2000, be sure you refigured your 2000 capital loss carryover to 2001.

Line 3. If you had an NOL for 2000, enter the amount of that NOL as figured on line 27 of the 2000 Form 1045, Schedule A, you filed with Form 1045 or Form 1040X. If you did not have an NOL for 2000 , enter the portion, if any, of the NOL carryovers and carrybacks to 2000 that were not used in 2000 and were carried to years after 2000.

Example. John Farmington did not use farm income averaging for 2000, 2001, nor 2002. John has $\$ 18,000$ of elected farm income on line 2 . The taxable income before subtracting exemptions shown on his 2000 Form 1040, line 37, was $\$ 3,800$. A deduction for exemptions of $\$ 2,800$ was shown on line 38 , and line 39, taxable income, was $\$ 1,000$. How-
ever, John had a $\$ 22,550$ NOL in 2001, $\$ 9,000$ of which was remaining to carry to 2000 after the NOL was carried back to 1999. To complete line 1 of the worksheet, John combines the $\$ 9,000$ NOL deduction with the $\$ 1,000$ from his 2000 Form 1040, line 39 . The result is a negative $\$ 8,000$, John's 2000 taxable income, which he enters as a positive amount on line 1 of the 2000 worksheet.

When John filed his 2000 tax return, he had a $\$ 3,000$ net capital loss deduction on Schedule D, line 18 (which was also entered on Form 1040, line 13), a $\$ 7,000$ loss on Schedule D, line 17, and a $\$ 4,000$ capital loss carryover to 2001. However, when John carried back the 2001 NOL to 2000, he refigured his 2000 capital loss carryover to 2001 as $\$ 7,000$. John adds the $\$ 3,000$ from Schedule D, line 18 , and the $\$ 7,000$ carryover. He subtracts from the result the $\$ 7,000$ loss on his Schedule D, line 17, and enters $\$ 3,000$ on line 2 of the worksheet.

John had \$1,000 of taxable income in 2000 that reduced the 2001 NOL carryback. The $\$ 2,800$ of exemptions and $\$ 3,000$ net capital loss deduction also reduced the amount of the 2001 NOL carryback. Therefore, only $\$ 2,200$ was available to carry to 2002 and later years, as shown on his 2001 Form 1045, Schedule B, line 9. John enters the $\$ 2,200$ on line 3 of the worksheet, and $\$ 5,200$ on line 4 . He then subtracts the $\$ 5,200$ from the $\$ 8,000$ on line 1 and enters the result, $\$ 2,800$, on line 5 of the worksheet. He enters a negative $\$ 2,800$ on Schedule J, line 5 . He combines that amount with the $\$ 6,000$ on Schedule J, line 6, and enters $\$ 3,200$ on Schedule J, line 7.

## 2000 Taxable Income Worksheet—Line 5

Complete this worksheet if you figured your tax for both 2001 and 2002 without using Schedule J and your 2000 taxable income was zero or less. See the instructions above before completing this worksheet.

1. Figure the taxable income from your 2000 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2000, do not include any NOL carryovers or carrybacks to 2000. Enter the result as a positive amount .
2. 
3. If there is a loss on your 2000 Schedule D, line 18 , add that loss (as a positive amount) and your 2000 capital loss carryover to 2001. Subtract from that sum the amount of the loss on your 2000 Schedule D, line 17, and enter the result
4. If you had an NOL for 2000, enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2000 that were not used in 2000 and were carried to years after 2000.
5. $\qquad$
6. Add lines 2 and 3
7. 
8. Subtract line 4 from line 1 . Enter the result as a negative amount on Schedule J, line $5 \ldots \ldots$. . . .
9. 

## Line 8

If line 7 is zero, enter zero on line 8 . Otherwise, figure the tax on the amount on line 7 using:

- The 2000 Tax Rate Schedules below,
- The 2000 Capital Gain Tax Worksheet below, or
- The Schedule D you filed for 2000 (but use the 2000 Tax Rate Schedules below instead of the 2000 Tax Table when
figuring the tax on Schedule D, lines 33 and 53).


## 2000 Tax Rate Schedules—Line 8

| Schedule X - Use if your $\mathbf{2 0 0 0}$ filing status was Single |  |  |  | Schedule Y-2—Use if your 2000 filing status was Married filing separately |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Schedule J, line 7, is: <br> Over- | But not over- | Enter on Schedule J, line 8 | of the amount over- | If Schedule J, line 7, is: Over- | But not over- | Enter on Schedule J, line 8 |  | of the amount over- |
| \$0 | \$26,250 | 15\% | \$0 | \$0 | \$21,925 |  | 15\% | \$0 |
| 26,250 | 63,550 | \$3,937.50 + 28\% | 26,250 | 21,925 | 52,975 | \$3,288.75 + | 28\% | 21,925 |
| 63,550 | 132,600 | 14,381.50 $+31 \%$ | 63,550 | 52,975 | 80,725 | 11,982.75 + | 31\% | 52,975 |
| 132,600 | 288,350 | 35,787.00 $+36 \%$ | 132,600 | 80,725 | 144,175 | 20,585.25 + | 36\% | 80,725 |
| 288,350 |  | $\mathbf{9 1 , 8 5 7 . 0 0}+39.6 \%$ | 288,350 | 144,175 | . | 43,427.25 + | 39.6\% | 144,175 |
| Schedule Y-1 — Use if your 2000 filing status was Married filing jointly or Qualifying widow(er) |  |  |  | Schedule Z—Use if your 2000 filing status was Head of household |  |  |  |  |
| If Schedule J, line 7 , is: Over- | But not over- | Enter on Schedule J, line 8 | of the amount over- | If Schedule J, line 7 , is: Over- | But not over- | Enter on Schedule J, line 8 |  | of the amount over- |
| \$0 | \$43,850 | 15\% | \$0 | \$0 | \$35,150 |  | 15\% | \$0 |
| 43,850 | 105,950 | \$6,577.50 + 28\% | 43,850 | 35,150 | 90,800 | \$5,272.50 + | 28\% | 35,150 |
| 105,950 | 161,450 | 23,965.50 $+31 \%$ | 105,950 | 90,800 | 147,050 | 20,854.50 + | 31\% | 90,800 |
| 161,450 | 288,350 | 41,170.50 $+36 \%$ | 161,450 | 147,050 | 288,350 | 38,292.00 + | 36\% | 147,050 |
| 288,350 | ............ | 86,854.50 $+39.6 \%$ | 288,350 | 288,350 | ............ | 89,160.00 + | 39.6\% | 288,350 |

## 2000 Capital Gain Tax Worksheet—Line 8

Keep for Your Records
Use this worksheet only if you entered capital gain distributions directly on line 13 of your 2000 Form 1040 (or line 10 of your 2000 Form 1040A) and checked the box on that line and elected farm income included on Schedule J, lines 5 and 6, does not include any net capital gain.

