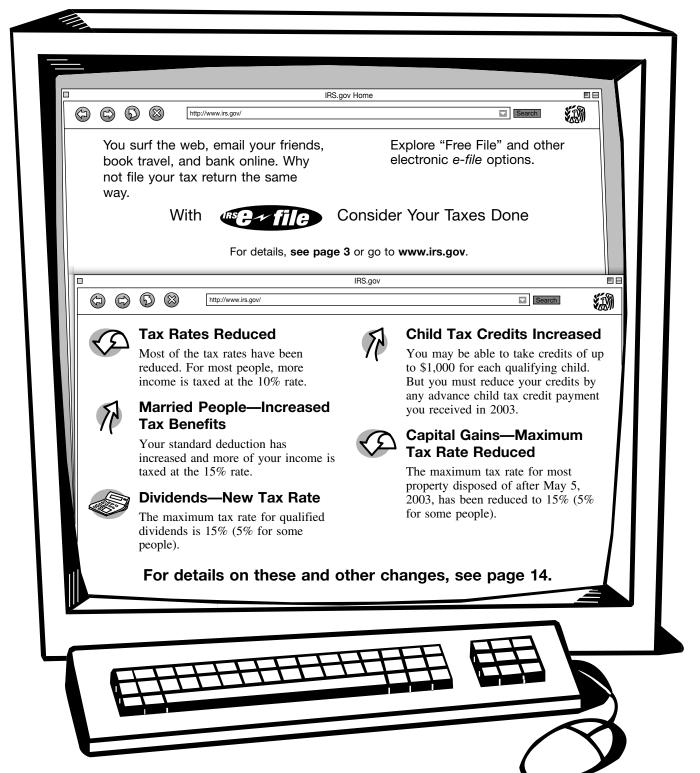


20031()4()

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

Mark W. Even

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.

1040		rtment of the Treasury—Internal Revenue Service J. Individual Income Tax Return 2003 IRS Use Only—Do n	ot write	or staple in this space.	
(19)	_	the year Jan. 1–Dec. 31, 2003, or other tax year beginning , 2003, ending , 20	ot write	OMB No. 1545-0074	
Label	_	ur first name and initial Last name	Your	social security num	ber
(See L					(19)
instructions A B		joint return, spouse's first name and initial Last name	Spor	use's social security n	\sim
on page 19.) E		<u>'OR REFERENCE ONLY—DO NOT FILE :</u>			(19)
label.	Hor	me address (number and street). If you have a P.O. box, see page 19. Apt. no.		Important!	
Otherwise, please print R				You must enter	
or type.	City	y, town or post office, state, and ZIP code. If you have a foreign address, see page 19.		your SSN(s) above	
Presidential	 		Y	ou Spous	ie
Election Campaign (See page 19.)	(19	Note. Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want \$3 to go to this fund?		es □No □Yes	□No
(occ page 10.)	1 [
Filing Status	2	☐ Single ————————————————————————————————————		. , , , ,	,
Check only	3	Married filing separately. Enter spouse's SSN above this child's name here. ▶		,	.,
one box.		and full name here. ▶ 5 ☐ Qualifying widow(er) wit	h depe	endent child. (See pa	ge 20.)
=	6a	Yourself. If your parent (or someone else) can claim you as a dependent on his or he	er tax	No. of boxes checked on	
Exemptions 2	<u>.</u>	return, do not check box 6a	•	6a and 6b	
_	シ b	Spouse	 ıalifvinn	No. of children on 6c who:	
	С	(2) Dependent's relationship to child for c	hild tax	 lived with you 	
		(1) First name Last name you credit (see	oage 21)	 did not live with you due to divorce 	
If more than five	(31)		士	or separation	(21)
dependents,	~21)	(21)	- (21)	(see page 21) Dependents on 6c	
see page 21.				not entered above .	
				Add numbers	
	d	Total number of exemptions claimed		on lines above ▶	
	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	(22)	
Income (8a	Taxable interest. Attach Schedule B if required	8a	(22)	
Attach	b	Tax-exempt interest. Do not include on line 8a 8b 23	_{////		
Forms W-2 and	9a	Ordinary dividends. Attach Schedule B if required — B-1.	9a	7/	
W-2G here. Also attach	b	Qualified dividends (see page 23)	_/////	23	
Form(s) 1099-R	10	Taxable refunds, credits, or offsets of state and local income taxes (see page 23) .	10	+ -	
if tax was withheld.	11	Alimony received	11	+	
widilield.	12	Business income or (loss). Attach Schedule C or C-EZ	12	$+ \omega$	
(22)	13a	Capital gain or (loss). Attach Schedule D if required. If not required, check here by the hox on 13a is checked enter post-May 5 capital gain distributions 13b NEW	13a		
If you did not	/ b	if box on 13a is checked, enter post-inay 5 capital gain distributions	14	(OE)	
get a W-2,	14 15a	Other gains or (losses). Attach Form 4797	15b	+	
see page 22.	16a	Pensions and annuities 16a 25 b Taxable amount (see page 25)	16b	$\overline{}$	
Enclose, but do	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17		
not attach, any	18	Farm income or (loss). Attach Schedule F	18	\rightarrow	
payment. Also, please use	19	Unemployment compensation	19	\rightarrow	
Form 1040-V.(57)	20a	Social security benefits. 20a b Taxable amount (see page 27)	20b	$\overline{}$	<u> </u>
	21	Other income. List type and amount (see page 27)	21		
	22	Add the amounts in the far right column for lines 7 through 21. This is your total income Educator expanses (see page 20) 23 (29)	22		
Adjusted	23	Luddator expenses (see page 29)	-{////		
Gross	24	The decident (See page 25).	-\///		
Income	25	20 (20)	-{////		
	26 27	Tuition and fees deduction (see page 32)	- /////		
	28	One-half of self-employment tax. Attach Schedule SE 28 (32)	7////		
	29	Self-employed health insurance deduction (see page 33) 29 33			
	30	Self-employed SEP, SIMPLE, and qualified plans	_\///		
	31	Penalty on early withdrawal of savings	_\{\\\\!		
	32a	Alimony paid b Recipient's SSN ▶ 32a 33	_\\\\\		
	33	Add lines 23 through 32a	33	(24)	
	34	Subtract line 33 from line 22. This is your adjusted gross income	34		
For Disclosure, Pr	rivacy	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.

Form 1040 (2003)			Page 2
Tax and	35	Amount from line 34 (adjusted gross income)	35
Credits	36a	Check ∫ ☐ You were born before January 2, 1939, ☐ Blind. ☐ Total boxes	
$\overline{}$)	if: Spouse was born before January 2, 1939, ☐ Blind. checked ▶ 36a	
Standard Deduction	b	If you are married filing separately and your spouse itemizes deductions, or	(34)
for—		you were a dual-status alien, see page 34 and check here (A-1) ▶ 36b	
People who	37	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	37 34
checked any box on line	38	Subtract line 37 from line 35	38
36a or 36b or	39	If line 35 is \$104,625 or less, multiply \$3,050 by the total number of exemptions claimed on	
who can be claimed as a		line 6d. If line 35 is over \$104,625, see the worksheet on page 35	39 (35)
dependent,	40	Taxable income. Subtract line 39 from line 38. If line 39 is more than line 38, enter -0-	40
see page 34.	41	Tax (see page 36). Check if any tax is from: a Form(s) 8814 b Form 4972	41 (36)
All others:	42	Alternative minimum tax (see page 38). Attach Form 6251	42 (38)
Single or Married filing	43	Add lines 41 and 42	43
separately,	44	Foreign tax credit. Attach Form 1116 if required 44 39	
\$4,750	45	Credit for child and dependent care expenses. Attach Form 2441 45 39)	
Married filing	46	Credit for the elderly or the disabled. Attach Schedule R . 46 (39)	
jointly or Qualifying	47	Education credits. Attach Form 8863	
widow(er),	48	Retirement savings contributions credit. Attach Form 8880 48 39	
\$9,500	49	Child tax credit (see page 40)	
Head of household,	50	Adoption credit. Attach Form 8839	
\$7,000	51	Credits from: a Form 8396 b Form 8859	
\subseteq	52	Other credits. Check applicable box(es): a Form 3800	
(34)	32	b Form 8801 c Specify 52 42	
	53	Add lines 44 through 52. These are your total credits	53
	54	Subtract line 53 from line 43. If line 53 is more than line 43, enter -0-	54
	55	Self-employment tax. Attach Schedule SE	55
Other	56		56 (42)
Taxes	57	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137 .	57 (42)
	58	Tax on qualified plans, including IRAs, and other tax-favored accounts. Attach Form 5329 if required	58 (42)
	59	Advance earned income credit payments from Form(s) W-2	59 (42)
	60	Add lines 54 through 59. This is your total tax	60 (43)
Payments	61	Federal income tax withheld from Forms W-2 and 1099 . 61 43	
i ayinenta	62	2003 estimated tax payments and amount applied from 2002 return . 62 (43)	
If you have a	63	2000 destinated tax paymonts and amount applied norm 2002 forum.	
qualifying	64	Excess social security and tier 1 RRTA tax withheld (see page 56)	
child, attach Schedule EIC.	65	Additional child tax credit. Attach Form 8812	
ochedule Lio.	66	Amount paid with request for extension to file (see page 56)	
	67	Other payments from: a \square Form 2439 b \square Form 4136 c \square Form 8885	
	68	Add lines 61 through 67. These are your total payments	68
Defined	69	If line 68 is more than line 60, subtract line 60 from line 68. This is the amount you overpaid	69 (56)
Refund	70a		70a
Direct deposit? See page 56	► b	Routing number Savings Savings	
and fill in 70b,	► d	Account number Savings	
70c, and 70d.			
Amount	71 72	Amount of line 69 you want applied to your 2004 estimated tax ► 71 (57) Amount you owe. Subtract line 68 from line 60. For details on how to pay, see page 57 ►	72 (57)
You Owe	73	Estimated tax penalty (see page 58) 73 (58)	
	Do		omplete the following. No
Third Party		cignosis Phono Personal identifica	
Designee		me ► (58) rilone Feisonia identifica no. ► () number (PIN)	▶ <u> </u>
Sign		der penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and ief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of whice	
Here			
Joint return?	YO	ur signature Date Your occupation	Daytime phone number
See page 20.	_	(58)	(58)
Keep a copy for your	Sp	ouse's signature. If a joint return, both must sign. Date Spouse's occupation	
records.	·		
Paid		eparer's Date Check if	Preparer's SSN or PTIN
Preparer's		nature (58)	
		m's name (or EIN	
Use Only	you ade	urs if self-employed), dress, and ZIP code Phone no.	()
			Form 1040 (2003)

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:

- 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 avail-

able. 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.

Forms by Fax

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

Name of Form		Cat.	No. of	Name of Form		Cat.	No. of
or Instructions	Title of Form or Instructions	No.	Pages	or Instructions	Title of Form or Instructions	No.	Pages
Form SS-4	Application for Employer Identification Number	16055	2	Schedules A&B (Form 1040)	Itemized Deductions & Interest and Ordinary Dividends	11330	
Instr. SS-4		62736	6	Instr. Sch. A&B		24328	8
Form SS-8	Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding	16106	5	Schedule C (Form 1040)	Profit or Loss From Business (Sole Proprietorship)	11334	2
Form W-4	Employee's Withholding Allowance	10220	2	Instr. Sch. C Schedule C-EZ	Net Profit From Business (Sole	24329 14374	2
	Certificate		_	(Form 1040)	Proprietorship)	14374	2
Form W-4P	Withholding Certificate for Pension or Annuity Payments	10225	4	Schedule D (Form 1040)	Capital Gains and Losses	11338	2
Form W-5	Earned Income Credit Advance Payment Certificate	10227	3	Instr. Sch. D		24331	11
Form W-7	Application for IRS Individual Taxpayer Identification Number	10229	4	Schedule D-1 (Form 1040)	Continuation Sheet for Schedule D	10424	2
Form W-7A	Application for Taxpayer Identification Number for Pending U.S. Adoptions	24309	2	Schedule E (Form 1040)	Supplemental Income and Loss	11344	2
Form W-7P	Application for Preparer Tax	26781	1	Instr. Sch. E Schedule EIC	Earned Income Credit	24332 13339	6 2
Form W-9	Identification Number Request for Taxpayer Identification	10231	4	(Form 1040A or 1040)	Larned medine Credit	13337	2
Instr. W-9	Number and Certification Instructions for the Requester of Form	20479	4	Schedule F (Form 1040)	Profit or Loss From Farming	11346	2
Form W-9S	W-9 Request for Student's or Borrower's	25240	2	Instr. Sch. F		17152	6
Form w-93	Taxpayer Identification Number and Certification	23240	۷	Schedule H (Form 1040)	Household Employment Taxes	12187	2
Form W-10	Dependent Care Provider's	10437	1	Instr. Sch. H		21451	8
T 700	Identification and Certification	1.5700		Schedule J (Form 1040)	Farm Income Averaging	25513	1
Form 709	U.S. Gift (and Generation-Skipping Transfer) Tax Return	16783	4	Instr. Sch. J		25514	8
Instr. 709	Tunister) Tun Ttetain	16784	13	Schedule R	Credit for the Elderly or the Disabled	11359	2
Form 843	Claim for Refund and Request for	10180	1	(Form 1040)			
	Abatement		_	Instr. Sch. R Schedule SE	Salf Employment Toy	11357	4 2
Instr. 843	Forely and Associated	11200	2	(Form 1040)	Self-Employment Tax	11358	2
Form 940	Employer's Annual Federal Unemployment (FUTA) Tax Return	11234	2	Instr. Sch. SE		24334	4
Instr. 940	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	13660	6	Form 1040A	U.S. Individual Income Tax Return	11327	2
Form 940-EZ	Employer's Annual Federal Unemployment (FUTA) Tax Return	10983	2	Schedule 1 (Form 1040A)	Interest and Ordinary Dividends for Form 1040A Filers	12075	2
Instr. 940-EZ		25947	5	Schedule 2 (Form 1040A)	Child and Dependent Care Expenses for Form 1040A Filers	10749	2
Form 941	Employer's Quarterly Federal Tax	17001	4	Instr. Sch. 2	101 Politi 1040A Pheis	30139	3
Instr. 941	Return	14625	4	Schedule 3	Credit for the Elderly or the Disabled	12064	2
Form 941c	Supporting Statement To Correct	11242	4	(Form 1040A)	for Form 1040A Filers		
	Information			Instr. Sch. 3		12059	4
Form 990	Return of Organization Exempt From	11282	6	Form 1040-ES	Estimated Tax for Individuals	11340	
Instr. 990 &	Income Tax General Instructions for Forms 990 and 990-EZ	22386	16	Form 1040EZ	Income Tax Return for Single and Joint Filers With No Dependents	11329	
990-EZ Instr. 990	Specific Instructions for Form 990	50002	19	Form 1040NR	U.S. Nonresident Alien Income Tax Return	11364	5
Schedule A	Organization Exempt Under Section	11285	6	Instr. 1040NR		11368	41
(Form 990 or 990-EZ)	501(c)(3)	11200	Ü	Form 1040NR-EZ	U.S. Income Tax Return for Certain Nonresident Aliens With No	21534	2
Instr. Sch. A		11294		T	Dependents	21710	1.5
Form 990-EZ	Short Form Return of Organization Exempt From Income Tax	10642	2	Instr. 1040NR-EZ		21718	15
Instr. 990-EZ	Specific Instructions for Form 990-EZ	50003	9	Form 1040-V	Payment Voucher	20975	2
Form 1040	U.S. Individual Income Tax Return	11320	2	Form 1040X	Amended U.S. Individual Income Tax	11360	2
Instr. 1040	Line Instructions for Form 1040	11325	40	Instr 1040V	Return	11262	6
Instr. 1040	General Information for Form 1040	24811		Instr. 1040X		11362	6
Tax Table and Tax Rate Sch.	Tax Table and Tax Rate Schedules (Form 1040)	24327	13				