1. Amount from Schedule J, line 7 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 1.
2. Amount from your 2000 Form 1040, line 13 (or Form 1040A, line 10) . . . . . . . . . . . 2.
3. Subtract line 2 from line 1 . If zero or less, enter $-0-\ldots . .$. . . . . . . . . . . . . . . . . . . . 3.
4. Figure the tax on the amount on line 3. Use the 2000 Tax Rate Schedules above $\qquad$
$\square$
5. 

. Enter the smaller of:

- The amount on line 1 above or
- $\$ 26,250$ if single for $2000 ; \$ 43,850$ if married filing jointly or qualifying widow(er); $\$ 21,925$ if married filing separately; or $\$ 35,150$ if head of household.

6. Enter the amount from line 3

7. Subtract line 6 from line 5 . If zero or less, enter -0 - and go to line 9
8. 
9. Multiply line 7 by $10 \%$ (.10)
10. 


9. Enter the smaller of line 1 or line 2
9.
10. Enter the amount from line 7
10.
11. Subtract line 10 from line 9 . If zero or less, enter $-0-$ and go to line 13
11.
12. Multiply line 11 by $20 \%$ (.20)
13. Add lines 4,8 , and 12
14. Figure the tax on the amount on line 1. Use the 2000 Tax Rate Schedules above
15. Tax. Enter the smaller of line 13 or line 14 here and on Schedule J, line 8.
4. $\qquad$
12.
15.
8. $\qquad$
13.
14.

## Line 9

If you used Schedule J to figure your tax for 2002 (that is, you entered the amount from line 22 of that Schedule J on Form 1040, line 42, or on Form 1040X), enter on line 9 the amount from line 15 of your 2002 Schedule J. If you used Schedule J to figure your tax for 2001 but not 2002, enter on line 9 the amount from line 3 of your 2001 Schedule J.

If you figured your tax for both 2001 and 2002 without using Schedule J, enter on line 9 the taxable income from your 2001 tax return (or as previously adjusted by the IRS, an amended return, etc.). But if that amount is zero or less, complete the worksheet below to figure the amount to enter on line 9 .

If you filed your 2001 tax return using TeleFile, enter the taxable income from your TeleFile Tax Record. If you did not file a tax return for 2001, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2001 until at least 3 years after April 15, 2004 (or the date you file your 2003 tax return, if later), even if you did not file a tax return for 2001.

## Instructions for 2001 Taxable Income Worksheet

Line 2. Any net capital loss deduction on your 2001 Schedule D, line 18, is not al-
lowed for farm income averaging purposes to the extent it did not reduce your capital loss carryover to 2002. This could happen if the taxable income before subtracting exemptions shown on your 2001 Form 1040, line 37 (or as previously adjusted), was less than zero. Enter the amount by which your 2001 capital loss carryover to 2002 (the sum of your shortand long-term capital loss carryovers) exceeds the excess of the loss on your 2001 Schedule D, line 17, over the loss on your 2001 Schedule D, line 18. If you had any NOL carrybacks to 2001, be sure you refigured your 2001 capital loss carryover to 2002.
Line 3. If you had an NOL for 2001, enter the amount of that NOL as figured on line 27 of the 2001 Form 1045, Schedule A, you filed with Form 1045 or Form 1040X. If you did not have an NOL for 2001, enter the portion, if any, of the NOL carryovers and carrybacks to 2001 that were not used in 2001 and were carried to years after 2001.
Example. John Farmington did not use farm income averaging for 2000, 2001, nor 2002. The taxable income before subtracting exemptions on his 2001 Form 1040 , line 37 , is a negative $\$ 30,100$. A deduction for exemptions of $\$ 2,900$ is shown on line 38 , and line 39 , taxable income, is limited to zero. John subtracts from the $\$ 30,100$ loss the $\$ 2,900$ deduction for exemptions. The result is a nega-
tive \$33,000, John's 2001 taxable income, which he enters as a positive amount on line 1 of the 2001 worksheet.

John had a $\$ 3,000$ net capital loss deduction on Schedule D, line 18 (which was also entered on Form 1040, line 13), and a $\$ 7,000$ loss on Schedule D, line 17 (as adjusted). He also had a \$7,000 capital loss carryover to 2002. John adds the $\$ 3,000$ from Schedule D, line 18 , and the $\$ 7,000$ carryover. He subtracts from the result the $\$ 7,000$ loss on his Schedule D, line 17 , and enters $\$ 3,000$ on line 2 of the worksheet.

John enters $\$ 22,550$ on line 3 of the worksheet, the 2001 NOL from his 2001 Form 1045, Schedule A, line 27. Of the $\$ 33,000$ negative taxable income, the $\$ 2,900$ deduction for exemptions, the $\$ 3,000$ capital loss deduction, and his $\$ 4,550$ standard deduction were not allowed in figuring the NOL. John had a $\$ 22,550$ loss on his 2001 Schedule F, the only other item on his 2001 tax return.

John enters $\$ 25,550$ on line 4 and $\$ 7,450$ on line 5 . He enters $\$ 7,450$ as a negative amount on Schedule J, line 9. He enters $\$ 6,000$ on Schedule J, line 10, and a negative $\$ 1,450$ on Schedule J, line 11. If he uses Schedule J to figure his tax for 2004, he will enter the negative $\$ 1,450$ amount on his 2004 Schedule J as his 2001 taxable income for farm income averaging purposes.

Complete this worksheet if you did not use Schedule J to figure your tax for 2002 and your 2001 taxable income was zero or less. See the instructions above before completing this worksheet.


1. Figure the taxable income from your 2001 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2001, do not include any NOL carryovers or carrybacks to 2001.

Enter the result as a positive amount
1.
2. If there is a loss on your 2001 Schedule D, line 18 , add that loss (as a positive amount) and your 2001 capital loss carryover to 2002. Subtract from that sum the amount of the loss on your 2001 Schedule D, line 17, and enter the result
3. If you had an NOL for 2001, enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2001 that were not used in 2001 and were carried to years after 2001
3.
4. Add lines 2 and 3 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . .
5. Subtract line 4 from line 1. Enter the result as a negative amount on Schedule J, line $9 \ldots \ldots$....
4.
5.

## Line 12

If line 11 is zero or less, enter zero on line 12. Otherwise, figure the tax on the amount on line 11 using:

- The 2001 Tax Rate Schedules below,
- The 2001 Capital Gain Tax Worksheet below, or
- The Schedule D you filed for 2001 (but use the 2001 Tax Rate Schedules below instead of the 2001 Tax Table when figuring the tax on Schedule D, lines 25
and 39 , or on lines 15 and 36 of the Schedule D Tax Worksheet).

Exception. You must use the 2001 Tax Computation Worksheet for Certain Dependents and Nonresident Alien Individuals on page J-6 if you, or your spouse if filing jointly, did not receive (before offset) an advance payment of your 2001 taxes and either of the following apply.

- You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2001 tax return.
- You filed Form 1040NR for 2001.

If the 2001 Capital Gain Tax Worksheet or Schedule D also applies, follow the Special Rules on the worksheet on page J-6 to figure your tax.

## 2001 Tax Rate Schedules—Line 12

| Schedule X - Use if your 2001 filing status was Single |  |  |  |  | Schedule Y-2—Use if your 2001 filing status was Married filing separately |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Schedule J, line 11 , is: Over- | But not over- | Enter on Schedule J, line 12 |  | of the amount over- | If Schedule J, line 11, is: Over- | But not over- | Enter on Schedule J, line 12 |  | of the amount over- |
| \$0 | \$27,050 |  | 15\% | \$0 | \$0 | \$22,600 |  | 15\% | \$0 |
| 27,050 | 65,550 | \$4,057.50 + | 27.5\% | 27,050 | 22,600 | 54,625 | \$3,390.00 + | 27.5\% | 22,600 |
| 65,550 | 136,750 | 14,645.00 + | 30.5\% | 65,550 | 54,625 | 83,250 | 12,196.88 + | 30.5\% | 54,625 |
| 136,750 | 297,350 | 36,361.00 + | 35.5\% | 136,750 | 83,250 | 148,675 | 20,927.50 + | 35.5\% | 83,250 |
| 297,350 | ............ | 93,374.00 + | 39.1\% | 297,350 | 148,675 |  | 44,153.38 + | 39.1\% | 148,675 |
| Schedule Y-1—Use if your 2001 filing status was Married filing jointly or Qualifying widow(er) |  |  |  |  | Schedule Z—Use if your 2001 filing status was Head of household |  |  |  |  |
| If Schedule J, line 11 , is: Over- | But not over- | Enter on Schedule J, line 12 |  | of the amount over- | If Schedule J, line 11, is: Over- | But not over- | Enter on Schedule J, line 12 |  | of the amount over- |
| \$0 | \$45,200 |  | 15\% | \$0 | \$0 | \$36,250 |  | 15\% | \$0 |
| 45,200 | 109,250 | \$6,780.00 + | 27.5\% | 45,200 | 36,250 | 93,650 | \$5,437.50 + | 27.5\% | 36,250 |
| 109,250 | 166,500 | 24,393.75 + | 30.5\% | 109,250 | 93,650 | 151,650 | 21,222.50 + | 30.5\% | 93,650 |
| 166,500 | 297,350 | 41,855.00 + | 35.5\% | 166,500 | 151,650 | 297,350 | 38,912.50 + | 35.5\% | 151,650 |
| 297,350 | ............ | 88,306.75 + | 39.1\% | 297,350 | 297,350 |  | 90,636.00 + | 39.1\% | 297,350 |

## 2001 Capital Gain Tax Worksheet—Line 12

Keep for Your Records
Use this worksheet only if you entered capital gain distributions directly on line 13 of your 2001 Form 1040 (or line 10 of your 2001 Form 1040A) and checked the box on that line and elected farm income included on Schedule J, lines 9 and 10, does not include any net capital gain.

1. Amount from Schedule J, line 11
2. Amount from your 2001 Form 1040, line 13 (or Form 1040A, line 10)
3. Subtract line 2 from line 1 . If zero or less, enter -0 -
4. . . . . . . . . . . . . . . . . . . . . . . . .
5. Figure the tax on the amount on line 3. Use the 2001 Tax Rate Schedules above
6. Enter the smaller of:

- The amount on line 1 above or
- $\$ 27,050$ if single for $2001 ; \$ 45,200$ if married filing jointly or qualifying widow(er); $\$ 22,600$ if married filing separately; or $\$ 36,250$ if head of household.

6. Enter the amount from line 3
7. Subtract line 6 from line 5. If zero or less, enter -0- and go to line 9
8. Multiply line 7 by $10 \%$ (.10)
9. Enter the smaller of line 1 or line 2
10. Enter the amount from line 7
11. Subtract line 10 from line 9. If zero or less, enter -0 - and go to line 13
12. Multiply line 11 by $20 \%$ (.20)
13. Add lines 4,8 , and 12
14. Figure the tax on the amount on line 1. Use the 2001 Tax Rate Schedules above
15. Tax. Enter the smaller of line 13 or line 14 here and on Schedule J, line 12.