			No.				No.
Name of Form or Instructions	Title of Form or Instructions	Cat. No.	of Pages	Name of Form or Instructions	Title of Form or Instructions	Cat. No.	of Pages
Form 1116	Foreign Tax Credit	11440	2	Form 8271	Investor Reporting of Tax Shelter Registration Number	61924	2
Instr. 1116	G. C.	11441	16	Form 8283	Noncash Charitable Contributions	62299	2
Form 1310	Statement of Person Claiming Refund Due a Deceased Taxpayer	11566	2	Instr. 8283	Noncasii Charitable Contributions	62730	
Form 2106	Employee Business Expenses	11700	2	Form 8300	Report of Cash Payments Over \$10,000	62133	
Instr. 2106	Employee Business Expenses	64188	8	101111 0500	Received in a Trade or Business	02133	
Form 2106-EZ	Unreimbursed Employee Business Expenses	20604	2	Form 8332	Release of Claim to Exemption for Child of Divorced or Separated Parents	13910	1
Form 2120	Multiple Support Declaration	11712	1	Form 8379	Injured Spouse Claim and Allocation	62474	2
Form 2210	Underpayment of Estimated Tax by Individuals, Estates, and Trusts	11744	4	Form 8582	Passive Activity Loss Limitations	63704	
Instr. 2210		63610	5	Instr. 8582		64294	12
Form 2290	Heavy Highway Vehicle Use Tax	11250	3	Form 8586	Low-Income Housing Credit	63987	
	Return			Form 8606	Nondeductible IRAs	63966	
Instr. 2290		27231	8	Instr. 8606		25399	8
Form 2441	Child and Dependent Care Expenses	11862	2	Form 8615	Tax for Children Under Age 14 With	64113	1
Instr. 2441		10842	3		Investment Income of More Than \$1,500		
Form 2553	Election by a Small Business	18629	2	Instr. 8615	φ1,300	28914	2
Instr. 2553	Corporation	49978	4	Form 8718	User Fee for Exempt Organization	64728	
Form 2555	Foreign Earned Income	11900	3		Determination Letter Request		
Instr. 2555	-	11901	4	Form 8801	Credit for Prior Year Minimum Tax— Individuals, Estates, and Trusts	10002	4
Form 2555-EZ Instr. 2555-EZ	Foreign Earned Income Exclusion	13272 14623	2 3	Form 8809	Request for Extension of Time To File Information Returns	10322	2
Form 2688	Application for Additional Extension of	11958	2	Form 8812	Additional Child Tax Credit	10644	2
10III 2000	Time To File U.S. Individual Income Tax Return	11,500	_	Form 8814	Parents' Election To Report Child's	10750	
Form 2848	Power of Attorney and Declaration of Representative	11980	2	Form 8815	Interest and Dividends Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued	10822	2
Instr. 2848		11981	4		After 1989		
Form 3903	Moving Expenses	12490	2	Form 8821	Tax Information Authorization	11596	4
Form 4136	Credit for Federal Tax Paid on Fuels	12625	4	Form 8822	Change of Address	12081	2
Form 4137	Social Security and Medicare Tax on Unreported Tip Income	12626	2	Form 8824	Like-Kind Exchanges	12311	
Form 4506	Request for Copy of Tax Return	41721	2	Form 8829	Expenses for Business Use of Your Home	13232	1
Form 4562	Depreciation and Amortization	12906	2	Instr. 8829	Home	15683	4
Instr. 4562	1	12907	12	Form 8839	Qualified Adoption Expenses	22843	
Form 4684	Casualties and Thefts	12997	2	Instr. 8839	Qualified Fluoption Expenses	23077	
Instr. 4684		12998	4	Form 8850	Pre-Screening Notice and Certification	22851	
Form 4797	Sales of Business Property	13086	2 8	Tom cope	Request for the Work Opportunity and Welfare-to-Work Credits	22001	-
Instr. 4797	Form Boutel Income and Francisco	13087	2	Instr. 8850	and Wenare to Work Creaks	24833	2
Form 4835 Form 4868	Farm Rental Income and Expenses Application for Automatic Extension of	13117 13141	4	Form 8853	Archer MSAs and Long-Term Care	24091	
	Time To File U.S. Individual				Insurance Contracts	24400	0
T 4050	Income Tax Return	10155		Instr. 8853	D # 6	24188	
Form 4952	Investment Interest Expense Deduction	13177	2	Form 8857	Request for Innocent Spouse Relief	24647	
Form 4972	Tax on Lump-Sum Distributions	13187	4	Form 8859	District of Columbia First-Time Homebuyer Credit	24779	2
Form 5329	Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts	13329	2	Form 8862	Information To Claim Earned Income Credit After Disallowance	25145	2
Instr. 5329		13330	4	Instr. 8862		25343	2
Form 6198	At-Risk Limitations	50012	1	Form 8863	Education Credits	25379	
Instr. 6198		50012	8	Form 8880	Credit For Qualified Retirement	33394	
Form 6251	Alternative Minimum Tax — Individuals	13600	2		Savings Contributions		•
Instr. 6251		64277	8	Form 8885	Health Coverage Tax Credit	34641	4
Form 6252	Installment Sale Income	13601	4	Form 9465	Installment Agreement Request	14842	2
Form 6781	Gains and Losses From Section 1256	13715	3				
	Contracts and Straddles			I			

Partial List of Publications

The following publications are available through the IRS website 24 hours a day, 7 days a week, at **www.irs.gov.** You can also order publications by calling **1-800-TAX-FORM** (1-800-829-3676) or by completing the order blank on page 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	Pub. No.	Title
1	Your Rights as a Taxpayer	575	Pension and Annuity Income
3	Armed Forces' Tax Guide	584	Casualty, Disaster, and Theft Loss Workbook
17	Your Federal Income Tax (For Individuals)	504	(Personal-Use Property)
225	Farmer's Tax Guide	587	Business Use of Your Home (Including Use by Daycare Providers)
334	Tax Guide for Small Business (For Individuals	590	
250	Who Use Schedule C or C-EZ)	593	Individual Retirement Arrangements (IRAs)
378	Fuel Tax Credits and Refunds	393	Tax Highlights for U.S. Citizens and Residents Going Abroad
463	Travel, Entertainment, Gift, and Car Expenses	594	The IRS Collection Process
501	Exemptions, Standard Deduction, and Filing Information	595	Tax Highlights for Commercial Fishermen
502	Medical and Dental Expenses (Including the	596 721	Earned Income Credit (EIC) Tax Guide to U.S. Civil Service Retirement
502	Health Coverage Tax Credit) Child and Dependent Core Expenses	/21	Benefits
503 504	Child and Dependent Care Expenses	901	U.S. Tax Treaties
504 505	Divorced or Separated Individuals Tay Withholding and Estimated Tay	907	Tax Highlights for Persons With Disabilities
505 500	Tax Withholding and Estimated Tax	908	Bankruptcy Tax Guide
509	Tax Calendars for 2004	910	Guide To Free Tax Services
514	Foreign Tax Credit for Individuals	911	Direct Sellers
516	U.S. Government Civilian Employees Stationed Abroad	915	Social Security and Equivalent Railroad
517	Social Security and Other Information for	713	Retirement Benefits
	Members of the Clergy and Religious Workers	919	How Do I Adjust My Tax Withholding?
519	U.S. Tax Guide for Aliens	925	Passive Activity and At-Risk Rules
521	Moving Expenses	926	Household Employer's Tax Guide—For Wages
523	Selling Your Home		Paid in 2004
524	Credit for the Elderly or the Disabled	929	Tax Rules for Children and Dependents
525	Taxable and Nontaxable Income	936	Home Mortgage Interest Deduction
526	Charitable Contributions	946	How To Depreciate Property
527	Residential Rental Property (Including Rental of	947	Practice Before the IRS and Power of Attorney
	Vacation Homes)	950	Introduction to Estate and Gift Taxes
529	Miscellaneous Deductions	954	Tax Incentives for Distressed Communities
530	Tax Information for First-Time Homeowners	967	The IRS Will Figure Your Tax
531	Reporting Tip Income	968	Tax Benefits for Adoption
533	Self-Employment Tax	970	Tax Benefits for Education
535 536	Business Expenses Net Operating Losses (NOLs) for Individuals,	971	Innocent Spouse Relief (And Separation of Liability and Equitable Relief)
	Estates, and Trusts	972	Child Tax Credit
537 541	Installment Sales Partnerships	1542	Per Diem Rates (For Travel Within the Continental United States)
541 544	Sales and Other Dispositions of Assets	1544	Reporting Cash Payments of Over \$10,000
5 47	Casualties, Disasters, and Thefts		(Received In a Trade or Business)
550	Investment Income and Expenses (Including	1546	The Taxpayer Advocate Service of the IRS— How to Get Help With Unresolved Tax
551	Capital Gains and Losses) Basis of Assets		Problems
552	Recordkeeping for Individuals		
553	Highlights of 2003 Tax Changes	_	anguage Publications
55 4	Older Americans' Tax Guide	1SP	Your Rights as a Taxpayer
555	Community Property	579SP	How To Prepare Your Federal Income Tax
556	Examination of Returns, Appeal Rights, and	504CD	Return The IRS Collection Process
550	Claims for Refund	594SP	The IRS Collection Process
559	Survivors, Executors, and Administrators	596SP	Earned Income Credit
561	Determining the Value of Donated Property	850	English-Spanish Glossary of Words and Phrases Used in Publications Issued by the Internal
564	Mutual Fund Distributions		Revenue Service
570	Tax Guide for Individuals With Income From U.S. Possessions	1544SP	Reporting Cash Payments of Over \$10,000 (Received In a Trade or Business)

Refund **Information**

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 8379 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.	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
	IRS Procedures
151 152	Your appeal rights
132	Refunds—How long they should take
153	What to do if you haven't filed
154	your tax return 2003 Form W-2 and Form 1099-R—What to do if not

Forms and publications—How to

received

order

155

Topic No.	Subject	Topic No.	Subject
156	Copy of your tax return—How to get one	303	Checklist of common errors when preparing your tax return
157	Change of address—How to notify IRS	304	Extensions of time to file your tax return
158	Ensuring proper credit of payments	305	Recordkeeping
159	Prior year(s) Form W-2—How to	306	Penalty for underpayment of
	get a copy of		estimated tax
	O !! .!	307	Backup withholding
	Collection	308	Amended returns
201	The collection process	309	Roth IRA contributions
202	What to do if you can't pay your	310	Coverdell education savings
	tax	311	accounts Power of attorney information
203	Failure to pay child support and	311	Power of attorney information Disclosure authorizations
	Federal nontax and state income tax obligations	313	Qualified tuition programs (QTPs)
204	Offers in compromise		Filing Requirements, Filing
205	Innocent spouse relief (and		Status, and Exemptions
	separation of liability and equitable	351	Who must file?
	relief)	352	Which form—1040, 1040A, or
	Alternative Filips Methodo	332	1040EZ?
	Alternative Filing Methods	353	What is your filing status?
251	Electronic signatures	354	Dependents
252	Electronic filing	355	Estimated tax
253	Substitute tax forms	356	Decedents
254	How to choose a paid tax preparer	357	Tax information for parents of
255	TeleFile		kidnapped children
	General Information		
301	When, where, and how to file		(Continued on page 12

(Continued on page 12)

Highlights of tax changes

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Te	eTax Topics	Topi No.	c Subject	Topio No.	c Subject
(Con	tinued)	507	Casualty and theft losses	755	Employer identification number
Topic		508	Miscellaneous expenses	756	(EIN)—How to apply
No.	Subject	509 510	Business use of home Business use of car	756	Employment taxes for household employees
	Types of Income	511	Business travel expenses	757	Form 941—Deposit requirements
401	Wages and salaries	512	Business entertainment expenses	758	Form 941—Employer's Quarterly
402	Tips	513	Educational expenses		Federal Tax Return
403	Interest received	514	Employee business expenses	759	Form 940 and 940-EZ—Deposit
404	Dividends	515	Casualty, disaster, and theft losses		requirements
405	Refunds of state and local taxes		Tay Computation	760	Form 940 and Form 940-EZ—
406	Alimony received		Tax Computation		Employer's Annual Federal
407	Business income	551	Standard deduction	761	Unemployment Tax Returns Tips—Withholding and reporting
408	Sole proprietorship	552	Tax and credits figured by the IRS	762	Independent contractor vs.
409 410	Capital gains and losses Pensions and annuities	553	Tax on a child's investment income	702	employee
411	Pensions—The general rule and the	554	Self-employment tax		emprojee
111	simplified method	555	Ten-year tax option for lump-sum distributions		Magnetic Media Filera 1000
412	Lump-sum distributions	556	Alternative minimum tax		Magnetic Media Filers—1099 Series and Related Information
413	Rollovers from retirement plans	557	Tax on early distributions from		Returns
414	Rental income and expenses	201	traditional and Roth IRAs		
415	Renting vacation property and	558	Tax on early distributions from	801	Who must file magnetically
116	renting to relatives		retirement plans	802	Applications, forms, and
416	Farming and fishing income		Too Ooo dita	902	information
417 418	Earnings for clergy Unemployment compensation		Tax Credits	803 804	Waivers and extensions Test files and combined Federal
419	Gambling income and expenses	601	Earned income credit (EIC)	804	and state filing
420	Bartering income	602	Child and dependent care credit	805	Electronic filing of information
421	Scholarship and fellowship grants	603	Credit for the elderly or the	000	returns
422	Nontaxable income		disabled		
423	Social security and equivalent	604	Advance earned income credit		Tax Information for Aliens and
	railroad retirement benefits	605 606	Education credits Child tax credits		U.S. Citizens Living Abroad
424	401(k) plans	607	Adoption credit		_
425	Passive activities—Losses and credits	608	Excess social security and RRTA	851	Resident and nonresident aliens
426	Other income	000	tax withheld	852	Dual-status alien
427	Stock options	610	Retirement savings contributions	853	Foreign earned income exclusion— General
428	Roth IRA distributions		credit	854	Foreign earned income exclusion—
429	Traders in securities (information		IDC Notices	05 1	Who qualifies?
	for Form 1040 filers)		IRS Notices	855	Foreign earned income exclusion—
430	Exchange of policyholder interest	651	Notices—What to do		What qualifies?
421	for stock	652	Notice of underreported income—	856	Foreign tax credit
431	Sale of assets held for more than 5		CP 2000	857	Individual taxpayer identification
	years	653	IRS notices and bills, penalties, and	0.50	number—Form W-7
	Adjustments to Income		interest charges	858	Alien tax clearance
451	Individual retirement arrangements		Basis of Assets, Depreciation,		Tax Information for Puerto
4.5.5	(IRAs)		and Sale of Assets		Rico Residents (in Spanish
452	Alimony paid	701	Sale of your home		only)
453 454	Bad debt deduction Tax shelters	703	Basis of assets		
454	Moving expenses	704	Depreciation	901	Who must file a U.S. income tax
456	Student loan interest deduction	705	Installment sales	002	return in Puerto Rico Deductions and credits for Puerto
457	Tuition and fees deduction		Employer Tex Information	902	Rico filers
458	Educator expense deduction		Employer Tax Information	903	Federal employment taxes in Puerto
	Itemized Deductions	751	Social security and Medicare	700	Rico
			withholding rates	904	Tax assistance for Puerto Rico
501	Should I itemize?	752	Form W-2—Where, when, and		residents
502	Medical and dental expenses	752	how to file		
503 504	Deductible taxes	753	Form W-4—Employee's Withholding Allowance Certificate		Tomio mumbono que effectivo
	Home mortgage points		Willing Allowance Certificate		Topic numbers are effective
505	Interest expense	754	Form W-5—Advance earned		January 1, 2004.

Calling the IRS

If you cannot answer your question by using one of the methods listed on page 7, please call us for assistance at **1-800-829-1040**. You will not be charged for the call unless your phone company charges you for 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

See **How To Avoid Common Mistakes** on page 60.

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 6c, 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 9b 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 37 ½ cents a mile. The 2004 rate for use of your vehicle to get medical care or to move is 14 cents a mile.

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

Filing Requirements

Do You Have To File?

Use Chart A, B, or C to see if you must file a return. U.S. citizens who lived in or had income from a U.S. possession should 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

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 65 or older	\$7,800 8,950
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	\$10,050 11,200
Qualifying widow(er) with dependent child (see page 20)	under 65 65 or older	\$12,550 13,500

^{*} If you were born on January 1, 1939, you are considered to be age 65 at the end of 2003.

^{**} 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.

^{***} 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.)

In this ch	ent (or someone else) can claim you as a dependent, use lart, unearned income includes taxable interest, ordinary leges, tips, and taxable scholarship and fellowship grants.	dividends,	and capital gain distributions. Earned income			
CAUTION	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 depe	endents. Were you either age 65 or older or blind?					
 No. You must file a return if any of the following apply. Your unearned income was over \$750. Your earned income was over \$4,750. 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:	Plus	This amount:			
	\$750 orYour earned income (up to \$4,500) plus \$250	}	\$1,150 (\$2,300 if 65 or older and blind)			
Married de	ependents. Were you either age 65 or older or blind?					
	 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 for the spouse of the spouse	iles a separa	te return and itemizes deductions.			
	• Your unearned income was over \$1,700 (\$2,650 if 65					
	• Your earned income was over \$5,700 (\$6,650 if 65 o					
	 Your gross income was at least \$5 and your spouse f. Your gross income was more than— 	iles a separa	ite return and itemizes deductions.			
	The larger of:	Plus	This amount:			
	• \$750 or • Your earned income (up to \$4,500) plus \$250 \$950 (\$1,900 if 65 or older and blind)					

Chart C—Other Situations When You Must File

You must file a return if any of the four conditions below apply for 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 See Tip income on page 22 Form 1040, line 58 Form 2441, line 12 Form 8839, line 22 Form 8853, line 3b
W-2G	Gambling winnings (box 1)	Form 1040, line 21 (Schedule C or C-EZ for professional gamblers)
1098	Mortgage interest (box 1) Points (box 2)	Schedule A, line 10*
	Refund of overpaid interest (box 3)	Form 1040, line 21, but first see the instructions on Form 1098*
1098-E	Student loan interest (box 1)	See the instructions for Form 1040, line 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) Bartering (box 3) Aggregate profit or (loss) (box 9a) Post-5/5/2003 aggregate profit or (loss) (box 9b)	Schedule D See Pub. 525 Form 6781, line 1, column (b) 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) Qualified dividends (box 1b) Total capital gain distributions (box 2a) Post-May 5 capital gain distributions (box 2b) Qualified 5-year gain (box 2c) Unrecaptured section 1250 gain (box 2d) Section 1202 gain (box 2e) Collectibles (28%) gain (box 2f) Nontaxable distributions (box 3) Investment expenses (box 5) Foreign tax paid (box 6)	Form 1040, line 9a See the instructions for Form 1040, line 9b, on page 23 Form 1040, line 13a, or, if required, Schedule D, line 13, column (f) Form 1040, line 13b, or, if required, Schedule D, line 13, column (g) 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 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) State or local income tax refunds, credits, or offsets (box 2) Taxable grants (box 6) Agriculture payments (box 7)	Form 1040, line 19. But if you repaid any unemployment compensation in 2003, see the instructions for line 19 c page 27. See the instructions for Form 1040, line 10, that begin on page 23* Form 1040, line 21* See the Instructions for Schedule F or Pub. 225
1099-H	HCTC advance payments (box 1)	Form 8885, lines 2 and 6

Form	Item and Box in Which it Should Appear	Where To Report if Filing Form 1040
1099-INT	Interest income (box 1) 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 Form 1040, line 31 See the instructions for Form 1040, line 8a, that begin on page 22 Schedule A, line 22 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) Royalties (box 2) Other income (box 3) Nonemployee compensation (box 7) Other (boxes 5, 6, 8, 9, 10, 13, and 14)	See the Instructions for Schedule E Schedule E, line 4 (timber, coal, iron ore royalties, see Pub. 544) Form 1040, line 21* Schedule C, C-EZ, or F. But if you were not self-employed, see the instructions on Form 1099-MISC. See the instructions on Form 1099-MISC
1099-MSA	Distributions from MSAs**	Form 8853
1099-OID	Original issue discount (box 1) Other periodic interest (box 2) Early withdrawal penalty (box 3)	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 Form 3468, 5884, 8844, 8845, 8861, or 8884 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*** Distributions from pensions, annuities, etc. Capital gain (box 3)	See the instructions for Form 1040, lines 15a and 15b, on page 25 See the instructions for Form 1040, lines 16a and 16b, that begin on page 25 See the instructions on Form 1099-R
1099-S	Gross proceeds from real estate transactions (box 2) 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 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.

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.

^{**} This includes distributions from Archer and Medicare+Choice MSAs.

^{***} This includes distributions from Roth, SEP, and SIMPLE IRAs.

Line Instructions for Form 1040

rse file

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

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

Line 1 Sinale

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

Line 6c Dependents

You can take an exemption for each of your dependents. The following is a brief description of the five tests that must be met for a person to qualify as your dependent. If you have **more than 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 6c, Column (2)

You must enter each dependent's social security number (SSN). Be sure the name and SSN entered agree with the dependent's social security card. Otherwise, at the time we process your return, we may disallow the exemption claimed for the dependent and reduce or disallow any other tax benefits (such as the child tax credit) based on that dependent. If the name or SSN on the dependent's social security card is not correct, call the Social Security Administration at 1-800-772-1213.



For details on how your dependent can get an SSN, see page 19. If your dependent will not have a number by April 15,

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 6c, **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 1 through 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 6c 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 Wisconsin. If you and your spouse lived in a community property state, you must usually follow state law to determine what is community income and what is separate income. For details, see **Pub. 555.**

Rounding Off to Whole Dollars

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 **Form(s) W-2.** But

the following types of income must also be included in the total on line 7.

- Wages received as a household employee for which you did not receive a 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 16a and 16b. 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 full-time life insurance salespeople, certain agent or commission drivers and traveling salespeople, and certain homeworkers. If you have related business expenses to deduct, report the amount shown in box 1 of your 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 8b. Include any exempt-interest dividends from a mutual fund or other regulated investment company. **Do not** include interest earned on your IRA or Coverdell education savings account.

Line 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 1b 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 1b (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 2b.
- None of the Forms 1099-DIV or substitute statements have an amount in box 2c (qualified 5-year gain), box 2d (unrecaptured section 1250 gain), box 2e (section

State and Local Income Tax Refund Worksheet—Line 10

	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
	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 37a on your 2002 Form 1040? 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.	Add lines 3 and 4
6.	Is the amount on line 5 less than the amount on line 2?
	No. STOP None of your refund is taxable.
	Yes. Subtract line 5 from line 2
7.	Taxable part of your refund. Enter the smaller of line 1 or line 6 here and on Form 1040, line 10 7.

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

• You are not filing **Form 4952** (relating to investment interest expense) **or** if the amount on line 4g 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 2b 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

15a and 15b instructions, an IRA includes a traditional IRA, Roth IRA, simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA. Except as provided below, leave line 15a blank and enter the total distribution on line 15b.

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

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

Also, put "Rollover" next to line 15b. If the total distribution was rolled over, enter zero on line 15b. 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 15b.

- You received a distribution from an IRA (other than a Roth IRA) and you made nondeductible contributions to any of your traditional or SEP IRAs for 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 1 or 2 below applies, enter -0- on line 15b; you do not have to see Form 8606 or its instructions.
- 1. Distribution code 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 **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 15b. Enter the total amount of those distributions on line 15a.



You may have to pay an additional tax if (a) you received an early distribution from your IRA and the total was not rolled

over or **(b)** you were born before July 1, 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 16a and 16b. Instead, report them on line 7.

- Disability pensions received before you reach the minimum retirement age set by your employer.
- Corrective distributions of excess salary deferrals or excess contributions to retirement plans.



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

Before you begin:

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.

If you are the beneficiary of a deceased employee or former employee who died **before** August 21, 1996, see Pub. 939 to find out if you are entitled to a death

- 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

Keep for Your Records

benefit exclusion of up to \$5,000. If you are, include the exclusion in the amount
entered on line 2 below.
Note. If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the
total of the taxable parts on Form 1040, line 16b. Enter the total pension or annuity payments received in 2003 on Form 1040, line 16a.
1040, IIIIe 10a.
1. Enter the total pension or annuity payments received in 2003. Also, enter this amount on Form 1040, line 16a
2. Enter your cost in the plan at the annuity starting date
3. Enter the appropriate number from Table 1 below. But if your annuity starting
date was after 1997 and the payments are for your life and that of your
beneficiary, enter the appropriate number from Table 2 below
4. Divide line 2 by the number on line 3
5. Multiply line 4 by the number of months for which this year's payments were
made. If your annuity starting date was before 1987, skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6
6. Enter the amount, if any, recovered tax free in years after 1986 6.
7. Subtract line 6 from line 2
8. Enter the smaller of line 5 or line 7
9. Taxable amount. Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040, line 16b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R
Table 1 for Line 3 Above
A NITS

AND your annuity starting date was— IF the age at annuity starting before November 19, 1996, after November 18, 1996, date (see page 27) was . . . enter on line 3 . . . enter on line 3 . . . 55 or under 300 360 56-60 260 310 61 - 65240 260 66 - 70170 210 71 or older 120 160

Table 2 for Line 3 Above

IF the combined ages at annuity 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 9b of Form 1099-R for the first year you received payments from the plan.

Rollovers

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

Enter on line 16a the total distribution before income tax or other deductions were withheld. This amount should be shown in box 1 of Form 1099-R. From the total on line 16a, subtract any contributions (usually shown in box 5) that were taxable to you when made. From that result, subtract the amount that was rolled over. 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 2b checked. You

may owe an additional tax if you received an early distribution from a qualified retirement plan and the total amount was not rolled over. For details, see the instructions for line 57 on page 42.

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



You may be able to pay less tax on the distribution if you were born before January 2, 1936, you meet certain other condi-

tions, 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 8815, 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



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 sup-

port; 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)

Social Security Benefits Worksheet—Lines 20a and 20b

В	Figure any amount to be entered on the dotted line next to line 33 (so √ If you are married filing separately and you lived apart from your sport 2003, enter "D" to the right of the word "benefits" on line 20a.	ee page 33).
	√ Be sure you have read the Exception on page 27 to see if you can us worksheet instead of a publication to find out if any of your benefits	
1.	Enter the total amount from box 5 of all your Forms SSA-1099 and Forms RRB-1099	
2.	Enter one-half of line 1	2.
3.	Enter the total of the amounts from Form 1040, lines 7, 8a, 9a, 10 through 12, 13a, 14, 15b, 16b,	
	17 through 19, and 21	
4.	Enter the amount, if any, from Form 1040, line 8b	4
5.	Add lines 2, 3, and 4	5
6.	Enter the total of the amounts from Form 1040, lines 23, 24, and 27 through 32a, plus any amount you entered on the dotted line next to line 33	6.
7.	Is the amount on line 6 less than the amount on line 5?	
	No. (STOP) None of your social security benefits are taxable.	
	Yes. Subtract line 6 from line 5	7.
8.	If you are:	
	Married filing jointly, enter \$32,000	
	• Single, head of household, qualifying widow(er), or married filing	
	separately and you lived apart from your spouse for all of 2003, enter \$25,000	8.
	• Married filing separately and you lived with your spouse at any time in	0.
	2003, skip lines 8 through 15; multiply line 7 by 85% (.85) and enter	
0	the result on line 16. Then go to line 17	
9.	Is the amount on line 8 less than the amount on line 7?	
	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	
	20b. Be sure you entered "D" to the right of the word "benefits" on line 20a.	
10	Yes. Subtract line 8 from line 7	9.
10.	or married filing separately and you lived apart from your spouse for all of 2003	10.
11.	Subtract line 10 from line 9. If zero or less, enter -0-	
12.	Enter the smaller of line 9 or line 10	12.
13.	Enter one-half of line 12	13
14.	Enter the smaller of line 2 or line 13	
15.	Multiply line 11 by 85% (.85). If line 11 is zero, enter -0	
16.	Add lines 14 and 15	
17.	Multiply line 1 by 85% (.85)	
18.	Taxable social security benefits. Enter the smaller of line 16 or line 17	18.
	 Enter the amount from line 1 above on Form 1040, line 20a. Enter the amount from line 18 above on Form 1040, line 20b. 	
	- Lines the amount from thic to above on Form 1040, fine 200.	
T	If part of your benefits are taxable for 2003 and they include benefits paid in 2003 that were for you may be able to reduce the taxable amount. See Pub. 915 for details.	or an earlier year,



You may have to pay an additional tax if you received a taxable distribution from a Coverdell ESA. See the Instruc-

tions 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 70½ 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. In-

stead, 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 15a and 15b 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 70½, you must start taking minimum required distributions from

your traditional IRA. If you do not, you may have to pay a 50% additional tax on

the amount that should have been distributed. For details, including how to figure the minimum required distribution, see Pub. 590.

Were You Covered by a Retirement Plan?

If you were covered by a retirement plan (qualified pension, profit-sharing (including 401(k)), annuity, SEP, SIMPLE, etc.) at work or through self-employment, your

IRA deduction may be reduced or eliminated. But you can still make contributions to an IRA even if you cannot deduct them. In any case, the income earned on your IRA contributions is not taxed until it is paid to you.

(Continued on page 31)

IRA Deduction Worksheet—Line 24

				1
В	Pefore you begin: Complete Form 1040, lines 27 through 32a, if they apple Figure any amount to be entered on the dotted line next			
	Be sure you have read the list that begins on page 29.			_
		,	Your IRA	Spouse's IRA
1a.	Were you covered by a retirement plan (see above)?	1a.	Yes No	
b.	If married filing jointly, was your spouse covered by a retirement plan?		11	· Yes No
	Next. If you checked "No" on line 1a (and "No" on line 1b if married filing jointly), skip lines 2 through 6, enter \$3,000 (\$3,500 if age 50 or older at the end of 2003) on line 7a (and 7b if applicable), and go to line 8. Otherwise, go to line 2.			
2.	 Enter the amount shown below that applies to you. Single, head of household, or married filing separately and you lived apart from your spouse for all of 2003, enter \$50,000 			
	• Qualifying widow(er), enter \$70,000	2a.	2h)
	• Married filing jointly, enter \$70,000 in both columns. But if you checked "No" on either line 1a or 1b, enter \$160,000 for the person who was not covered by a plan			
	• Married filing separately and you lived with your spouse at any time in 2003, enter \$10,000			
3.	Enter the amount from Form 1040, line 22			
4.	Enter total of the amounts from Form 1040, lines 23, 27 through 32a, plus any amount you entered on the dotted line next to line 33			
5.	Subtract line 4 from line 3. Enter the result in both columns	5a.	5h) .
6.	Is the amount on line 5 less than the amount on line 2? No. None of your IRA contributions are deductible. For details on nondeductible IRA contributions, see Form 8606.			
	Yes. Subtract line 5 from line 2 in each column. If the result is \$10,000 or more, enter \$3,000 (\$3,500 if age 50 or older at the end of 2003) on line 7 for that column and go to line 8. Otherwise, go to line 7	6a.	61).
7.	Multiply lines 6a and 6b by 30% (.30) (or by 35% (.35) in the column for the IRA of a person who is age 50 or older at the end of 2003). If the result is not a multiple of \$10, increase it to the next multiple of \$10 (for example, increase \$490.30 to \$500). If the result is \$200 or more, enter the result. But if it is less than \$200, enter \$200	7a.	7t	
8.	Enter your wages, and your spouses if filing jointly, and other earned income from Form 1040, minus any deductions on Form 1040, lines 28 and 30. Do not reduce wages by any loss from self-employment			
	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 9a and to your spouse's IRA on line 9b	9a.	9t) .
10.	On line 10a, enter the smallest of line 7a, 8, or 9a. On line 10b, enter the smallest of line 7b, 8, or 9b. This is the most you can deduct. Add the amounts on lines 10a and 10b and enter the total on Form 1040, line 24. Or, if you want, you may deduct a smaller amount and treat the rest as a nondeductible contribution (see Form 8606)	10a.	10t	
	You may be able to take the retirement savings contributions credit. See the	instruct	tions for line 48 on page	ge 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-EZ, 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. 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

В	efore you begin: ✓ Complete Form 1040, lines 27 through 32a, if they apply to you. ✓ Figure any amount to be entered on the dotted line next to line 33 (see pa ✓ See the instructions for line 25 that begin on this page. ✓ Be sure you have read the Exception above to see if you can use this wo instead of Pub. 970 to figure your deduction.	
	Enter the total interest you paid in 2003 on qualified student loans (defined above). Do not enter more than \$2,500	1
3.		
4.	Subtract line 3 from line 2	
5.	Enter the amount shown below for your filing status.	
	 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?	
	No. Skip lines 6 and 7, enter -0- on line 8, and go to line 9. Yes. Subtract line 5 from line 4	
7.	Divide line 6 by \$15,000 (\$30,000 if married filing jointly). Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000	7
8.	Multiply line 1 by line 7	8.
9.	Student loan interest deduction. Subtract line 8 from line 1. Enter the result here and on Form 1040, line 25. Do not include this amount in figuring any other deduction on your return (such as on Schedule A, C, E, etc.)	9.

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-EZ**, 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:	 ✓ Complete Form 1040, lines 27 through 32a, if they apply to you. ✓ Figure any amount to be entered on the dotted line next to line 33 (see pages of the instructions for line 26 above. ✓ Be sure you have read the Exception above to see if you can use this work instead of Pub. 970 to figure your deduction. 	,
1. Enter the amount from F	orm 1040, line 22	1.
	bunts from Form 1040, lines 23 through 25, 27 through 32a, plus any amount d line next to line 33	2.
3. Subtract line 2 from line	1. If the result is more than \$65,000 (\$130,000 if married filing jointly),	
You cannot take the	e deduction for tuition and fees	3.
2003. Do not enter more	ion. Enter the total qualified tuition and fees (defined above) you paid in than \$3,000. Also, enter this amount on Form 1040, line 26. Do not include ny 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

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

Keep for Your Records

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o	CIL	JI C	VUL	I D	-1011	

Complete Form 1040, line 30, if it applies to you.

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.

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.	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 2.	
3.	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	

^{*} 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 6b 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 36b**, 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 36b, 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

Į	Use this worksheet only if someone can claim you, or your spouse if filing jointly, as a dependent.	
1.	Add \$250 to your earned income*. Enter the total	1
2.	Minimum standard deduction	2. 750.00
3.	Enter the larger of line 1 or line 2	3.
4.	• Single or married filing separately—\$4,750	
	Married filing jointly or qualifying widow(er)—\$9,500	4.
	• Head of household—\$7,000	
5.	Standard deduction.	
	a. Enter the smaller of line 3 or line 4. If born after January 1, 1939, and not blind, stop here and enter this amount on Form 1040, line 37. Otherwise, go to line 5b	5a
	b. If born before January 2, 1939, or blind, multiply the number on Form 1040, line 36a, by \$950 (\$1,150 if single or head of household)	5b
	c. Add lines 5a and 5b. Enter the total here and on Form 1040, line 37	5c
	Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal ser also includes any amount received as a scholarship that you must include in your income. Generally, your earned the amount(s) you reported on Form 1040, lines 7, 12, and 18, minus the amount, if any, on line 28.	· .

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.			
Enter the number from the box on line 36 Form 1040		Do not use the number of exemptions from line 6d.	
IF your filing status is	AND the number in the box above is	THEN your standard deduction is	
Single	1 2	\$5,900 7,050	
Married filing jointly or Qualifying widow(er)	1 2 3 4	\$10,450 11,400 12,350 13,300	
Married filing separately	1 2 3 4	\$5,700 6,650 7,600 8,550	
Head of household	1 2	\$8,150 9,300	

Deduction for Exemptions Worksheet—Line 39



 No. Yes Multipl Enter th Sing Marr Marr Head Subtrace 	mount 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. Continue \$\sigma\$ \$3,050 by the total number of exemptions claimed on Form 1040, line 6d	
Yes 2. Multipl 3. Enter th 4. Enter th • Sing • Marr • Marr • Head 5. Subtrace	result on line 39. Continue \$\frac{1}{2}\$ \$3,050 by the total number of exemptions claimed on Form 1040, line 6d	
 Multipl Enter the Singen Marrander Marrander Subtract 	\$3,050 by the total number of exemptions claimed on Form 1040, line 6d	2
 Enter the Enter the Sing Marrie Head Subtrace 	e amount from Form 1040, line 35	2
 4. Enter th Sing Marri Heach 5. Subtrace 		
SingMarrMarrHead	e amount shown below for your filing status.	
	e—\$139,500 ed filing jointly or qualifying widow(er)—\$209,250 ed filing separately—\$104,625 of household—\$174,400	
	line 4 from line 3. If the result is more than \$122,500 (\$61,250 if married parately), You cannot take a deduction for exemptions	
	ine 5 by \$2,500 (\$1,250 if married filing separately). If the result is not a whole increase it to the next higher whole number (for example, increase 0.0004 to 1) 6.	
7. Multipl	line 6 by 2% (.02) and enter the result as a decimal	7
8. Multipl	line 2 by line 7	8.
	on for exemptions. Subtract line 8 from line 2. Enter the result here and on 40, line 39	9.

Line 41

Tax

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

☐ Yes. See Pub. 967 for details, including who is eligible and what to do. If you have paid too much, we will send you a refund. If you did not pay enough, we will send you a bill.

No. Use one of the following methods to figure your tax. Also include in the total on line 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.