## 1.

2. 
3. $\qquad$
4. 


7.
9.
10.
11.
$\qquad$ 8. $\qquad$
12.
13.
14.
15.

Use this worksheet only if you, or your spouse if filing jointly, did not receive (before offset) an advance payment of your 2001 taxes and (a) you, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2001 tax return or (b) you filed Form 1040NR for 2001.
Special Rules. If:

- The 2001 Capital Gain Tax Worksheet on page J-5 applies, use this worksheet to figure the tax on lines 4 and 14 of the 2001 Capital Gain Tax Worksheet.
- Part IV of the 2001 Schedule D applies, use this worksheet to figure the tax on lines 25 and 39 of Part IV. If the 2001 Schedule D Tax Worksheet applies, use this worksheet to figure the tax on lines 15 and 36 of the Schedule D Tax Worksheet.

1. Figure the tax on the amount on Schedule J, line 11 (or the applicable line of the worksheet or schedule listed above). Use the 2001 Tax Rate Schedules on page J-5
2. 
3. Is the amount on line 1 more than the amount shown below for your 2001 filing status?

- Single or married filing separately - $\$ 900$
- Married filing jointly or qualifying widow(er) - $\$ 1,800$
- Head of household- $\$ 1,500$
$\square$ Yes. Enter: $\$ 300$ if single or married filing separately for 2001; $\$ 500$ if head of household; $\$ 600$ if married filing jointly or qualifying widow(er).No. Divide the amount on line 1 by 3.0.

3. Subtract line 2 from line 1. Enter the result here and on Schedule J, line 12 (or the applicable line of the worksheet or schedule listed above)
4. 

## Line 13

If you used Schedule J to figure your tax for 2002 (that is, you entered the amount from line 22 of that Schedule J on Form 1040, line 42, or on Form 1040X), enter on line 13 the amount from line 3 of that Schedule J.

If you did not use Schedule J to figure your tax for 2002, enter on line 13 the taxable income from your 2002 tax return (or as previously adjusted by the IRS, an amended return, etc.). But if that amount is zero or less, complete the worksheet below to figure the amount to enter on line 13.

If you filed your 2002 tax return using TeleFile, enter the taxable income from your TeleFile Tax Record. If you did not file a tax return for 2002, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2002 until at least 3 years after April 15, 2004 (or the date you file your 2003 tax return, if later), even if you did not file a tax return for 2002.

## Instructions for 2002 Taxable Income Worksheet

Line 2. Any net capital loss deduction on your 2002 Schedule D, line 18, is not allowed for farm income averaging purposes to the extent it did not reduce your capital loss carryover to 2003. This could happen if the taxable income before subtracting exemptions shown on your 2002 Form 1040, line 39 (or as previously adjusted), was less than zero. Enter the
amount by which your 2002 capital loss carryover to 2003 (the sum of your shortand long-term capital loss carryovers) exceeds the excess of the loss on your 2002 Schedule D, line 17, over the loss on your 2002 Schedule D, line 18.
Line 3. If you had an NOL for 2002, enter the amount of that NOL as figured on line 27 of the 2002 Form 1045, Schedule A, you filed with Form 1045 or Form 1040X. If you did not have an NOL for 2002, enter the portion, if any, of the NOL carryovers and carrybacks to 2002 that were not used in 2002 and were carried to years after 2002.

Example. John Farmington did not use farm income averaging for 2000, 2001, nor 2002. The taxable income before subtracting exemptions on his 2002 Form 1040 , line 39 , is a negative $\$ 1,000$. This amount includes an NOL deduction (NOLD) on his 2002 Form 1040, line 21, of $\$ 2,200$. The $\$ 2,200$ is the portion of the 2001 NOL that was remaining from 2000 to be carried to 2002. See the examples on pages J-2 and J-4. A deduction for exemptions of $\$ 3,000$ is shown on Form 1040, line 40, and line 41, taxable income, is limited to zero. John does not have an NOL for 2002. John subtracts from the $\$ 1,000$ negative amount on Form 1040, line 39, the $\$ 3,000$ deduction for exemptions. The result is a negative \$4,000, John's 2002 taxable income, which he enters as a positive amount on line 1 of the 2002 worksheet.

John had a \$3,000 net capital loss deduction on Schedule D, line 18 (which
was also entered on Form 1040, line 13), a $\$ 7,000$ loss on Schedule D, line 17, and a $\$ 5,000$ capital loss carryover to 2003 (his 2002 capital loss carryover to 2003 was $\$ 5,000$, not $\$ 4,000$, because the amount on his Form 1040, line 39, was a negative $\$ 1,000$ ). John adds the $\$ 3,000$ from Schedule D, line 18, and the $\$ 5,000$ carryover. He reduces the result by the $\$ 7,000$ loss on his Schedule D, line 17, and enters $\$ 1,000$ on line 2 of the worksheet.

John enters zero on line 3 of the worksheet because he does not have an NOL for 2002 and did not have an NOL carryover from 2002 available to carry to 2003 and later years. The NOLD for 2002 of $\$ 2,200$ was reduced to zero because it did not exceed his modified taxable income of $\$ 4,200$. Modified taxable income is figured by adding back the $\$ 3,000$ net capital loss deduction and the $\$ 3,000$ of exemptions to negative taxable income (figured without regard to the NOLD) of $\$ 1,800$. John enters $\$ 1,000$ on line 4 and $\$ 3,000$ on line 5 . He enters $\$ 3,000$ as a negative amount on Schedule J, line 13. He enters $\$ 6,000$ on Schedule J, line 14, and $\$ 3,000$ on Schedule J, line 15. If he uses Schedule J to figure his tax for 2004 , he will enter $\$ 3,000$ on his 2004 Schedule J as his 2002 taxable income for farm income averaging purposes.

## 2002 Taxable Income Worksheet—Line 13

Complete this worksheet if your 2002 taxable income is zero or less. See the instructions above before completing this worksheet.