Qualified Dividends and Capital Gain Tax Worksheet—Line 41

Keep for Your Records

В	Be sure you do not have to file Schedule D (see the that begin on page 24). V If you have capital gain distributions, be sure you ch 1040.		
2. 3. 4.	Enter the amount from Form 1040, line 40 Enter the amount from Form 1040, line 9b Enter the amount from Form 1040, line 13a Add lines 2 and 3		
	If you are claiming investment interest expense on Form 4952, enter the amount from line 4g of that form. Otherwise, enter -0- Subtract line 5 from line 4. If zero or less, enter -0-	6	
7.	Subtract line 6 from line 1. If zero or less, enter -0- 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. 	8.	
9.	Is the amount on line 7 equal to or more than the amount on line 8?		
	Yes. Skip lines 9 through 15; go to line 16 and check the "No" box. No. Enter the amount from line 7	0	
10.	Subtract line 9 from line 8		
	Add the amounts from Form 1040, line 13b, and line 2 above	10.	
12.	Enter the smaller of line 10 or line 11	12	
	Multiply line 12 by 5% (.05)		13
	Subtract line 12 from line 10. If zero, go to line 16		
	Multiply line 14 by 10% (.10)		15
16.	Are the amounts on lines 6 and 10 the same?		
	Yes. Skip lines 16 through 25; go to line 26. No. Enter the smaller of line 1 or line 6	16	
17	Enter the amount from line 10 (if line 10 is blank, enter -0-)		
	Subtract line 17 from line 16		-
	Add the amounts from Form 1040, line 13b, and line 2		
	above 19.		
	Enter the amount from line 12 (if line 12 is blank, enter -0-) 20.		
	Subtract line 20 from line 19		
	Enter the smaller of line 18 or line 21		
	Multiply line 22 by 15% (.15)		23
	Subtract line 22 from line 18. If zero, go to line 26		25
	Multiply line 24 by 20% (.20)		
	Add lines 13, 15, 23, 25, and 26		
	Figure the tax on the amount on line 1. Use the Tax Table or Tax Rate Schedules, wh		
	Tax on all taxable income. Enter the smaller of line 27 or line 28 here and on Form		
		.,	

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

Keep for Your Records

Before you begin: V 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 Foreign 44, on page 39), enter that credit on line 44.	orm 1040, line	
1. Are you filing Schedule A?		
Ves. Enter the amount from Form 1040 line 38		
No. Enter the amount from Form 1040, line 35, and go to line 4	1.	
2. Enter the smaller of the amount on Schedule A, line 4, or 2.5% (.025) of the amount on Form 1040, line 35	2.	
3. Enter the total of the amounts from Schedule A, lines 9 and 26	3	
4. Add lines 1 through 3 above	4	
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	5	
• 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	6.	
7. 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	7	
• 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	8.	
9. Multiply line 8 by 25% (.25) and enter the result but do not enter more than line 5 above	9	
10. Add lines 6 and 9	10.	
11. Is the amount on line 10 more than \$175,000 (\$87,500 if married filing separately)?		
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	
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 4563** or excluding income from sources within Puerto Rico.
- **4.** The total of your foreign taxes is not more than \$300 (not more than \$600 if married filing jointly).
 - **5.** All of your foreign taxes were:
- Legally owed and not eligible for a refund and
- Paid to countries that are recognized by the United States and do not support terrorism.

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

Do you meet all five requirements above?

☐ Yes. Enter on line 44 the smaller of your total foreign taxes or the amount on Form 1040, line 41.

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

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 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 8863** for details. However, you **cannot** take an education credit if **any** of the following apply.

- You are claimed as a dependent on someone's (such as your parent's) 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(k), 403(b), governmental 457, SEP, or SIMPLE plan, (c) voluntary employee contributions to a qualified retirement plan (including the Federal Thrift Savings Plan), or (d) contributions to a 501(c)(18)(D) plan.

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

- The amount on Form 1040, line 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 8880.**

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 6c 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 6c, 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)

☐ **No.** *Continue*

7

Tes. (STOP

You must use Pub. 972 to figure your credit.

- 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 \$55,000

■ No. Continue



☐ Yes. (STOP

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

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:× \$1,000. Inter the result.	
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? Yes. Stop You cannot take this credit. If line 2 is more than line 1, you do not have to pay back the difference.	3
	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. STOP You cannot take this credit because there is no tax to reduce. However, you may be able to take the additional child tax credit. See the TIP below.	6
	☐ 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.	Form 1040, tine 49.
	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.	1040
	 First, complete your Form 1040 through line 64. 	
	 Then, use Form 8812 to figure any additional child tax credit. 	

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 **c** and enter "FNS" on the line to the right of box **c**.

• Qualified zone academy bond credit. This credit applies only to S corporation shareholders. See **Form 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 re-

port 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 15b or line 16b 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.

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 **A** and **B** or **M** and **N**. Identify as "UT."

Golden Parachute Payments. If you received an excess parachute payment (EPP), you must pay a 20% tax on it. This tax

should be shown in box 12 of your 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 SSN(s) under which you made them.

Line 63 **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)?



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. Continue



No. (STOP)

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

3. Is your filing status married filing separately?

\Box	Vaa	
	res.	STOP

☐ **No.** *Continue*

You cannot take the credit.

4. Are you filing Form 2555 or 2555-EZ (relating to foreign earned income)?

Yes. STOP

credit.

You cannot take the

■ No. Continue

5. Were you a nonresident alien for any part of 2003?

☐ **Yes.** See Nonresident ☐ **No.** Go to Step 2. Aliens on page 47.

Investment Income

Add the amounts from Form 1040:

Line 8a

Line 8b

Line 9a

Line 13a*

Investment Income =

*Do not include if line 13a is a loss.

2. Is your investment income more than \$2,600?

No. Skip question 3; go to question 4.

- Are you filing Form 4797 (relating to sales of business property)?
 - ☐ **Yes.** See Form 4797 Filers on page 46.

☐ No. (STOP)

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 Worksheet 1 in Pub. 596 to see if you can take the credit. To get Pub. 596, see page 7.

No. Continue



5. Did a child live with you in 2003?

Yes.	Go to	o Step	3
on pa	ge 45		

□ No. Go to Step 4 on 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)

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

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

 \mathbf{or}

Under age 24 and a student (see page 47)

Any age and permanently and totally disabled (see page 47)



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?
 - Yes. (STOP)

☐ **No.** Continue



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

- 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.

- 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

- 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.

- 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.

- Were you, or your spouse if filing a joint return, at least age 25 but under age 65 at the end of 2003?
 - **Yes.** Continue



No. ISTOP

You cannot take the credit.

- 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.

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

Continued from page 45

S	Step 5 Earned Income
1.	Are you filing Schedule SE because you were a member of the clergy or you had church employee income of \$108.28 or more?
	☐ Yes. See Clergy or Church Employees, whichever applies, on this page. ☐ No. Continue
2.	Figure earned income:
	Form 1040, line 7
S	Subtract, if included on line 7, any:
	Caxable scholarship or fellowship grant of reported on a Form W-2.
i a	Amount paid to an inmate in a penal nstitution for work (put "PRI" and the mount subtracted on the dotted line next to line 7 of Form 1040).
fi c s a to m V	Amount received as a pension or annuity rom a nonqualified deferred ompensation plan or a nongovernmental ection 457 plan (put "DFC" and the mount 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 loox 11 is blank, contact your employer or the amount received as a pension or nnuity.
	Earned Income =
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?
	☐ Yes. Skip question 4 ☐ No. Continue and Step 6; go to Worksheet B on page 49.
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. ⑤TOP
	You cannot take the credit.
S	tep 6 How To Figure the Credit
1.	Do you want the IRS to figure the credit for you?
	☐ Yes. See Credit ☐ No. Go to Worksheet A Figured by the IRS on 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.
- 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 on page 47)

this page.

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.

Before you begin: $\sqrt{}$ 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	 Enter your earned income from Step 5 on page 46. 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. Enter the amount from Form 1040, line 35. Are the amounts on lines 3 and 1 the same? Yes. Skip line 5; enter the amount from line 2 on line 6.
	□ No. Go to line 5.
Part 2 Filers Who Answered "No" on Line 4	 If you have: 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)? 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	6. This is your earned income credit. Enter this amount on Form 1040, line 63.
Income Credit	Reminder— √ If you have a qualifying child, complete and attach Schedule EIC. 1040 1040 1040
	If your EIC for a year after 1996 was reduced or disallowed, see

for 2003.

Worksheet B—Earned Income Credit (EIC)—Line 63

Keep for Your Records

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



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

amounts to enter in I	auto i unough 5.	
Self-Employed, Members of the Clergy, and People With Church Employee Income Filing	a. 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 1b. d. Enter the amount from Schedule SE, Section A, line 6, or Section B, line 13, whichever applies. e. Subtract line 1d from 1c.	1a
To File Schedule SE For example, your net earnings from self-employment	Do not include on these lines any statutory employee income or any amount self-employment tax as the result of the filing and approval of Form 4029 or 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 2a and 2b. *If you have any Schedule K-1 amounts, complete the appropriate line(s) of Put your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and social security number on Schedule SE and attach it to your name and your name an	Form 4361. 2a + 2b = 2c Schedule SE, Section A.
Part 3 Statutory Employees 3. Filing Schedule C or C-EZ	Enter the amount from Schedule C, line 1, or Schedule C-EZ, line 1, that you are filing as a statutory employee.	3
All Filers Using	a. Enter your earned income from Step 5 on page 46. b. Combine lines 1e, 2c, 3, and 4a. This is your total earned income. If line 4b is zero or less, You cannot take the credit. Put "No" on the of the state of t	arried filing jointly)? (a jointly)? (b jointly)? (c) figure

Part 5

All Filers Using Worksheet B

- **6.** Enter your total earned income from Part 4, line 4b, on page 49.
- 6
- **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.

I _	
7	

If line 7 is zero, 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

- **9.** Are the amounts on lines 8 and 6 the same?
 - **Yes.** *Skip line 10; enter the amount from line 7 on line 11.*
 - \square **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.



Part 7

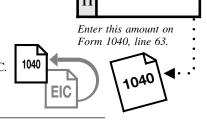
Your Earned Income Credit

11. This is your earned income credit.

Reminder—

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

Then, enter the smaller amount on line 11.





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 and the number of qualifying children you have. Enter the credit from that column on your EIC Worksheet.

Example. If your filing that includes your filing status 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.

And your filing status is-Single, head of household, If the amount you are looking up from the or qualifying widow(er) and worksheet isyou have-No One Two children child children At least But less than Your credit is-2,400 2,450 186 825 970 2,450 2,500 189 (842) 990

your Lio v	VOIRONCCI.		,	d your filir			Would Cit				Δη	d vour fili	ng status i	′ s	
If the amo	ount you are	Single h		ousehold,		filing joi	ntly and	If the amou	unt you are	Single h	ead of ho			s— I filing joir	ntly and
	p from the			ow(er) and	you hav		inity and	looking up			ying wido		you hav		itiy aria
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		No	One	Two	No	One	Two			No	One	Two	No	One	Two
	Dut less then	children			children	child	children	At least	Dut less then	children			children	child	children
At least \$1	But less than \$50	\$2	ur credit \$9		\$2	r credit \$9		At least 3,000	But less than 3,050	231	our credit 1,029		231	ur credit 1,029	
پې 50	100	, φ∠ 6	ъ9 26	\$10 30	φ∠ 6	ъэ 26	\$10 30	3,050	3,100	235	1,029	1,210 1,230	235	1,029	1,210 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	350 400	25 29	111 128	130 150	25 29	111 128	130 150	3,300 3,350	3,350 3,400	254 258	1,131 1,148	1,330 1,350	254 258	1,131 1,148	1,330 1,350
400	450 450	33	145	170	33	145	170	3,400	3,450	262	1,146	1,330	262	1,146	1,330
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	700 750	52 55	230 247	270 290	52 55	230 247	270 290	3,650 3,700	3,700 3,750	281 285	1,250 1,267	1,470 1,490	281 285	1,250 1,267	1,470 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 75	315	370	71	315	370	3,900	3,950	300	1,335	1,570	300	1,335	1,570
950	1,000	75 78	332	390	75 78	332	390	3,950	4,000	304	1,352	1,590	304	1,352	1,590
1,000 1,050	1,050 1,100	82	349 366	410 430	78 82	349 366	410 430	4,000 4,050	4,050 4,100	308 312	1,369 1,386	1,610 1,630	308 312	1,369 1,386	1,610 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	1,350 1,400	101 105	451 468	530 550	101 105	451 468	530 550	4,300 4,350	4,350 4,400	331 335	1,471 1,488	1,730 1,750	331 335	1,471 1,488	1,730 1,750
1,400	1,450	103	485	570	103	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	553 570	650 670	124 128	553 570	650 670	4,600	4,650	354 358	1,573	1,850	354 358	1,573	1,850
1,650 1,700	1,700 1,750	128 132	587	690	132	587	670 690	4,650 4,700	4,700 4,750	361	1,590 1,607	1,870 1,890	361	1,590 1,607	1,870 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 5,000	377	1,675	1,970	377	1,675	1,970
1,950 2,000	2,000 2,050	151 155	672 689	790 810	151 155	672 689	790 810	4,950 5,000	5,000 5,050	382 382	1,692	1,990 2,010	382 382	1,692 1,709	1,990 2,010
2,050	2,100	159	706	830	159	706	830	5,050	5,100	382	1,709	2,010	382	1,709	2,010
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	2,300 2,350	174 178	774 791	910 930	174 178	774 791	910 930	5,250 5,300	5,300 5,350	382 382	1,794 1,811	2,110 2,130	382 382	1,794 1,811	2,110 2,130
2,350	2,350 2,400	182	808	950 950	182	808	950 950	5,350 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	2,600 2,650	197	876 803	1,030	197	876	1,030	5,550 5,600	5,600 5,650	382	1,896	2,230	382	1,896	2,230 2,250
2,650	2,650 2,700	201 205	893 910	1,050 1,070	201 205	893 910	1,050 1,070	5,600 5,650	5,650 5,700	382 382	1,913 1,930	2,250 2,270	382 382	1,913 1,930	2,250
2,700	2,750	208	927	1,090	208	927	1,070	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	2,950 3,000	224 228	995 1,012	1,170	224 228	995 1,012	1,170	5,900 5,950	5,950 6,000	382 382	2,015 2,032	2,370 2,390	382 382	2,015 2,032	2,370 2,390
	3,000	220	1,012	1,190	220	1,012	1,190	3,950	0,000	J02	2,002	۷,390	•		n page 52)