1. Figure the taxable income from your 2002 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2002, do not include any NOL carryovers or carrybacks to 2002. Enter the result as a positive amount .
2. 
3. If there is a loss on your 2002 Schedule D, line 18 , add that loss (as a positive amount) and your 2002 capital loss carryover to 2003. Subtract from that sum the amount of the loss on your 2002 Schedule D, line 17, and enter the result
4. If you had an NOL for 2002 , enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2002 that were not used in 2002 and were carried to years after 2002.
5. 
6. 
7. Add lines 2 and 3
8. Subtract line 4 from line 1. Enter the result as a negative amount on Schedule J, line 13
9. 
10. 

## Line 16

If line 15 is zero or less, enter zero on line 16. Otherwise, figure the tax on the amount on line 15 using:

- The 2002 Tax Rate Schedules below,
- The 2002 Capital Gain Tax Worksheet below, or
- The Schedule D you filed for 2002 (but use the 2002 Tax Rate Schedules be-
low instead of the 2002 Tax Table when figuring the tax on Schedule D, lines 25 and 39 , or on lines 15 and 36 of the Schedule D Tax Worksheet).
your TeleFile Tax Record. If you amended your return or the IRS made changes to it, enter the corrected amount.


## Lines 18, 19, and 20

If you filed your 2000, 2001, or 2002 tax return using TeleFile, enter your tax from

## 2002 Tax Rate Schedules—Line 16

| Schedule X - Use if your 2002 filing status was Single |  |  |  |  | Schedule Y-2—Use if your 2002 filing status was Married filing separately |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Schedule J, line 15 , is: Over- | But not over- | Enter on Schedule J, line 16 |  | of the amount over- | If Schedule J, line 15 , is: Over- | But not over- | Enter on Schedule J, line 16 |  | of the amount over- |
| \$0 | \$6,000 |  | 10\% | \$0 | \$0 | \$6,000 |  | 10\% | \$0 |
| 6,000 | 27,950 | \$600.00 + | 15\% | 6,000 | 6,000 | 23,350 | \$600.00 + | 15\% | 6,000 |
| 27,950 | 67,700 | 3,892.50 + | 27\% | 27,950 | 23,350 | 56,425 | 3,202.50 + | 27\% | 23,350 |
| 67,700 | 141,250 | 14,625.00 + | 30\% | 67,700 | 56,425 | 85,975 | 12,132.75 + | 30\% | 56,425 |
| 141,250 | 307,050 | 36,690.00 + | 35\% | 141,250 | 85,975 | 153,525 | 20,997.75 + | 35\% | 85,975 |
| 307,050 | ............ | 94,720.00 + | 38.6\% | 307,050 | 153,525 | ............ | 44,640.25 + | 38.6\% | 153,525 |
| Schedule Y-1 | Use if you filing join | 2 filing status Qualifying w | as Marr ow(er) |  | Schedule Z—Use if your 2002 filing status was Head of household |  |  |  |  |
| If Schedule J, line 15 , is: Over- | But not over- | Enter on Schedule J, line 16 |  | of the amount over- | If Schedule J, line 15 , is: Over- | But not over- | Enter on Schedule J, line 16 |  | of the amount over- |
| \$0 | \$12,000 |  | 10\% | \$0 | $\$ 0$ <br> 10,000 <br> 37,450 <br> 96,700 <br> 156,600 <br> 307,050 | \$10,000 |  | 10\% | \$0 |
| 12,000 | 46,700 | \$1,200.00 + | 15\% | 12,000 |  | 37,450 |  | 15\% | 10,000 |
| 46,700 | 112,850 | 6,405.00 + | 27\% | 46,700 |  | 96,700 | $\begin{array}{r} \$ 1,000.00+ \\ 5,117.50+ \end{array}$ | 27\% | 37,450 |
| 112,850 | 171,950 | 24,265.50 + | 30\% | 112,850 |  | 156,600 | $\begin{aligned} & 21,115.00+ \\ & 39,085.00+ \end{aligned}$ | 30\% | 96,700 |
| 171,950 | 307,050 | 41,995.50 + | 35\% | 171,950 |  | 307,050 |  | 35\% | 156,600 |
| 307,050 | ............ | 89,280.50 + | 38.6\% | 307,050 |  | ............ | $\begin{aligned} & 39,085.00+ \\ & 91,742.50+ \end{aligned}$ | 38.6\% | 307,050 |

## 2002 Capital Gain Tax Worksheet—Line 16

Keep for Your Records
Use this worksheet only if you entered capital gain distributions directly on line 13 of your 2002 Form 1040 (or line 10 of your 2002 Form 1040A) and checked the box on that line and elected farm income on Schedule J, line 2, does not include any net capital gain.

1. Amount from Schedule J, line 15 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 1.
2. Amount from your 2002 Form 1040, line 13 (or Form 1040A, line 10) ............. 2.
3. Subtract line 2 from line 1 . If zero or less, enter $-0-\ldots$.
4. Figure the tax on the amount on line 3. Use the 2002 Tax Rate Schedules above
5. Enter the smaller of:

- The amount on line 1 above or
- $\$ 27,950$ if single for $2002 ; \$ 46,700$ if married filing jointly or qualifying widow(er); $\$ 23,350$ if married filing separately; or $\$ 37,450$ if head of household.

6. Enter the amount from line 3

7. 
8. 
9. Subtract line 6 from line 5 . If zero or less, enter $-0-$ and go to line 9
10. Multiply line 7 by $10 \%$ (.10)
11. 
12. 
13. Enter the amount from line 7
14. Subtract line 10 from line 9 . If zero or less, enter $-0-$ and go to line 13
15. 
16. Multiply line 11 by $20 \%$ (.20)
17. 
18. Add lines 4,8 , and 12
19. 
20. Figure the tax on the amount on line 1. Use the 2002 Tax Rate Schedules above
21. 
22. Tax. Enter the smaller of line 13 or line 14 here and on Schedule J, line 16.
23. 

# 2003 Instructions for Schedule SE (Form 1040) 

## Self-Employment Tax

Use Schedule SE (Form 1040) to figure the tax due on net earnings from self-employment. The Social Security Administration uses the information from Schedule SE to figure your benefits under the social security program. This tax applies no matter how old you are and even if you are already getting social security or Medicare benefits.
Additional Information. See Pub. 533.

## General Instructions

## A Change To Note

For 2003, the maximum amount of self-employment income subject to social security tax is $\$ 87,000$.

## Who Must File Schedule SE

You must file Schedule SE if:

1. Your net earnings from self-employment (see page SE-2) from other than church employee income were $\$ 400$ or more or
2. You had church employee income of $\$ 108.28$ or more-see Employees of Churches and Church Organizations below.

## Who Must Pay Self-Employment (SE) Tax?

## Self-Employed Persons

You must pay SE tax if you had net earnings of $\$ 400$ or more as a self-employed person. If you are in business for yourself or you are a farmer, you are self-employed.

You must also pay SE tax on your share of certain partnership income and your guaranteed payments. See Partnership Income or Loss on page SE-2.

## Employees of Churches and Church Organizations

If you had church employee income of $\$ 108.28$ or more, you must pay SE tax. Church employee income is wages you received as an employee (other than as a minister or member of a religious order) of a church or qualified church-controlled organization that has a certificate in effect electing an exemption from employer social security and Medicare taxes.

## Ministers and Members of Religious Orders

In most cases, you must pay SE tax on salaries and other income for services you performed as a minister, a member of a religious order who has not taken a vow of poverty, or a Christian Science practitioner. But if you filed Form 4361


#### Abstract

and received IRS approval, you will be


 exempt from paying SE tax on those net earnings. If you had no other income subject to SE tax, write "Exempt-Form 4361 " on line 55 of Form 1040. However, if you had other earnings of $\$ 400$ or more subject to SE tax, see line A at the top of Long Schedule SE.Note. If you have ever filed Form 2031 to elect social security coverage on your earnings as a minister you cannot revoke that election.

If you must pay SE tax, include this income on line 2 of either Short or Long Schedule SE. But do not report it on line 5a of Long Schedule SE; it is not considered church employee income. Also, include on line 2:

- The rental value of a home or an allowance for a home furnished to you (including payments for utilities) and
- The value of meals and lodging provided to you, your spouse, and your dependents for your employer's convenience.

However, do not include on line 2 :

- Retirement benefits you received from a church plan after retirement or
- The rental value of a home or an allowance for a home furnished to you (including payments for utilities) after retirement.

If you were a duly ordained minister who was an employee of a church and you must pay SE tax, the unreimbursed business expenses that you incurred as a church employee are allowed only as an itemized deduction for income tax purposes. Subtract the allowable amount from your SE earnings when figuring your SE tax.

If you were a U.S. citizen or resident alien serving outside the United States as a minister or member of a religious order and you must pay SE tax, you may not reduce your net earnings by the foreign housing exclusion or deduction.

See Pub. 517 for details.

## Members of Certain Religious Sects

If you have conscientious objections to social security insurance because of your membership in and belief in the teachings of a religious sect recognized as being in existence at all times since December 31, 1950, and which has provided a reasonable level of living for its dependent members, you are exempt from SE tax if you received IRS approval by filing Form 4029. In this case, do not file Schedule SE. Instead, write "Exempt-Form 4029" on Form 1040, line 55. See Pub. 517 for details.

## U.S. Citizens Employed by <br> Foreign Governments or International Organizations

You must pay SE tax on income you earned as a U.S. citizen employed by a foreign government (or, in certain cases, by a wholly owned instrumentality of a foreign government or an international organization under the International Organizations Immunities Act) for services performed in the United States, Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI), or the Virgin Islands. Report income from this employment on line 2 of either Short or Long Schedule SE. If you performed services elsewhere as an employee of a foreign government or an international organization, those earnings are exempt from SE tax.

## U.S. Citizens or Resident Aliens Living Outside the United States

If you are a self-employed U.S. citizen or resident alien living outside the United States, in most cases you must pay SE tax. You may not reduce your foreign earnings from self-employment by your foreign earned income exclusion.
Exception. The United States has social security agreements with many countries to eliminate dual taxes under two social security systems. Under these agreements, you must generally pay social security and Medicare taxes to only the country you live in.

The United States now has social security agreements with the following
countries: Australia, Austria, Belgium, Canada, Chile, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, South Korea, Spain, Sweden, Switzerland, and the United Kingdom. Additional agreements are expected in the future. If you have questions about international social security agreements, you can:

- Visit the Social Security Administration (SSA) website at www.socialsecurity.gov/international,
- Call the SSA Office of International Programs at (410) 965-3544 or (410) 965-0377 (long-distance charges may apply), or
- Write to Social Security Administration, Office of International Programs, P.O. Box 17741, Baltimore, MD 21235-7741.

If your self-employment income is exempt from SE tax, you should get a statement from the appropriate agency of the foreign country verifying that your self-employment income is subject to social security coverage in that country. If the foreign country will not issue the statement, contact the SSA at the address shown above. Do not complete Schedule SE. Instead, attach a copy of the statement to Form 1040 and enter "Exempt, see attached statement" on Form 1040, line 55.

## More Than One Business

If you had two or more businesses, your net earnings from self-employment are the combined net earnings from all of your businesses. If you had a loss in one business, it reduces the income from another. Figure the combined SE tax on one Schedule SE.

## Joint Returns

Show the name of the spouse with SE income on Schedule SE. If both spouses have SE income, each must file a separate Schedule SE. However, if one spouse qualifies to use Short Schedule SE and the other has to use Long Schedule SE, both can use the same form. One spouse should complete the front and the other the back.

Include the total profits or losses from all businesses on Form 1040, as appropriate. Enter the combined SE tax on Form 1040, line 55.

## Community Income

In most cases, if any of the income from a business (including farming) is community income, all of the income from that business is SE earnings of the spouse who carried on the business. The facts in each case will determine which spouse carried on the business. If you and your spouse are partners in a partnership, see Partnership Income or Loss on this page.