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f the amou	from the		head of ho	ousehold,		d filing joi	ntly and	If the amou looking up t	from the		nead of ho		Married you ha	d filing joir	ntly and
vorksheet	io 	No	One	Two	No	One	Two	worksheet i		No	One	Two	No	One	Two
At least	But less than	children Yo	child our credit	children	children Yo	child	children	At least	But less than	children Yo	child	children : is—		child	childr is—
6,000	6,050	382	2,049	2,410	382	2,049	2,410	9,500	9,550	130	2,547	3,810	207	2,547	3,81
6,050	6,100	382	2,066	2,430	382	2,066	2,430	9,550	9,600	127	2,547	3,830	203	2,547	3,83
6,100	6,150	382	2,083	2,450	382	2,083	2,450	9,600	9,650	123	2,547	3,850	199	2,547	3,85
6,150 6,200	6,200 6,250	382 382	2,100 2,117	2,470 2,490	382 382	2,100 2,117	2,470 2,490	9,650 9,700	9,700 9,750	119 115	2,547 2,547	3,870 3,890	195 192	2,547 2,547	3,8
6,250	6,300	379	2,134	2,510	382	2,134	2,510	9,750	9,800	111	2,547	3,910	188	2,547	3,9
6,300	6,350	375	2,151	2,530	382	2,151	2,530	9,800	9,850	107	2,547	3,930	184	2,547	3,9
6,350 6,400	6,400 6,450	371 368	2,168 2,185	2,550 2,570	382 382	2,168 2,185	2,550 2,570	9,850 9,900	9,900 9,950	104 100	2,547 2,547	3,950 3,970	180 176	2,547 2,547	3,9 3,9
6,450	6,500	364	2,103	2,570	382	2,103	2,570	9,950	10,000	96	2,547	3.990	173	2,547	3,9
6,500	6,550	360	2,219	2,610	382	2,219	2,610	10,000	10,050	92	2,547	4,010	169	2,547	4,0
6,550	6,600	356	2,236	2,630	382	2,236	2,630	10,050	10,100	88	2,547	4,030	165	2,547	4,0
6,600 6,650	6,650 6,700	352 348	2,253 2,270	2,650 2,670	382 382	2,253 2,270	2,650 2,670	10,100 10,150	10,150 10,200	85 81	2,547 2,547	4,050 4,070	161 157	2,547 2,547	4,0 4,0
6,700	6,750	345	2,270	2,690	382	2,270	2,690	10,130	10,250	77	2,547	4,070	153	2,547	4,0
6,750	6,800	341	2,304	2,710	382	2,304	2,710	10,250	10,300	73	2,547	4,110	150	2,547	4,1
6,800	6,850	337	2,321	2,730	382	2,321	2,730	10,300	10,350	69	2,547	4,130	146	2,547	4,1
6,850 6,900	6,900 6,950	333 329	2,338 2,355	2,750 2,770	382 382	2,338 2,355	2,750 2,770	10,350 10,400	10,400 10,450	65 62	2,547 2,547	4,150 4,170	142 138	2,547 2,547	4,1 4,1
6,950	7,000	329	2,355	2,770	382	2,355	2,770	10,400	10,450	58	2,547	4,170	134	2,547	4,1
7,000	7,050	322	2,389	2,810	382	2,389	2,810	10,500	10,550	54	2,547	4,204	130	2,547	4,2
7,050	7,100	318	2,406	2,830	382	2,406	2,830	10,550	10,600	50	2,547	4,204	127	2,547	4,2
7,100	7,150 7,200	314 310	2,423 2,440	2,850	382 382	2,423 2,440	2,850	10,600 10,650	10,650 10.700	46 42	2,547 2,547	4,204	123 119	2,547 2,547	4,2 4,2
7,150 7,200	7,200 7,250	306	2,440	2,870 2,890	382	2,440	2,870 2,890	10,650	10,700	39	2,547	4,204 4,204	115	2,547	4,2
7,250	7,300	303	2,474	2,910	379	2,474	2,910	10,750	10,800	35	2,547	4,204	111	2,547	4,2
7,300	7,350	299	2,491	2,930	375	2,491	2,930	10,800	10,850	31	2,547	4,204	107	2,547	4,2
7,350	7,400	295	2,508	2,950	371	2,508	2,950	10,850	10,900	27	2,547	4,204	104	2,547	4,2
7,400 7,450	7,450 7,500	291 287	2,525 2,547	2,970 2,990	368 364	2,525 2,547	2,970 2,990	10,900 10,950	10,950 11,000	23 20	2,547 2,547	4,204 4,204	96	2,547 2,547	4,20 4,20
7,500	7,550	283	2,547	3,010	360	2,547	3,010	11,000	11,050	16	2,547	4,204	92	2,547	4,2
7,550	7,600	280	2,547	3,030	356	2,547	3,030	11,050	11,100	12	2,547	4,204	88	2,547	4,20
7,600	7,650 7,700	276 272	2,547	3,050	352 348	2,547	3,050	11,100	11,150	8 4	2,547 2,547	4,204	85 81	2,547 2,547	4,2 4,2
7,650 7,700	7,700 7,750	268	2,547 2,547	3,070 3,090	345	2,547 2,547	3,070 3,090	11,150 11,200	11,200 11,250	*	2,547	4,204 4,204	77	2,547	4,2
7,750	7,800	264	2,547	3,110	341	2,547	3,110	11,250	11,300	0	2,547	4,204	73	2,547	4,2
7,800	7,850	260	2,547	3,130	337	2,547	3,130	11,300	11,350	0	2,547	4,204	69	2,547	4,2
7,850	7,900 7,050	257	2,547	3,150	333 329	2,547	3,150	11,350	11,400	0	2,547 2,547	4,204	65 62	2,547	4,2
7,900 7,950	7,950 8,000	253 249	2,547 2,547	3,170 3,190	329	2,547 2,547	3,170 3,190	11,400 11,450	11,450 11.500		2,547	4,204 4,204	58	2,547 2,547	4,20 4,20
8,000	8,050	245	2,547	3,210	322	2,547	3,210	11,500	11,550	0	2,547	4,204	54	2,547	4,2
8,050	8,100	241	2,547	3,230	318	2,547	3,230	11,550	11,600	0	2,547	4,204	50	2,547	4,2
8,100 8,150	8,150 8,200	238 234	2,547 2,547	3,250 3,270	314 310	2,547 2,547	3,250 3,270	11,600	11,650 11,700	0	2,547 2,547	4,204 4,204	46 42	2,547 2,547	4,20 4,20
8,200	8,250	230	2,547	3,290	306	2,547	3,290		11,750	0	2,547	4,204	39	2,547	4,2
8,250	8,300	226	2,547	3,310	303	2,547	3,310	11,750	11,800	0	2,547	4,204	35	2,547	4,2
8,300	8,350	222	2,547	3,330	299	2,547	3,330		11,850	0	2,547	4,204	31	2,547	4,2
8,350 8,400	8,400 8,450	218 215	2,547 2,547	3,350 3,370	295 291	2,547 2,547	3,350 3,370		11,900 11,950	0	2,547 2,547	4,204 4,204	27	2,547 2,547	4,20 4,20
8,450	8,500	211	2,547	3,390	287	2,547	3,390		12,000	0	2,547	4,204	20	2,547	4,2
8,500	8,550	207	2,547	3,410	283	2,547	3,410	12,000	12,050	0	2,547	4,204	16	2,547	4,2
8,550	8,600	203	2,547	3,430	280	2,547	3,430		12,100	0	2,547	4,204	12	2,547	4,2
8,600 8,650	8,650 8,700	199 195	2,547 2,547	3,450 3,470	276 272	2,547 2,547	3,450 3,470		12,150 12,200	0	2,547 2,547	4,204 4,204	8 4	2,547 2,547	4,20 4,20
8,700	8,750	192	2,547	3,490	268	2,547	3,490	12,200	12,250	0	2,547	4,204	*	2,547	4,2
8,750	8,800	188	2,547	3,510	264	2,547	3,510	12,250	13,750	0	2,547	4,204	0	2,547	4,2
8,800 8,850	8,850 8,900	184 180	2,547 2,547	3,530	260 257	2,547	3,530		13,800 13,850	0	2,539 2,531	4,195 4,184	0 0	2,547 2,547	4,2 4,2
8,900	8,950	176	2,547	3,550 3,570	253	2,547 2,547	3,550 3,570		13,900	0	2,523	4,164		2,547	4,2
8,950	9,000	173	2,547	3,590	249	2,547	3,590	13,900	13,950	0	2,515	4,163	0	2,547	4,2
9,000	9,050	169	2,547	3,610	245	2,547	3,610	13,950	14,000	0	2,507	4,152	0	2,547	4,2
9,050	9,100	165	2,547	3,630	241	2,547	3,630		14,050	0	2,499	4,142	0	2,547	4,2
9,100 9,150	9,150 9,200	161 157	2,547 2,547	3,650 3,670	238 234	2,547 2,547	3,650 3,670		14,100 14,150	0	2,491 2,483	4,131 4,121	0 0	2,547 2,547	4,2 4,2
9,200	9,250	153	2,547	3,690	230	2,547	3,690	14,150	14,200	ő	2,475	4,110	ő	2,547	4,2
9,250	9,300	150	2,547	3,710	226	2,547	3,710	14,200		0	2,467	4,100	0	2,547	4,2
9,300	9,350	146	2,547	3,730	222	2,547	3,730		14,300 14,350	0	2,460	4,089	0 0	2,547	4,2
9,350 9,400	9,400 9,450	142 138	2,547 2,547	3,750 3,770	218 215	2,547 2,547	3,750 3,770		14,350 14,400	0	2,452 2,444	4,079 4,068		2,547 2,547	4,2 4,2
9,450	9,500	134	2,547	3,790	211	2,547	3,790	14,400		l ő	2,436	4,058	0	2,547	4,2

*If the amount you are looking up from the worksheet is at least \$11,200 (\$12,200 if married filing jointly) but less than \$11,230 (\$12,230 if married filing jointly), your credit is \$1. Otherwise, you cannot take the credit.

	Δ	nd vour fili	ng status is	—					And	d vour fili	ng status i	s—	
f the amount you are ooking up from the	Single, head of or qualifying wid	household,	Married you have	filing joi	ntly and	If the amou	rom the	Single, he	ead of ho	usehold,		l filing joir	ntly and
worksheet is—	you have— No One	Two	No	One	Two	worksheet is	s—	you have	One	Two	No	One	Two
At least But less than	children child		children Your	child	children	At least	But less than	children Yo	child ur credit		children	child ur credit	childre
14,450 14,500	0 2,428		0	2,547	4,204	17,950	18,000	0	1,868	3,310	0	2,028	3,521
14,500 14,550	0 2,420	4,037	0	2,547	4,204	18,000	18,050	0	1,860	3,299	0	2,020	3,510
14,550 14,600	0 2,412	,	0	2,547	4,204	18,050	18,100	0	1,852	3,289	0	2,012	3,500
14,600 14,650 14,650 14,700	0 2,404 0 2,396	,	0	2,547 2,547	4,204 4,204	18,100 18,150	18,150 18,200	0	1,844 1,836	3,278 3,268	0	2,004 1,996	3,489 3,478
14,700 14,750	0 2,388			2,547	4,204	18,200	18,250	Ö	1,828	3,257	Ö	1,988	3,468
14,750 14,800	0 2,380		1	2,539	4,195	18,250	18,300	0	1,820	3,247	0	1,980	3,457
14,800 14,850 14,850 14,900	0 2,372 0 2,364		1	2,531 2,523	4,184 4,173	18,300 18,350	18,350 18,400	0	1,812 1,804	3,236 3,226	0	1,972 1,964	3,447 3,436
14,900 14,950	0 2,350		Ö	2,515	4,163	18,400	18,450	Ö	1,796	3,215	ő	1,956	3,426
14,950 15,000	0 2,348			2,507	4,152	18,450	18,500	0	1,788	3,205	0	1,948	3,415
15,000 15,050 15,050 15,100	0 2,340 0 2,332	,		2,499 2,491	4,142 4,131	18,500 18,550	18,550 18,600	0	1,780 1,772	3,194 3,184	0	1,940 1,932	3,405 3,394
15,100 15,150	0 2,32	,		2,483	4,121	18,600	18,650	0	1,764	3,173	l ő	1,924	3,384
15,150 15,200	0 2,310	3,900	0	2,475	4,110	18,650	18,700	0	1,756	3,163	0	1,916	3,373
15,200 15,250	0 2,300 0 2,300			2,467 2,460	4,100 4,089	18,700 18,750	18,750	0	1,748 1,740	3,152	0	1,908 1,900	3,363 3,352
15,250 15,300 15,300 15,350	0 2,292	,	_	2,460	4,069	18,800	18,800 18,850	0	1,740	3,142 3,131	0	1,892	3,342
15,350 15,400	0 2,284	4 3,858	0	2,444	4,068	18,850	18,900	0	1,724	3,120	0	1,884	3,331
15,400 15,450 15,450 15,500	0 2,270 0 2,268			2,436 2,428	4,058 4,047	18,900 18,950	18,950 19,000	0	1,716 1,708	3,110	0	1,876 1,868	3,321 3,310
15,500 15,550	0 2,260			2,420	4,047	19,000	19,000	0	1,700	3,089		1,860	3,299
15,550 15,600	0 2,25	,	_	2,412	4,026	19,050	19,100	0	1,692	3,078	Ō	1,852	3,289
15,600 15,650	0 2,24			2,404	4,016	19,100	19,150	0	1,684	3,068	0	1,844	3,278
15,650 15,700 15,700 15,750	0 2,230 0 2,228		0	2,396 2,388	4,005 3,994	19,150 19,200	19,200 19,250	0	1,676 1,668	3,057 3,047	0	1,836 1,828	3,268 3,257
15,750 15,800	0 2,220			2,380	3,984	19,250	19,300	ő	1,661	3,036	ő	1,820	3,247
15,800 15,850	0 2,212			2,372	3,973	19,300	19,350	0	1,653	3,026	0	1,812	3,236
15,850 15,900 15,900 15,950	0 2,204 0 2,196			2,364 2,356	3,963 3,952	19,350 19,400	19,400 19,450	0	1,645 1,637	3,015 3,005	0	1,804 1,796	3,226 3,215
15,950 16,000	0 2,188			2,348	3,942	19,450	19,500	0	1,629	2,994	0	1,788	3,205
16,000 16,050	0 2,180	,		2,340	3,931	19,500	19,550	0	1,621	2,984	0	1,780	3,194
16,050 16,100 16,100 16,150	0 2,172 0 2,164	,		2,332 2,324	3,921 3,910	19,550 19,600	19,600 19,650	0	1,613 1,605	2,973 2,963	0	1,772 1,764	3,184 3,173
16,150 16,200	0 2,15	,	_	2,316	3,900	19,650	19,700	Ö	1,597	2,952	ő	1,756	3,163
16,200 16,250	0 2,148			2,308	3,889	19,700	19,750	0	1,589	2,941	0	1,748	3,152
16,250 16,300 16,300 16,350	0 2,140 0 2,132	,		2,300 2,292	3,879 3,868	19,750 19,800	19,800 19.850	0	1,581 1,573	2,931 2,920	0	1,740 1,732	3,142 3,131
16,350 16,400	0 2,12	,		2,284	3,858	19,850	19,900	Ö	1,565	2,910	ő	1,724	3,120
16,400 16,450	0 2,110			2,276	3,847	19,900	19,950	0	1,557	2,899	0	1,716	3,110
16,450 16,500 16,500 16,550	0 2,108 0 2,108			2,268 2,260	3,837 3,826	19,950 20,000	20,000 20,050	0	1,549 1,541	2,889 2,878	0	1,708 1,700	3,099 3,089
16,550 16,600	0 2,092		Ö	2,252	3,815	,	20,100	Ö	1,533	2,868	Ö	1,692	3,078
16,600 16,650	0 2,084			2,244	3,805		20,150	0	1,525	2,857	0	1,684	3,068
16,650 16,700 16,700 16,750	0 2,070			2,236 2,228	3,794 3,784	20,150 20,200	20,200 20,250	0	1,517 1,509	2,847 2,836	0	1,676 1,668	3,057 3,047
16,750 16,800	0 2,060			2,220	3,773	20,250		0	1,503	2,826	Ö	1,661	3,036
16,800 16,850	0 2,05	2 3,552	0	2,212	3,763	20,300	20,350	0	1,493	2,815	0	1,653	3,026
16,850 16,900 16,900 16,950	0 2,044 0 2,036			2,204 2,196	3,752 3,742	20,350 20,400	20,400 20,450	0	1,485 1,477	2,805 2,794	0	1,645 1,637	3,015 3,005
16,950 17,000	0 2,028			2,188	3,731	20,450		0	1,469	2,784	0	1,629	2,994
17,000 17,050	0 2,020	3,510	0	2,180	3,721	20,500	20,550	0	1,461	2,773	0	1,621	2,984
17,050 17,100 17,100 17,150	0 2,012 0 2.004			2,172	3,710	20,550	•	0	1,453	2,762 2,752	0	1,613	2,973 2,963
17,100 17,150	0 2,004 0 1,996			2,164 2,156	3,700 3,689	20,600 20,650	20,650	0	1,445 1,437	2,752	0	1,605 1,597	2,963
17,200 17,250	0 1,988	3,468	0	2,148	3,679	20,700	20,750	0	1,429	2,731	0	1,589	2,941
17,250 17,300	0 1,980 0 1,972			2,140	3,668	20,750 20,800	20,800	0	1,421 1,413	2,720	0	1,581	2,931
17,300 17,350 17,350 17,400	0 1,972 0 1,964			2,132 2,124	3,657 3,647	20,800		0	1,413	2,710 2,699	0	1,573 1,565	2,920 2,910
17,400 17,450	0 1,950	3,426	0	2,116	3,636	20,900	20,950	0	1,397	2,689	0	1,557	2,899
17,450 17,500	0 1,948			2,108	3,626	20,950		0	1,389	2,678	0	1,549	2,889
17,500 17,550 17,550 17,600	0 1,940 0 1,932		0	2,100 2,092	3,615 3,605		21,050 21,100	0	1,381 1,373	2,668 2,657	0	1,541 1,533	2,878 2,868
17,600 17,650	0 1,924	4 3,384	ő	2,084	3,594		21,150	Ö	1,365	2,647	ő	1,525	2,857
17,650 17,700	0 1,910			2,076	3,584	21,150	21,200	0	1,357	2,636	0	1,517	2,847
17,700 17,750 17,750 17,800	0 1,908 0 1,908	,	0	2,068 2,060	3,573 3,563	21,200 21,250	21,250 21,300	0	1,349 1,341	2,626 2,615	0	1,509 1,501	2,836 2,826
17,800 17,850	0 1,892		0	2,052	3,552	21,300	•	0	1,333	2,604	0	1,493	2,815
17,850 17,900	0 1,884		0	2,044	3,542	21,350		0	1,325	2,594	Ιo	1,485	2,805

(Continued on page 54)