If you and your spouse had community income and file separate returns, attach Schedule SE to the return of the spouse with the SE income. Also, attach Schedule(s) C, C-EZ, or F to the return of each spouse.

If you are the spouse who carried on the business, you must include on line 3, Schedule SE, the net profit or (loss) reported on the other spouse's Schedule C, C-EZ, or F (except income not included in net earnings from self-employment as explained on page SE-3). Enter on the dotted line to the left of line 3, Schedule SE, "Community Income Taxed to Spouse" and the amount of any net profit or (loss) allocated to your spouse as community income. Combine that amount with the total of lines 1 and 2 and enter the result on line 3 .

If you are not the spouse who carried on the business and you had no other income subject to SE tax, enter "Exempt Community Income" on Form 1040, line 55; do not file Schedule SE. However, if you had other earnings subject to SE tax of $\$ 400$ or more, enter on the dotted line to the left of line 3, Schedule SE, "Exempt Community Income" and the amount of the net profit or (loss) from Schedule C, C-EZ, or F allocated to you as community income. If that amount is a net profit, subtract it from the total of lines 1 and 2 , and enter the result on line 3. If that amount is a loss, treat it as a positive amount, add it to the total of lines 1 and 2 , and enter the result on line 3.

$\Delta$Community income included on Schedule(s) C, C-EZ, or F must be divided for income tax purposes on the basis of the community property laws.

## Fiscal Year Filers

If your tax year is a fiscal year, use the tax rate and earnings base that apply at the time the fiscal year begins. Do not prorate the tax or earnings base for a fiscal year that overlaps the date of a rate or earnings base change.

## Specific Instructions

Read the chart on page 1 of Schedule SE to see if you can use Section A, Short Schedule SE, or if you must use Section B, Long Schedule SE. For either section, you need to know what to include as net earnings from self-employment. Read the following instructions to see what to include as net earnings and how to fill in lines 1 and 2 of either Short or Long Schedule SE. Enter all negative amounts in parentheses.

## Net Earnings From Self-Employment

## What Is Included in Net Earnings From SelfEmployment?

In most cases, net earnings include your net profit from a farm or nonfarm business. If you were a partner in a partnership, see the following instructions.

## Partnership Income or Loss

If you were a general or limited partner in a partnership, include on line 1 or line 2, whichever applies, the amount from line 15a of Schedule K-1 (Form 1065) or the amount identified as net earnings from self-employment in box 9 of Schedule K-1 (Form 1065-B). General partners should reduce this amount before entering it on Schedule SE by any section 179 expense deduction claimed, unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties. If you reduce the amount you enter on Schedule SE, attach an explanation.

If a partner died and the partnership continued, include in SE income the deceased's distributive share of the partnership's ordinary income or loss through the end of the month in which he or she died. See Internal Revenue Code section 1402(f).

If you were married and both you and your spouse were partners in a partnership, each of you must pay SE tax on your own share of the partnership income. Each of you must file a Schedule SE and report the partnership income or loss on Schedule E (Form 1040), Part II, for income tax purposes.

SE income belongs to the person who is the member of the partnership and cannot be treated as SE income by the nonmember spouse even in community property states.

## Share Farming

You are considered self-employed if you produced crops or livestock on someone else's land for a share of the crops or livestock produced (or a share of the proceeds from the sale of them). This applies even if you paid another person (an agent) to do the actual work or management for you. Report your net earnings for income tax purposes on Schedule $\mathbf{F}$ (Form 1040) and for SE tax purposes on Schedule SE. See Pub. 225 for details.

## Other Income and Losses Included in Net Earnings From Self-Employment

- Rental income from a farm if, as landlord, you materially participated in the production or management of the production of farm products on this land. This income is farm earnings. To deter-
mine whether you materially participated in farm management or production, do not consider the activities of any agent who acted for you. The material participation tests are explained in Pub. 225.
- Cash or a payment-in-kind from the Department of Agriculture for participating in a land diversion program.
- Payments for the use of rooms or other space when you also provided substantial services. Examples are hotel rooms, boarding houses, tourist camps or homes, parking lots, warehouses, and storage garages.
- Income from the retail sale of newspapers and magazines if you were age 18 or older and kept the profits.
- Amounts received by current or former self-employed insurance agents and salespersons that are:

1. Paid after retirement but figured as a percentage of commissions received from the paying company before retirement,
2. Renewal commissions, or
3. Deferred commissions paid after retirement for sales made before retirement.

However, certain termination payments received by former insurance salespersons are not included in net earnings from self-employment (as explained under Termination payments on this page).

- Income of certain crew members of fishing vessels with crews of normally fewer than 10 people. See Pub. 595 for details.
- Fees as a state or local government employee if you were paid only on a fee basis and the job was not covered under a Federal-state social security coverage agreement.
- Interest received in the course of any trade or business, such as interest on notes or accounts receivable.
- Fees and other payments received by you for services as a director of a corporation.
- Recapture amounts under sections 179 and 280F that you included in gross income because the business use of the property dropped to $50 \%$ or less. Do not include amounts you recaptured on the disposition of property. See Form 4797.
- Fees you received as a professional fiduciary. This may also apply to fees paid to you as a nonprofessional fiduciary if the fees relate to active participation in the operation of the estate's business, or the management of an estate that required extensive management activities over a long period of time.
- Gain or loss from section 1256 contracts or related property by an options or commodities dealer in the normal course of dealing in or trading section 1256 contracts.