			And	d your filir	ng status	is—					An	d your fili	ng status is	_	
	ount you are	or quali	head of ho	usehold,	-	ed filing join	ntly and	If the amou	unt you are from the	or qualify	ead of ho	ousehold, ow(er) and	Married t	filing joir	ntly and
vorksheet		you hav	One	Two	No	One	Two	worksheet		you have	One	Two	No	One	Two
At least	But less than	children	our credit	children		n child our credit i	children	At least	But less than	children	child our credi		children	child r credit	child
21,450	21,500	0	1,309	2,573	0	1,469	2,784	24,950	25,000	0	750	1,836	0	909	2,04
21,500	21,550	0	1,301	2,562	0	1,461	2,773	25,000	25,050	0	742	1,825	0	901	2,0
21,550 21,600	21,600 21,650	0	1,293 1,285	2,552 2,541	0	1,453 1,445	2,762 2,752	25,050 25,100	25,100 25,150	0	734 726	1,815 1,804	0	893 885	2,0
21,650	21,700	ő	1,277	2,531	ő	1,437	2,741	25,150	25,200	0	718	1,794	ő	877	2,0
21,700	21,750	0	1,269	2,520	0	1,429	2,731	25,200	25,250	0	710	1,783	0	869	1,9
21,750 21,800	21,800 21,850	0	1,261 1,253	2,510 2,499	0	1,421 1,413	2,720 2,710	25,250 25,300	25,300 25,350	0	702 694	1,773 1,762	0	862 854	1,9 1,9
21,850	21,900	0	1,245	2,489	0	1,405	2,699	25,350	25,400	0	686	1,752	0	846	1,9
21,900	21,950	0	1,237	2,478	0	1,397	2,689	25,400	25,450	0	678	1,741	0	838	1,9
21,950 22,000	22,000 22,050	0	1,229 1,221	2,468 2,457	0	1,389 1,381	2,678 2,668	25,450 25,500	25,500 25,550	0	670 662	1,731 1,720	0	830 822	1,9 1,9
22,050	22,100	0	1,213	2,447	0	1,373	2,657	25,550	25,600	0	654	1,709	0	814	1,9
22,100 22,150	22,150 22,200	0	1,205 1,197	2,436 2,425	0	1,365 1,357	2,647 2,636	25,600 25,650	25,650 25,700	0	646 638	1,699 1,688	0	806 798	1,9 1,8
22,200	22,250	0	1,189	2,415	0	1,349	2,626	25,700	25,750	0	630	1,678	0	790	1,8
22,250	22,300	0	1,181	2,404	0	1,341	2,615	25,750	25,800	0	622	1,667	0	782	1,8
22,300 22,350	22,350 22,400	0	1,173 1,165	2,394 2,383	0	1,333 1,325	2,604 2,594	25,800 25,850	25,850 25,900	0	614 606	1,657 1,646	0	774 766	1,8 1,8
22,400	22,450	ő	1,157	2,373	ő	1,317	2,583	25,900	25,950	ő	598	1,636	ő	758	1,8
22,450	22,500	0	1,149	2,362	0	1,309	2,573	25,950	26,000	0	590	1,625	0	750	1,8
22,500 22,550	22,550 22,600	0	1,141 1,133	2,352 2,341	0	1,301 1,293	2,562 2,552	26,000 26,050	26,050 26,100	0	582 574	1,615 1,604	0	742 734	1,8 1,8
22,600	22,650	0	1,125	2,331	0	1,285	2,541	26,100	26,150	0	566	1,594	0	726	1,8
22,650	22,700	0	1,117	2,320	0	1,277	2,531	26,150	26,200	0	558	1,583	0	718	1,7
22,700 22,750	22,750 22,800	0	1,109 1,101	2,310 2,299	0	1,269 1,261	2,520 2,510	26,200 26,250	26,250 26,300	0	550 542	1,573 1,562	0	710 702	1,7 1,7
22,800	22,850	0	1,093	2,289	0	1,253	2,499	26,300	26,350	0	534	1,551	0	694	1,7
22,850 22,900	22,900 22,950	0	1,085 1,077	2,278 2,268	0	1,245 1,237	2,489 2,478	26,350 26,400	26,400 26,450	0	526 518	1,541 1,530	0	686 678	1,7 1,7
22,950	23,000	0	1,069	2,257	0	1,229	2,468	26,450	26,500	0	510	1,520	0	670	1,7
23,000	23,050	0	1,061	2,246	0	1,221	2,457	26,500	26,550	0	502	1,509	0	662	1,7
23,050 23,100	23,100 23,150	0	1,053 1,045	2,236 2,225	0	1,213 1,205	2,447 2,436	26,550 26,600	26,600 26,650	0	494 486	1,499 1,488	0	654 646	1,7 1,6
23,150	23,200	Ö	1,037	2,215	Ö	1,197	2,425	26,650	26,700	0	478	1,478	Ö	638	1,6
23,200	23,250	0	1,029	2,204	0	1,189	2,415	26,700	26,750	0	470	1,467	0	630	1,6
23,250 23,300	23,300 23,350	0	1,021 1,013	2,194 2,183	0	1,181 1,173	2,404 2,394	26,750 26,800	26,800 26,850	0	462 454	1,457 1,446	0	622 614	1,6 1,6
23,350	23,400	0	1,005	2,173	0	1,165	2,383	26,850	26,900	0	446	1,436	0	606	1,6
23,400 23,450	23,450	0	997 989	2,162 2,152	0	1,157 1,149	2,373	26,900 26,950	26,950 27,000	0	438	1,425 1,415	0	598 590	1,6 1,6
23,500 23,500	23,550	ŏ	981	2,132	ŏ	1,149	2,352	27,000	27,000	0	422	1,404	0	582	1,6
23,550	23,600	0	973	2,131	0	1,133	2,341	27,050	27,100	0	414	1,394	0	574	1,6
23,600 23,650	23,650 23,700	0	965 957	2,120 2,110	0	1,125 1,117	2,331 2,320	27,100 27,150	27,150 27,200	0	406 398	1,383 1,372	0	566 558	1,5 1,5
23,700	23,750	0	949	2,099	0	1,109	2,310	27,200	27,250	0	390	1,362	0	550	1,5
23,750 23,800	23,800 23,850	0	941 933	2,089 2,078	0	1,101 1,093	2,299 2,289	27,250 27,300	27,300 27,350	0	382 374	1,351 1,341	0	542 534	1,5 1,5
23,850	23,900	0	925	2,076	0	1,085	2,278	27,300 27,350	27,350 27,400	0	366	1,330	0	526	1,5
23,900	23,950	0	917	2,057	0	1,077	2,268	27,400	27,450	0	358	1,320	0	518	1,5
23,950 24,000	24,000 24,050	0	909 901	2,046 2,036	0	1,069 1,061	2,257 2,246	27,450 27,500	27,500 27,550	0	350 342	1,309 1,299	0	510 502	1,5 1,5
24,050	24,100	0	893	2,025	0	1,053	2,236	27,550	27,600	0	334	1,288	0	494	1,4
24,100 24,150	24,150 24,200	0	885 877	2,015 2,004	0	1,045 1,037	2,225 2,215	27,600 27,650	27,650 27,700	0	326 318	1,278 1,267	0	486 478	1,4 1,4
24,200	24,250	0	869	1,994	0	1,029	2,204	27,700	27,750	0	310	1,257	0	470	1,4
24,250	24,300	0	862	1,983	0	1,021	2,194	27,750	27,800	0	302	1,246	0	462	1,4
24,300 24,350	24,350 24,400	0	854 846	1,973 1,962	0	1,013 1,005	2,183 2,173	27,800 27,850	27,850 27,900	0	294 286	1,236 1,225	0	454 446	1,4 1,4
24,400	24,450	ő	838	1,952	ő	997	2,162	27,900	27,950	ő	278	1,215	Ö	438	1,4
24,450	24,500	0	830	1,941	0	989	2,152	27,950	28,000	0	270	1,204	0	430	1,4
24,500 24,550	24,550 24,600	0	822 814	1,931 1,920	0	981 973	2,141 2,131	28,000 28,050	28,050 28,100	0	262 254	1,193 1,183	0	422 414	1,4 1,3
24,600	24,650	0	806	1,910	0	965	2,120	28,100	28,150	0	246	1,172	0	406	1,3
24,650	24,700	0	798	1,899	0	957	2,110	28,150	28,200	0	238	1,162	0	398	1,3
24,700 24,750	24,750 24,800	0	790 782	1,888 1,878	0	949 941	2,099 2,089	28,200 28,250	28,250 28,300	0	230 222	1,151 1,141	0	390 382	1,3 1,3
24,800	24,850	0	774	1,867	0	933	2,078	28,300	28,350	0	214	1,130	0	374	1,3
24,850	24,900	0	766	1,857	0	925	2,067	28,350	28,400	0	206	1,120	0	366	1,3

(Continued on page 55)

			Ar	nd your filir	ig status is						An	d your filir	g status is	s—	
f the amount ooking up fro worksheet is-	om the		ing wide	ousehold, ow(er) and	Married you have No		intly and	If the amour looking up f worksheet is	rom the	Single, he or qualify you have	ing wido	ousehold, ow(er) and	Married you hav		ntly and
At least Bu	ut less than	children	child ir credit	children	children	child	children	At least	But less than	children	child ur credi	children	children	child ur credit	children
28,450 28,500 28,550 28,600	28,500 28,550 28,600	0 0 0 0	190 182 174 166	1,099 1,088 1,078 1,067	0 0 0 0	350 342 334 326	1,309 1,299 1,288	31,700 31,750 31,800 31,850	31,750 31,800 31,850 31,900	0 0 0 0	0 0 0	414 404 393 383	0 0 0	0 0 0	625 614 604 593
28,650	28,650 28,700	0	158	1,057	0	318	1,278 1,267	31,900	31,950	0	0	372	0	0	583
28,700 28,750	28,750 28,800	0	150 142	1,046 1,036	0	310 302	1,257 1,246	31,950 32,000	32,000 32,050	0	0	362 351	0	0	572 562
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	28,900 28,950	0	126 118	1,014 1,004	0	286 278	1,225 1,215	32,100 32,150	32,150 32,200	0	0 0	330 319	0 0	0 0	541 530
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	29,050 29,100	0	102 94	983 972	0	262 254	1,193 1,183	32,250 32,300	32,300 32,350	0	0	298 288	0	0	509 498
29,100 29,150	29,150 29,200	0	86 78	962 951	0	246 238	1,172 1,162	32,350 32,400	32,400 32,450	0	0	277 267	0	0	488 477
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	29,300 29,350	0	63 55	930 920	0	222 214	1,141 1,130	32,500 32,550	32,550 32,600	0	0 0	246 235	0	0 0	456 446
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	899 888	0	198 190	1,109	32,650 32,700	32,700 32,750	0	0	214	0	0	425 414
29,450 29,500	29,550	0	23	878	Ö	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	29,650 29,700	0	7 **	857 846	0	166 158	1,067 1,057	32,850 32,900	32,900 32,950	0	0 0	172 162	0 0	0	383 372
29,700 29,750	29,750 29,800	0	0	835 825	0	150 142	1,046 1,036	32,950 33,000	33,000 33,050	0	0	151 140	0	0	362 351
29,800	29,850	0	0	814	0	134	1,035	33,050	33,100	0	0	130	0	0	341
29,850 29,900	29,900 29,950	0	0	804 793	0	126 118	1,014 1,004	33,100 33,150	33,150 33,200	0	0 0	119 109	0 0	0 0	330 319
29,950	30,000	0	0	783	0	110	993	33,200	33,250	0	0	98	0	0	309
30,000 30,050	30,050 30,100	0 0	0	772 762	0	102 94	983 972	33,250 33,300	33,300 33,350	0	0	88 77	0	0	298 288
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	741 730	0	78 70	951 941	33,400 33,450	33,450	0	0	56 46	0	0	267 256
30,250	30,300	0	0	720	0	63	930	33,500	33,550	0	0	35	0	0	246
30,300 30,350	30,350 30,400	0	0	709 699	0	55 47	920 909	33,550 33,600	33,600 33,650	0	0 0	25 14	0	0 0	235 225
30,400	30,450	ő	0	688	ő	39	899	33,650	33,700	0	0	***	0	0	214
30,450 30,500	30,500 30,550	0	0	678 667	0	31 23	888 878	33,700 33,750	33,750 33,800	0	0	0	0	0	204 193
30,550	30,600	0	Ō	656	0	15	867	33,800	33,850	0	0	0	0	0	183
30,600 30,650	30,650 30,700	0	0	646 635	0	7	857 846	33,850 33,900	33,900 33,950	0	0 0	0 0	0	0 0	172 162
30,700	30,750	0	0	625	0	0	835	33,950	34,000	0	0	0	0	0	151
30,750 30,800	30,800 30,850	0	0	614 604	0	0	825 814	34,000 34,050		0	0	0	0 0	0 0	140 130
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	583 572	0	0	793 783	34,150 34,200	34,200 34,250	0	0	0	0	0	109 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	31,100 31,150	0	0	551 541	0	0	762 751	34,300 34,350	34,350 34,400	0	0	0	0	0	77 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	31,250 31,300	0	0	520 509	0	0	730 720	34,450 34,500		0	0	0	0	0	46 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	31,400 31,450	0	0 0	488 477	0	0	699 688	34,600 34,650		0	0 0	0 0	0 0	0 0	14 4
31,450	31,500	0	0	467	0	0	678	-	or more	0	0	0	0	0	0
31,500 31,550	31,550 31,600	0	0	456 446	0	0	667 656								
	31,650	Ö	Ö	435	ő	Ö	646								

^{**}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.

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

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 70b 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 70b.

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

®**e**≁file

IRS *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.

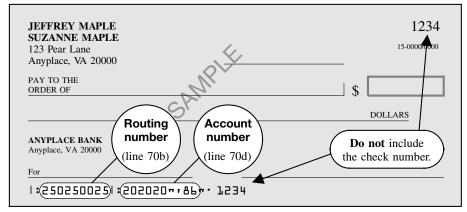
You can pay by check, money order, or credit card. **Do not** include any estimated tax payment for 2004 in your check, money order, or amount you charge. Instead, make the estimated tax payment separately.

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 "XXX"".

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® Card, Discover® Card, MasterCard® card, or Visa® 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 re**turn,** 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-1040SM (1-888-729-1040) 1-888-658-5465 (Customer Service) www.PAY1040.com

Official Payments Corporation 1-800-2PAY-TAXSM (1-800-272-9829) 1-877-754-4413 (Customer Service) www.officialpayments.com



You may need to (a) increase the amount of income tax withheld from your pay by filing a new Form W-4 or (b) make es-

timated 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.

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.



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, 8283 (if Section B is completed), 8332, or 8885.

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

Assemble Your Return

Assemble any schedules and forms behind Form 1040 in order of the "Attachment Se-

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 6c. 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 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 36b 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 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 Tax-payer 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-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 ½ of 1% of the unpaid amount for each month or part of a month the tax is not paid. The penalty can be as much as 25% of the unpaid amount. It applies to any unpaid tax on the return. This penalty is in addition to interest charges on late payments.

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

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

2003 Tax Table

Use if your taxable income is less than \$100,000. If \$100,000 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 least	But less than	Single	Married filing jointly *	Married filing sepa- rately	Head of a house- hold
			Your ta	ax is—	'
25,250 25,300	0 25,250 0 25,300 0 25,350 0 25,400	3,434 3,441 3,449 3.456	3,084 3,091 3,099 3,106	3,434 3,441 3,449 3.456	3,284 3,291 3,299 3,306

If line (taxabl	lę .		And yo	u are—		If line (taxab incom	le		And yo	u are—		If line 4 (taxabl income	e .		And yo	u are—	
At least	But less than	Single	Married filing jointly	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly	Married filing sepa- rately	Head of a house- hold
			Your ta	ax is—					Your ta	ax is—	ı			Y	our tax	is—	'
0 5 15	5 15 25	0 1 2	0 1 2	0 1 2	0 1 2	1,300 1,325 1,350 1,375	1,325 1,350 1,375 1,400	131 134 136 139	131 134 136 139	131 134 136 139	131 134 136 139	2,700 2,725 2,750 2,775	2,725 2,750 2,775 2,800	271 274 276 279	271 274 276 279	271 274 276 279	271 274 276 279
25 50 75	50 75 100	4 6 9	4 6 9	4 6 9	4 6 9	1,400 1,425 1,450	1,425 1,450 1,475	141 144 146	141 144 146	141 144 146	141 144 146	2,800 2,825 2,850	2,825 2,850 2,875	281 284 286	281 284 286	281 284 286	281 284 286
100 125 150 175	125 150 175 200	11 14 16 19	11 14 16 19	11 14 16 19	11 14 16 19	1,475 1,500 1,525	1,500 1,525 1,550	149 151 154	149 151 154	149 151 154	149 151 154	2,875 2,900 2,925	2,900 2,925 2,950	289 291 294	289 291 294	289 291 294	289 291 294
200 225	225 250	21 24	21 24	21 24	21 24	1,550 1,575	1,575 1,600	156 159	156 159	156 159	156 159	2,950 2,975	2,975 3,000	296 299	296 299	296 299	296 299
250 275	275 300	26 29	26 29	26 29	26 29	1,600 1,625 1,650	1,625 1,650 1,675	161 164 166	161 164 166	161 164 166	161 164 166	3,0	00	1			
300 325 350 375	325 350 375 400	31 34 36 39	31 34 36 39	31 34 36 39	31 34 36 39	1,675 1,700 1,725 1,750	1,700 1,725 1,750 1,775	169 171 174 176	169 171 174 176	169 171 174 176	169 171 174 176	3,000 3,050 3,100 3,150	3,050 3,100 3,150 3,200	303 308 313 318	303 308 313 318	303 308 313 318	303 308 313 318
400 425 450 475	425 450 475 500	41 44 46 49	41 44 46 49	41 44 46 49	41 44 46 49	1,775 1,800 1,825	1,800 1,825 1,850	179 181 184	179 181 184	179 181 184	179 181 184	3,200 3,250 3,300 3,350	3,250 3,300 3,350 3,400	323 328 333 338	323 328 333 338	323 328 333 338	323 328 333 338
500 525 550 575	525 550 575 600	51 54 56 59	51 54 56 59	51 54 56 59	51 54 56 59	1,850 1,875 1,900 1,925	1,875 1,900 1,925 1,950	186 189 191 194	186 189 191 194	186 189 191 194	186 189 191 194	3,400 3,450 3,500 3,550	3,450 3,500 3,550 3,600	343 348 353 358	343 348 353 358	343 348 353 358	343 348 353 358
600 625	625 650	61 64	61 64	61 64	61 64	1,950 1,975	1,975 2,000	196 199	196 199	196 199	196 199	3,600 3,650	3,650 3,700	363 368	363 368	363 368	363 368
650 675	675 700	66 69	66 69	66 69	66 69	2,0		001	004	004	001	3,700 3,750	3,750 3,800	373 378	373 378	373 378	373 378
700 725 750 775	725 750 775 800	71 74 76 79	71 74 76 79	71 74 76 79	71 74 76 79	2,000 2,025 2,050 2,075	2,025 2,050 2,075 2,100	201 204 206 209	201 204 206 209	201 204 206 209	201 204 206 209	3,800 3,850 3,900 3,950	3,850 3,900 3,950 4,000	383 388 393 398	383 388 393 398	383 388 393 398	383 388 393 398
800 825	825 850	81 84	81 84	81 84	81 84	2,100 2,125	2,125 2,150	211 214	211 214	211 214	211	4,0	00				
850 875	875 900	86 89	86 89	86 89	86 89	2,150 2,175 2,200	2,175 2,200 2,225	216 219 221	216 219 221	216 219 221	216 219 221	4,000 4,050	4,050 4,100	403 408	403 408	403 408	403 408
900 925	925 950	91 94	91 94	91 94	91 94	2,225 2,250	2,250 2,275	224 226	224 226	224 226	224 226	4,100 4,150	4,150 4,200	413 418	413 418	413 418	413 418
950 975	975 1,000	96 99	96 99	96 99	96 99	2,275	2,300 2,325	229	229	229	229	4,200 4,250 4,300	4,250 4,300 4,350	423 428 433	423 428 433	423 428 433	423 428 433
1,0	000	I				2,325 2,350 2,375	2,350 2,375 2,400	234 236 239	234 236 239	234 236 239	234 236 239	4,350 4,400	4,400 4,450	438 443	438	438 443	438 443
1,000 1,025 1,050 1,075	1,025 1,050 1,075 1,100	101 104 106 109	101 104 106 109	101 104 106 109	101 104 106 109	2,400 2,425 2,450 2,475	2,425 2,450 2,475 2,500	241 244 246 249	241 244 246 249	241 244 246 249	241 244 246 249	4,450 4,500 4,550 4,600	4,500 4,550 4,600 4,650	448 453 458 463	448 453 458 463	448 453 458 463	448 453 458 463
1,100 1,125 1,150 1,175	1,125 1,150 1,175 1,200	111 114 116 119	111 114 116 119	111 114 116 119	111 114 116 119	2,500 2,525 2,550	2,525 2,550 2,575	251 254 256	251 254 256	251 254 256	251 254 256	4,650 4,700 4,750	4,700 4,750 4,800	468 473 478	468 473 478	468 473 478	468 473 478
1,200 1,225 1,250	1,225 1,250 1,275	121 124 126	121 124 126	121 124 126	121 124 126	2,575 2,600 2,625 2,650	2,600 2,625 2,650 2,675	259 261 264 266	259 261 264 266	259 261 264 266	259 261 264 266	4,800 4,850 4,900 4,950	4,850 4,900 4,950 5,000	483 488 493 498	483 488 493 498	483 488 493 498	483 488 493 498
1,275	1,300	129	129	129	129	2,675	2,700	269	269	269	269			•	(Contin	ued on	page 63)

^{*} This column must also be used by a qualifying widow(er).

If line 4 (taxable	•		And yo	ou are—	1	If line (taxab incom			And yo	ou are—	-	If line (taxal		JO TOX	And yo	u are—	maca
At least	But less than	Single	Married filing jointly	Married filing sepa-rately	Head of a house- hold	At least	But less than	Single	Married filing jointly	Married filing sepa-rately ax is—	Head of a house- hold	At least	But less than	Single	filing jointly *	Married filing separately tax is—	Head of a house- hold
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5,000	5,050	503	503	503	503	8,000	8,050	854	803	854	803	<u> </u>	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		11,100	1,311	1,108	1,311	1,161
5,100	5,150	513	513	513	513	8,100	8,150	869	813	869	813		11,150	1,319	1,113	1,319	1,169
5,150	5,200	518	518	518	518	8,150	8,200	876	818	876	818		11,200	1,326	1,118	1,326	1,176
5,200	5,250	523	523	523	523	8,200	8,250	884	823	884	823		11,250	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 5,500 5,550	5,450 5,500 5,550 5,600	543 548 553 558	543 548 553 558	543 548 553 558	543 548 553 558	8,400 8,450 8,500 8,550	8,450 8,500 8,550 8,600	914 921 929 936 944	843 848 853 858 863	914 921 929 936 944	843 848 853 858	11,400 11,450 11,500 11,550	11,450 11,500 11,550 11,600	1,364 1,371 1,379 1,386	1,143 1,148 1,153 1,158	1,364 1,371 1,379 1,386	1,214 1,221 1,229 1,236
5,600 5,650 5,700 5,750	5,650 5,700 5,750 5,800	563 568 573 578	563 568 573 578	563 568 573 578	563 568 573 578	8,600 8,650 8,700 8,750	8,650 8,700 8,750 8,800	951 959 966	868 873 878	951 959 966	863 868 873 878	11,600 11,650 11,700 11,750	11,650 11,700 11,750 11,800	1,394 1,401 1,409 1,416	1,163 1,168 1,173 1,178	1,394 1,401 1,409 1,416	1,244 1,251 1,259 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
6,0	00					9,0	00					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 6,700 6,750 6,800 6,850 6,900 6,950	6,650 6,700 6,750 6,800 6,850 6,900 6,950 7,000	663 668 673 678 683 688 693 698	663 668 673 678 683 688 693 698	663 668 673 678 683 688 693 698	663 668 673 678 683 688 693 698	9,600 9,650 9,700 9,750 9,800 9,850 9,900	9,650 9,700 9,750 9,800 9,850 9,900 9,950 10,000	1,094 1,101 1,109 1,116 1,124 1,131 1,139 1,146	963 968 973 978 983 988 993 998	1,094 1,101 1,109 1,116 1,124 1,131 1,139 1,146	963 968 973 978 983 988 993 998	12,600 12,650 12,700 12,750 12,800 12,850 12,900 12,950	12,650 12,700 12,750 12,800 12,850 12,900 12,950	1,544 1,551 1,559 1,566 1,574 1,581 1,589 1,596	1,263 1,268 1,273 1,278 1,283 1,288 1,293 1,298	1,544 1,551 1,559 1,566 1,574 1,581 1,589 1,596	1,394 1,401 1,409 1,416 1,424 1,431 1,439 1,446
7,0			000		000	_	000	1,110	000	1,110	000		000	1,000	1,200	1,000	1,110
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 co	olumn m	ust also	be used	d by a qu	ualifying	widow(e	er).								(Contin	ued on p	age 64)

If line 4 (taxable income	•			ou are—		If line (taxab incom			And ye	ou are—	-	If line (taxal incon			And yo	ou are—	
At least	But less than	Single	Married filing jointly *	Married filing sepa-rately ax is—	Head of a house- hold	At least	But less than	Single	Married filing jointly	Married filing sepa-rately	Head of a house- hold	At least	But less than	Single	Married filing jointly *	Married filing sepa-rately tax is—	Head of a house- hold
14,	000					17,	000					20.	,000				
14,000 14,050 14,100 14,150		1,754 1,761 1,769 1,776	1,404 1,411 1,419 1,426	1,754 1,761 1,769 1,776	1,604 1,611 1,619 1,626	17,000 17,050 17,100 17,150	17,050 17,100 17,150 17,200	2,204 2,211 2,219 2,226	1,854 1,861 1,869 1,876	2,204 2,211 2,219 2,226	2,054 2,061 2,069 2,076	20,000 20,050 20,100 20,150	20,050 20,100 20,150 20,200	2,654 2,661 2,669 2,676	2,304 2,311 2,319 2,326	2,654 2,661 2,669 2,676	2,504 2,511 2,519 2,526
14,200 14,250 14,300 14,350	14,250 14,300 14,350 14,400	1,784 1,791 1,799 1,806	1,434 1,441 1,449 1,456	1,784 1,791 1,799 1,806	1,634 1,641 1,649 1,656	17,200 17,250 17,300 17,350	17,250 17,300 17,350 17,400 17,450	2,234 2,241 2,249 2,256 2,264	1,884 1,891 1,899 1,906	2,234 2,241 2,249 2,256 2,264	2,084 2,091 2,099 2,106 2,114	20,200 20,250 20,300 20,350	20,250 20,300 20,350 20,400	2,684 2,691 2,699 2,706	2,334 2,341 2,349 2,356	2,684 2,691 2,699 2,706	2,534 2,541 2,549 2,556
14,400 14,450 14,500 14,550	14,450 14,500 14,550 14,600	1,814 1,821 1,829 1,836	1,464 1,471 1,479 1,486	1,814 1,821 1,829 1,836	1,664 1,671 1,679 1,686	17,400 17,450 17,500 17,550 17,600	17,500 17,550 17,600 17,650	2,204 2,271 2,279 2,286 2,294	1,921 1,929 1,936 1,944	2,274 2,279 2,286 2,294	2,114 2,121 2,129 2,136 2,144	20,400 20,450 20,500 20,550	20,450 20,500 20,550 20,600	2,714 2,721 2,729 2,736	2,364 2,371 2,379 2,386	2,714 2,721 2,729 2,736	2,564 2,571 2,579 2,586
14,600 14,650 14,700 14,750	14,650 14,700 14,750 14,800	1,844 1,851 1,859 1,866	1,494 1,501 1,509 1,516	1,844 1,851 1,859 1,866	1,694 1,701 1,709 1,716 1,724	17,650 17,700 17,750 17,800	17,700 17,750 17,800 17,850	2,301 2,309 2,316 2,324	1,951 1,959 1,966 1,974	2,301 2,309 2,316 2,324	2,151 2,159 2,166 2,174	20,600 20,650 20,700 20,750 20,800	20,650 20,700 20,750 20,800	2,744 2,751 2,759 2,766	2,394 2,401 2,409 2,416	2,744 2,751 2,759 2,766	2,594 2,601 2,609 2,616 2,624
14,800 14,850 14,900 14,950	14,850 14,900 14,950 15,000	1,874 1,881 1,889 1,896	1,524 1,531 1,539 1,546	1,874 1,881 1,889 1,896	1,724 1,731 1,739 1,746	17,850 17,900 17,950	17,900 17,950 18,000	2,331 2,339 2,346	1,981 1,989 1,996	2,331 2,339 2,346	2,181 2,189 2,196	20,850 20,900 20,950	20,850 20,900 20,950 21,000	2,774 2,781 2,789 2,796	2,424 2,431 2,439 2,446	2,774 2,781 2,789 2,796	2,624 2,631 2,639 2,646
15,	000						000					21,	,000				
15,000 15,050 15,100 15,150	15,050 15,100 15,150 15,200	1,904 1,911 1,919 1,926	1,554 1,561 1,569 1,576	1,904 1,911 1,919 1,926	1,754 1,761 1,769 1,776	18,000 18,050 18,100 18,150	18,050 18,100 18,150 18,200	2,354 2,361 2,369 2,376	2,004 2,011 2,019 2,026	2,354 2,361 2,369 2,376	2,204 2,211 2,219 2,226	21,000 21,050 21,100 21,150	21,050 21,100 21,150 21,200	2,804 2,811 2,819 2,826	2,454 2,461 2,469 2,476	2,804 2,811 2,819 2,826	2,654 2,661 2,669 2,676
15,200 15,250 15,300 15,350	15,250 15,300 15,350 15,400	1,934 1,941 1,949 1,956	1,584 1,591 1,599 1,606	1,934 1,941 1,949 1,956	1,784 1,791 1,799 1,806	18,200 18,250 18,300 18,350	18,250 18,300 18,350 18,400	2,384 2,391 2,399 2,406	2,034 2,041 2,049 2,056	2,384 2,391 2,399 2,406	2,234 2,241 2,249 2,256	21,200 21,250 21,300 21,350	21,250 21,300 21,350 21,400	2,834 2,841 2,849 2,856	2,484 2,491 2,499 2,506	2,834 2,841 2,849 2,856	2,684 2,691 2,699 2,706
15,400 15,450 15,500 15,550	15,450 15,500 15,550 15,600	1,964 1,971 1,979 1,986	1,614 1,621 1,629 1,636	1,964 1,971 1,979 1,986	1,814 1,821 1,829 1,836	18,400 18,450 18,500 18,550	18,450 18,500 18,550 18,600	2,414 2,421 2,429 2,436	2,064 2,071 2,079 2,086	2,414 2,421 2,429 2,436	2,264 2,271 2,279 2,286	21,400 21,450 21,500 21,550	21,450 21,500 21,550 21,600	2,864 2,871 2,879 2,886	2,514 2,521 2,529 2,536	2,864 2,871 2,879 2,886	2,714 2,721 2,729 2,736
15,600 15,650 15,700 15,750	15,650 15,700 15,750 15,800	1,994 2,001 2,009 2,016	1,644 1,651 1,659 1,666	1,994 2,001 2,009 2,016	1,844 1,851 1,859 1,866	18,600 18,650 18,700 18,750	18,650 18,700 18,750 18,800	2,444 2,451 2,459 2,466	2,094 2,101 2,109 2,116	2,444 2,451 2,459 2,466	2,294 2,301 2,309 2,316	21,600 21,650 21,700 21,750	21,650 21,700 21,750 21,800	2,894 2,901 2,909 2,916	2,544 2,551 2,559 2,566	2,894 2,901 2,909 2,916	2,744 2,751 2,759 2,766
15,950	15,850 15,900 15,950 16,000	2,024 2,031 2,039 2,046	1,674 1,681 1,689 1,696	2,024 2,031 2,039 2,046	1,874 1,881 1,889 1,896		18,850 18,900 18,950 19,000	2,474 2,481 2,489 2,496	2,124 2,131 2,139 2,146	2,474 2,481 2,489 2,496	2,324 2,331 2,339 2,346	21,950	21,850 21,900 21,950 22,000	2,924 2,931 2,939 2,946	2,574 2,581 2,589 2,596	2,924 2,931 2,939 2,946	2,774 2,781 2,789 2,796
16,	000					19,	000					22,	,000				
		2,054 2,061 2,069 2,076	1,704 1,711 1,719 1,726	2,054 2,061 2,069 2,076	1,904 1,911 1,919 1,926	19,000 19,050 19,100 19,150	19,100 19,150 19,200	2,504 2,511 2,519 2,526	2,154 2,161 2,169 2,176	2,504 2,511 2,519 2,526	2,354 2,361 2,369 2,376	22.050	22,050 22,100 22,150 22,200	2,954 2,961 2,969 2,976	2,604 2,611 2,619 2,626	2,954 2,961 2,969 2,976	2,804 2,811 2,819 2,826
16,200 16,250 16,300 16,350	16,250 16,300 16,350 16,400	2,084 2,091 2,099 2,106	1,734 1,741 1,749 1,756	2,084 2,091 2,099 2,106	1,934 1,941 1,949 1,956	19,300 19,350	19,250 19,300 19,350 19,400	2,534 2,541 2,549 2,556	2,184 2,191 2,199 2,206	2,534 2,541 2,549 2,556	2,384 2,391 2,399 2,406	22,200 22,250 22,300 22,350	22,300 22,350 22,400	2,984 2,991 2,999 3,006	2,634 2,641 2,649 2,656	2,984 2,991 2,999 3,006	2,834 2,841 2,849 2,856
16,400 16,450 16,500 16,550	16,550 16,600	2,114 2,121 2,129 2,136	1,764 1,771 1,779 1,786	2,114 2,121 2,129 2,136	1,964 1,971 1,979 1,986	19,450 19,500 19,550	19,600	2,564 2,571 2,579 2,586	2,214 2,221 2,229 2,236	2,564 2,571 2,579 2,586	2,414 2,421 2,429 2,436	22,400 22,450 22,500 22,550	22,550 22,600	3,014 3,021 3,029 3,036	2,664 2,671 2,679 2,686	3,014 3,021 3,029 3,036	2,864 2,871 2,879 2,886
16,600 16,650 16,700 16,750	16,800	2,144 2,151 2,159 2,166	1,794 1,801 1,809 1,816	2,144 2,151 2,159 2,166	1,994 2,001 2,009 2,016	19,650 19,700 19,750	19,650 19,700 19,750 19,800	2,594 2,601 2,609 2,616	2,244 2,251 2,259 2,266	2,594 2,601 2,609 2,616	2,444 2,451 2,459 2,466	22,600 22,650 22,700 22,750	22,750 22,800	3,044 3,051 3,059 3,066	2,694 2,701 2,709 2,716	3,044 3,051 3,059 3,066	2,894 2,901 2,909 2,916
16,800 16,850 16,900 16,950	16,850 16,900 16,950 17,000	2,174 2,181 2,189 2,196	1,824 1,831 1,839 1,846	2,174 2,181 2,189 2,196	2,024 2,031 2,039 2,046	19,900	19,850 19,900 19,950 20,000	2,624 2,631 2,639 2,646	2,274 2,281 2,289 2,296	2,624 2,631 2,639 2,646	2,474 2,481 2,489 2,496	22,800 22,850 22,900 22,950	22,950	3,074 3,081 3,089 3,096	2,724 2,731 2,739 2,746	3,074 3,081 3,089 3,096	2,924 2,931 2,939 2,946
* This co	olumn m	ust also	be used	by a qu	ualifying	widow(e	er).								(Contin	nued on p	age 65)