## Income and Losses Not Included in Net Earnings From Self-Employment

- Salaries, fees, etc., subject to social security or Medicare tax that you received for performing services as an employee, including services performed as a public official (except as a fee basis government employee as explained earlier under Other Income and Losses Included in Net Earnings From Self-Employment) or as an employee or employee representative under the railroad retirement system.
- Fees received for services performed as a notary public. If you had no other income subject to SE tax, enter "Exempt-Notary" on Form 1040, line 55. However, if you had other earnings of $\$ 400$ or more subject to SE tax, enter "Exempt-Notary" and the amount of your net profit as a notary public from Schedule C or Schedule C-EZ on the dotted line to the left of line 3, Schedule SE. Subtract that amount from the total of lines 1 and 2 and enter the result on line 3.
- Income you received as a retired partner under a written partnership plan that provides for lifelong periodic retirement payments if you had no other interest in the partnership and did not perform services for it during the year.
- Income from real estate rentals if you did not receive the income in the course of a trade or business as a real estate dealer. Report this income on Schedule E .
- Income from farm rentals (including rentals paid in crop shares) if, as landlord, you did not materially participate in the production or management of the production of farm products on the land. See Pub. 225 for details.
- Dividends on shares of stock and interest on bonds, notes, etc., if you did not receive the income in the course of your trade or business as a dealer in stocks or securities.
- Gain or loss from:

1. The sale or exchange of a capital asset;
2. The sale, exchange, involuntary conversion, or other disposition of property unless the property is stock in trade or other property that would be includible in inventory, or held primarily for sale to customers in the ordinary course of the business; or
3. Certain transactions in timber, coal, or domestic iron ore.

- Net operating losses from other years.
- Termination payments you received as a former insurance salesperson if all of the following conditions are met.

1. The payment was received from an insurance company because of services you performed as an insurance salesperson for the company.
2. The payment was received after termination of your agreement to perform services for the company.
3. You did not perform any services for the company after termination and before the end of the year in which you received the payment.
4. You entered into a covenant not to compete against the company for at least a 1 -year period beginning on the date of termination.
5. The amount of the payment depended primarily on policies sold by or credited to your account during the last year of the agreement, or the extent to which those policies remain in force for some period after termination, or both.
6. The amount of the payment did not depend to any extent on length of service or overall earnings from services performed for the company (regardless of whether eligibility for the payment depended on length of service).

## Statutory Employee Income

If you were required to check the box on line 1 of Schedule $C$ or C-EZ because you were a statutory employee, do not include the net profit or (loss) from line 31 of that Schedule C (or the net profit from line 3 of Schedule C-EZ) on line 2 of Short or Long Schedule SE. But if you file Long Schedule SE, be sure to include statutory employee social security wages and tips from Form W-2 on line 8a.

## Optional Methods

## How Can the Optional Methods Help You?

Social Security Coverage. The optional methods may give you credit toward your social security coverage even though you have a loss or a small amount of income from self-employment.

Earned Income Credit (EIC). Using the optional methods may qualify you to claim the EIC or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than $\$ 1,600$. Figure the EIC with and without using the optional methods to see if the optional methods will benefit you.

Additional Child Tax Credit. Using the optional methods may qualify you to claim the additional child tax credit or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than $\$ 1,600$. Figure the additional child tax credit with and without using the optional methods to see if the optional methods will benefit you.

Child and Dependent Care Credit. The optional methods may also help you qualify for this credit or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than $\$ 1,600$. Figure this credit with and without using the optional methods to see if the optional methods will benefit you.
Note. Using the optional methods may give you the benefits described above but they may also increase your SE tax.

## Farm Optional Method

You may use this method to figure your net earnings from farm self-employment if your gross farm income was $\$ 2,400$ or less or your net farm profits (defined on this page) were less than $\$ 1,733$. There is no limit on how many years you can use this method.

Under this method, you report on line 15, Part II, two-thirds of your gross farm income, up to $\$ 1,600$, as your net earnings. This method can increase or decrease your net earnings from farm self-employment even if the farming business had a loss.

You may change the method after you file your return. That is, you can change from the regular to the optional method or from the optional to the regular method. To do this, file Form 1040X.

For a farm partnership, figure your share of gross income based on the partnership agreement. With guaranteed payments, your share of the partnership's
gross income is your guaranteed payments plus your share of the gross income after it is reduced by all guaranteed payments made by the partnership. If you were a limited partner, include only guaranteed payments for services you actually rendered to or on behalf of the partnership.

Net farm profits is the total of the amounts from Schedule F (Form 1040), line 36, and Schedule K-1 (Form 1065), line 15 a , from farm partnerships.

## Nonfarm Optional Method

You may be able to use this method to figure your net earnings from nonfarm self-employment if your net nonfarm profits (defined on this page) were less than $\$ 1,733$ and also less than $72.189 \%$ of your gross nonfarm income. To use this method, you also must be regularly self-employed. You meet this requirement if your actual net earnings from self-employment were $\$ 400$ or more in 2 of the 3 years preceding the year you use the nonfarm method. The net earnings of $\$ 400$ or more could be from either farm or nonfarm earnings or both. The net earnings include your distributive share of partnership income or loss subject to SE tax. Use of the nonfarm optional method from nonfarm self-employment is limited to 5 years. The 5 years do not have to be consecutive.

Under this method, you report on line 17, Part II, two-thirds of your gross nonfarm income, up to $\$ 1,600$, as your net
earnings. But you may not report less than your actual net earnings from nonfarm self-employment.

You may change the method after you file your return. That is, you can change from the regular to the optional method or from the optional to the regular method. To do so, file Form 1040X.

Figure your share of gross income from a nonfarm partnership in the same manner as a farm partnership. See Farm Optional Method on this page for details.

Net nonfarm profits is the total of the amounts from Schedule C (Form 1040), line 31 (or Schedule C-EZ (Form 1040), line 3), Schedule K-1 (Form 1065), line 15a (from other than farm partnerships), and Schedule K-1 (Form 1065-B), box 9 .

## Using Both Optional Methods

If you can use both methods, you may report less than your total actual net earnings from farm and nonfarm self-employment, but you cannot report less than your actual net earnings from nonfarm self-employment alone.

If you use both methods to figure net earnings, you cannot report more than $\$ 1,600$ of net earnings from self-employment.

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[^0]:    (Continued on page 52)

[^1]:    * This column must also be used by a qualifying widow(er).

[^2]:    * This column must also be used by a qualifying widow(er).

[^3]:    Note. The percentages on this page exclude undistributed offsetting receipts, which were $\$ 48$ billion in fiscal year 2002. 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.

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