													200	o iax	Tubic	COITE	mucu
If line 40 (taxable income) i	is—		And yo	ou are—	-	If line (taxab incom			And yo	ou are—	-	If line (taxab incom			And yo	u are—	
least	But less than	Single	Married filing jointly	Married filing sepa-rately ax is—	Head of a house- hold	At least	But less than	Single	Married filing jointly *	Married filing sepa-rately	Head of a house- hold	At least	But less than	Single	filing jointly *	Married filing sepa-rately tax is—	Head of a house- hold
23,0	00		Tour t	ux 15		26	000		1001 0	ux 15		29	000		Tour	ux 15	
	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	3,854
23,050 2 23,100 2 23,150 2 23,200 2 23,250 2	23,100 23,150 23,200 23,250 23,300 23,350	3,111 3,119 3,126 3,134 3,141 3,149	2,761 2,769 2,776 2,784 2,791 2,799	3,111 3,119 3,126 3,134 3,141 3,149	2,961 2,969 2,976 2,984 2,991 2,999	26,000 26,150 26,150 26,200 26,250 26,300	26,100 26,150 26,200 26,250 26,300 26,350	3,561 3,569 3,576 3,584 3,591 3,599	3,211 3,219 3,226 3,234 3,241 3,249	3,561 3,569 3,576 3,584 3,591 3,599	3,411 3,419 3,426 3,434 3,441 3,449	29,050 29,100 29,150 29,200 29,250 29,300	29,100 29,150 29,200 29,250 29,300 29,350	4,079 4,091 4,104 4,116 4,129	3,661 3,669 3,676 3,684 3,691 3,699	4,079 4,091 4,104 4,116 4,129	3,861 3,869 3,876 3,884 3,891
23,350 2	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	4,141 4,154	3,706	4,141 4,154	3,899 3,906
23,450 2 23,500 2 23,550 2	23,450 23,500 23,550 23,600	3,164 3,171 3,179 3,186	2,814 2,821 2,829 2,836	3,164 3,171 3,179 3,186	3,014 3,021 3,029 3,036	26,400 26,450 26,500 26,550	26,450 26,500 26,550 26,600	3,614 3,621 3,629 3,636	3,264 3,271 3,279 3,286	3,614 3,621 3,629 3,636	3,464 3,471 3,479 3,486	29,400 29,450 29,500 29,550	29,450 29,500 29,550 29,600	4,166 4,179 4,191 4,204	3,714 3,721 3,729 3,736	4,166 4,179 4,191 4,204	3,914 3,921 3,929 3,936
23,650 2 23,700 2	23,650 23,700 23,750 23,800	3,194 3,201 3,209 3,216	2,844 2,851 2,859 2,866	3,194 3,201 3,209 3,216	3,044 3,051 3,059 3,066	26,600 26,650 26,700 26,750	26,650 26,700 26,750 26,800	3,644 3,651 3,659 3,666	3,294 3,301 3,309 3,316	3,644 3,651 3,659 3,666	3,494 3,501 3,509 3,516	29,600 29,650 29,700 29,750	29,650 29,700 29,750 29,800	4,216 4,229 4,241 4,254	3,744 3,751 3,759 3,766	4,216 4,229 4,241 4,254	3,944 3,951 3,959 3,966
23,850 2 23,900 2	23,850 23,900 23,950 24,000	3,224 3,231 3,239 3,246	2,874 2,881 2,889 2,896	3,224 3,231 3,239 3,246	3,074 3,081 3,089 3,096	26,800 26,850 26,900 26,950	26,850 26,900 26,950 27,000	3,674 3,681 3,689 3,696	3,324 3,331 3,339 3,346	3,674 3,681 3,689 3,696	3,524 3,531 3,539 3,546	29,800 29,850 29,900 29,950	29,850 29,900 29,950 30,000	4,266 4,279 4,291 4,304	3,774 3,781 3,789 3,796	4,266 4,279 4,291 4,304	3,974 3,981 3,989 3,996
24,0	00					27,	000					30,	000				
24,100 2	24,050 24,100 24,150 24,200	3,254 3,261 3,269 3,276	2,904 2,911 2,919 2,926	3,254 3,261 3,269 3,276	3,104 3,111 3,119 3,126	27,000 27,050 27,100 27,150	27,050 27,100 27,150 27,200	3,704 3,711 3,719 3,726	3,354 3,361 3,369 3,376	3,704 3,711 3,719 3,726	3,554 3,561 3,569 3,576	30,000 30,050 30,100 30,150	30,050 30,100 30,150 30,200	4,316 4,329 4,341 4,354	3,804 3,811 3,819 3,826	4,316 4,329 4,341 4,354	4,004 4,011 4,019 4,026
24,250 2 24,300 2	24,250 24,300 24,350 24,400	3,284 3,291 3,299 3,306	2,934 2,941 2,949 2,956	3,284 3,291 3,299 3,306	3,134 3,141 3,149 3,156	27,200 27,250 27,300 27,350	27,250 27,300 27,350 27,400	3,734 3,741 3,749 3,756	3,384 3,391 3,399 3,406	3,734 3,741 3,749 3,756	3,584 3,591 3,599 3,606	30,200 30,250 30,300 30,350	30,250 30,300 30,350 30,400	4,366 4,379 4,391 4,404	3,834 3,841 3,849 3,856	4,366 4,379 4,391 4,404	4,034 4,041 4,049 4,056
24,450 2 24,500 2	24,450 24,500 24,550 24,600	3,314 3,321 3,329 3,336	2,964 2,971 2,979 2,986	3,314 3,321 3,329 3,336	3,164 3,171 3,179 3,186	27,400 27,450 27,500 27,550	27,450 27,500 27,550 27,600	3,764 3,771 3,779 3,786	3,414 3,421 3,429 3,436	3,764 3,771 3,779 3,786	3,614 3,621 3,629 3,636	30,400 30,450 30,500 30,550	30,450 30,500 30,550 30,600	4,416 4,429 4,441 4,454	3,864 3,871 3,879 3,886	4,416 4,429 4,441 4,454	4,064 4,071 4,079 4,086
24,650 2 24,700 2	24,650 24,700 24,750 24,800	3,344 3,351 3,359 3,366	2,994 3,001 3,009 3,016	3,344 3,351 3,359 3,366	3,194 3,201 3,209 3,216	27,600 27,650 27,700 27,750	27,650 27,700 27,750 27,800	3,794 3,801 3,809 3,816	3,444 3,451 3,459 3,466	3,794 3,801 3,809 3,816	3,644 3,651 3,659 3,666	30,600 30,650 30,700 30,750	30,650 30,700 30,750 30,800	4,466 4,479 4,491 4,504	3,894 3,901 3,909 3,916	4,466 4,479 4,491 4,504	4,094 4,101 4,109 4,116
24,850 2	24,850 24,900 24,950 25,000	3,374 3,381 3,389 3,396	3,024 3,031 3,039 3,046	3,374 3,381 3,389 3,396	3,224 3,231 3,239 3,246	27,800 27,850 27,900 27,950	27,850 27,900 27,950 28,000	3,824 3,831 3,839 3,846	3,474 3,481 3,489 3,496	3,824 3,831 3,839 3,846	3,674 3,681 3,689 3,696	30,800 30,850 30,900 30,950	30,850 30,900 30,950 31,000	4,516 4,529 4,541 4,554	3,924 3,931 3,939 3,946	4,516 4,529 4,541 4,554	4,124 4,131 4,139 4,146
25,0	00					28,	000					31,	000				
25,150	25,100 25,150	3,404 3,411 3,419 3,426	3,054 3,061 3,069 3,076	3,404 3,411 3,419 3,426	3,254 3,261 3,269 3,276	28,050 28,100	28,050 28,100 28,150 28,200	3,854 3,861 3,869 3,876	3,504 3,511 3,519 3,526	3,854 3,861 3,869 3,876	3,704 3,711 3,719 3,726	31,000 31,050 31,100 31,150	31,050 31,100 31,150 31,200	4,566 4,579 4,591 4,604	3,954 3,961 3,969 3,976	4,566 4,579 4,591 4,604	4,154 4,161 4,169 4,176
25,250 2 25,300 2	25,250 25,300 25,350 25,400	3,434 3,441 3,449 3,456	3,084 3,091 3,099 3,106	3,434 3,441 3,449 3,456	3,284 3,291 3,299 3,306	28,200 28,250 28,300 28,350	28,350 28,400	3,884 3,891 3,899 3,906	3,534 3,541 3,549 3,556	3,884 3,891 3,899 3,906	3,734 3,741 3,749 3,756	31,200 31,250 31,300 31,350	31,250 31,300 31,350 31,400	4,616 4,629 4,641 4,654	3,984 3,991 3,999 4,006	4,616 4,629 4,641 4,654	4,184 4,191 4,199 4,206
25,450 2 25,500 2 25,550 2	25,450 25,500 25,550 25,600	3,464 3,471 3,479 3,486	3,114 3,121 3,129 3,136	3,464 3,471 3,479 3,486	3,314 3,321 3,329 3,336	28,400 28,450 28,500 28,550	28,450 28,500 28,550 28,600	3,916 3,929 3,941 3,954	3,564 3,571 3,579 3,586	3,916 3,929 3,941 3,954	3,764 3,771 3,779 3,786	31,400 31,450 31,500 31,550	31,450 31,500 31,550 31,600	4,666 4,679 4,691 4,704	4,014 4,021 4,029 4,036	4,666 4,679 4,691 4,704	4,214 4,221 4,229 4,236
25,650 2 25,700 2 25,750 2	25,650 25,700 25,750 25,800	3,494 3,501 3,509 3,516	3,144 3,151 3,159 3,166	3,494 3,501 3,509 3,516	3,344 3,351 3,359 3,366	28,600 28,650 28,700 28,750	28,650 28,700 28,750 28,800	3,966 3,979 3,991 4,004	3,594 3,601 3,609 3,616	3,966 3,979 3,991 4,004	3,794 3,801 3,809 3,816	31,600 31,650 31,700 31,750	31,650 31,700 31,750 31,800	4,716 4,729 4,741 4,754	4,044 4,051 4,059 4,066	4,716 4,729 4,741 4,754	4,244 4,251 4,259 4,266
25,850 2	25,950	3,524 3,531 3,539 3,546	3,174 3,181 3,189 3,196	3,524 3,531 3,539 3,546	3,374 3,381 3,389 3,396	28,800 28,850 28,900 28,950		4,016 4,029 4,041 4,054	3,624 3,631 3,639 3,646	4,016 4,029 4,041 4,054	3,824 3,831 3,839 3,846	31,800 31,850 31,900 31,950	31,850 31,900 31,950 32,000	4,766 4,779 4,791 4,804	4,074 4,081 4,089 4,096	4,766 4,779 4,791 4,804	4,274 4,281 4,289 4,296
* This col	umn mi	ust also	be used	by a qu	ualifying	widow(e	er).								(Contin	ued on pa	age 66)

2003	Tax Tab	ie—C	ontinue	<u>ea</u>										1			
If line 4 (taxable income	9		And yo	ou are—		If line (taxab incom			And yo	ou are—		If line (taxab incom			And yo	u are—	
At least	But less than	Single	Married filing jointly	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly	filing sepa- rately	Head of a house- hold
	200		Your t	ax is—		0.5	000		Your t	ax is—			000		Your	tax is—	
32,	000					35,	000					38,	000				
32,000 32,050 32,100 32,150	32,050 32,100 32,150 32,200	4,816 4,829 4,841 4,854	4,104 4,111 4,119 4,126	4,816 4,829 4,841 4,854	4,304 4,311 4,319 4,326	35,000 35,050 35,100 35,150	35,050 35,100 35,150 35,200	5,566 5,579 5,591 5,604	4,554 4,561 4,569 4,576	5,566 5,579 5,591 5,604	4,754 4,761 4,769 4,776	38,000 38,050 38,100 38,150	38,050 38,100 38,150 38,200	6,316 6,329 6,341 6,354	5,004 5,011 5,019 5,026	6,316 6,329 6,341 6,354	5,204 5,214 5,226 5,239
32,200 32,250 32,300 32,350	32,250 32,300 32,350 32,400	4,866 4,879 4,891 4,904	4,134 4,141 4,149 4,156	4,866 4,879 4,891 4,904	4,334 4,341 4,349 4,356	35,200 35,250 35,300 35,350	35,250 35,300 35,350 35,400	5,616 5,629 5,641 5,654	4,584 4,591 4,599 4,606	5,616 5,629 5,641 5,654	4,784 4,791 4,799 4,806	38,200 38,250 38,300 38,350	38,250 38,300 38,350 38,400	6,366 6,379 6,391 6,404	5,034 5,041 5,049 5,056	6,366 6,379 6,391 6,404	5,251 5,264 5,276 5,289
32,400 32,450 32,500 32,550	32,450 32,500 32,550 32,600	4,916 4,929 4,941 4,954	4,164 4,171 4,179 4,186	4,916 4,929 4,941 4,954	4,364 4,371 4,379 4,386	35,400 35,450 35,500 35,550	35,450 35,500 35,550 35,600	5,666 5,679 5,691 5,704	4,614 4,621 4,629 4,636	5,666 5,679 5,691 5,704	4,814 4,821 4,829 4,836	38,400 38,450 38,500 38,550	38,450 38,500 38,550 38,600	6,416 6,429 6,441 6,454	5,064 5,071 5,079 5,086	6,416 6,429 6,441 6,454	5,301 5,314 5,326 5,339
32,600 32,650 32,700 32,750	32,650 32,700 32,750 32,800	4,966 4,979 4,991 5,004	4,194 4,201 4,209 4,216	4,966 4,979 4,991 5,004	4,394 4,401 4,409 4,416	35,600 35,650 35,700 35,750	35,650 35,700 35,750 35,800	5,716 5,729 5,741 5,754	4,644 4,651 4,659 4,666	5,716 5,729 5,741 5,754	4,844 4,851 4,859 4,866	38,600 38,650 38,700 38,750	38,650 38,700 38,750 38,800	6,466 6,479 6,491 6,504	5,094 5,101 5,109 5,116	6,466 6,479 6,491 6,504	5,351 5,364 5,376 5,389
32,800 32,850 32,900 32,950	32,850 32,900 32,950 33,000	5,016 5,029 5,041 5,054	4,224 4,231 4,239 4,246	5,016 5,029 5,041 5,054	4,424 4,431 4,439 4,446	35,800 35,850 35,900 35,950	35,850 35,900 35,950 36,000	5,766 5,779 5,791 5,804	4,674 4,681 4,689 4,696	5,766 5,779 5,791 5,804	4,874 4,881 4,889 4,896	38,800 38,850 38,900 38,950	38,850 38,900 38,950 39,000	6,516 6,529 6,541 6,554	5,124 5,131 5,139 5,146	6,516 6,529 6,541 6,554	5,401 5,414 5,426 5,439
33,	000					36,	000					39,	000	I.			
33,000 33,050 33,100 33,150	33,050 33,100 33,150 33,200	5,066 5,079 5,091 5,104	4,254 4,261 4,269 4,276	5,066 5,079 5,091 5,104	4,454 4,461 4,469 4,476	36,000 36,050 36,100 36,150	36,050 36,100 36,150 36,200	5,816 5,829 5,841 5,854	4,704 4,711 4,719 4,726	5,816 5,829 5,841 5,854	4,904 4,911 4,919 4,926	39,000 39,050 39,100 39,150	39,050 39,100 39,150 39,200	6,566 6,579 6,591 6,604	5,154 5,161 5,169 5,176	6,566 6,579 6,591 6,604	5,451 5,464 5,476 5,489
33,200 33,250 33,300 33,350	33,250 33,300 33,350 33,400	5,116 5,129 5,141 5,154	4,284 4,291 4,299 4,306	5,116 5,129 5,141 5,154	4,484 4,491 4,499 4,506	36,200 36,250 36,300 36,350	36,250 36,300 36,350 36,400	5,866 5,879 5,891 5,904	4,734 4,741 4,749 4,756	5,866 5,879 5,891 5,904	4,934 4,941 4,949 4,956	39,200 39,250 39,300 39,350	39,250 39,300 39,350 39,400	6,616 6,629 6,641 6,654	5,184 5,191 5,199 5,206	6,616 6,629 6,641 6,654	5,501 5,514 5,526 5,539
33,400 33,450 33,500 33,550	33,450 33,500 33,550 33,600	5,166 5,179 5,191 5,204	4,314 4,321 4,329 4,336	5,166 5,179 5,191 5,204	4,514 4,521 4,529 4,536	36,400 36,450 36,500 36,550	36,450 36,500 36,550 36,600	5,916 5,929 5,941 5,954	4,764 4,771 4,779 4,786	5,916 5,929 5,941 5,954	4,964 4,971 4,979 4,986	39,400 39,450 39,500 39,550	39,450 39,500 39,550 39,600	6,666 6,679 6,691 6,704	5,214 5,221 5,229 5,236	6,666 6,679 6,691 6,704	5,551 5,564 5,576 5,589
33,600 33,650 33,700 33,750	33,650 33,700 33,750 33,800	5,216 5,229 5,241 5,254	4,344 4,351 4,359 4,366	5,216 5,229 5,241 5,254	4,544 4,551 4,559 4,566	36,600 36,650 36,700 36,750	36,650 36,700 36,750 36,800	5,966 5,979 5,991 6,004	4,794 4,801 4,809 4,816	5,966 5,979 5,991 6,004	4,994 5,001 5,009 5,016	39,600 39,650 39,700 39,750	39,650 39,700 39,750 39,800	6,716 6,729 6,741 6,754	5,244 5,251 5,259 5,266	6,716 6,729 6,741 6,754	5,601 5,614 5,626 5,639
	33,850 33,900 33,950 34,000	5,266 5,279 5,291 5,304	4,374 4,381 4,389 4,396	5,266 5,279 5,291 5,304	4,574 4,581 4,589 4,596	36,950	36,850 36,900 36,950 37,000	6,016 6,029 6,041 6,054	4,824 4,831 4,839 4,846	6,016 6,029 6,041 6,054	5,024 5,031 5,039 5,046		39,850 39,900 39,950 40,000	6,766 6,779 6,791 6,804	5,274 5,281 5,289 5,296	6,766 6,779 6,791 6,804	5,651 5,664 5,676 5,689
34,	000					37,	000	Ι				40,	000	I			
34,000 34,050 34,100 34,150	34,100	5,316 5,329 5,341 5,354	4,404 4,411 4,419 4,426	5,316 5,329 5,341 5,354	4,604 4,611 4,619 4,626	37,050	37,050 37,100 37,150 37,200	6,066 6,079 6,091 6,104	4,854 4,861 4,869 4,876	6,066 6,079 6,091 6,104	5,054 5,061 5,069 5,076		40,050 40,100 40,150 40,200	6,816 6,829 6,841 6,854	5,304 5,311 5,319 5,326	6,816 6,829 6,841 6,854	5,701 5,714 5,726 5,739
34,200 34,250 34,300 34,350	34,250 34,300 34,350 34,400	5,366 5,379 5,391 5,404	4,434 4,441 4,449 4,456	5,366 5,379 5,391 5,404	4,634 4,641 4,649 4,656	37,200 37,250 37,300 37,350	37,250 37,300 37,350 37,400	6,116 6,129 6,141 6,154	4,884 4,891 4,899 4,906	6,116 6,129 6,141 6,154	5,084 5,091 5,099 5,106	40,200 40,250 40,300 40,350	40,250 40,300 40,350 40,400	6,866 6,879 6,891 6,904	5,334 5,341 5,349 5,356	6,866 6,879 6,891 6,904	5,751 5,764 5,776 5,789
34,400 34,450 34,500 34,550	34,450 34,500 34,550 34,600	5,416 5,429 5,441 5,454	4,464 4,471 4,479 4,486	5,416 5,429 5,441 5,454	4,664 4,671 4,679 4,686	37,400 37,450 37,500 37,550	37,550 37,600	6,166 6,179 6,191 6,204	4,914 4,921 4,929 4,936	6,166 6,179 6,191 6,204	5,114 5,121 5,129 5,136	40,400 40,450 40,500 40,550	40,450 40,500 40,550 40,600	6,916 6,929 6,941 6,954	5,364 5,371 5,379 5,386	6,916 6,929 6,941 6,954	5,801 5,814 5,826 5,839
34,600 34,650 34,700 34,750	34,750 34,800	5,466 5,479 5,491 5,504	4,494 4,501 4,509 4,516	5,466 5,479 5,491 5,504	4,694 4,701 4,709 4,716	37,700 37,750	37,650 37,700 37,750 37,800	6,216 6,229 6,241 6,254	4,944 4,951 4,959 4,966	6,216 6,229 6,241 6,254	5,144 5,151 5,159 5,166	40,600 40,650 40,700 40,750	40,650 40,700 40,750 40,800	6,966 6,979 6,991 7,004	5,394 5,401 5,409 5,416	6,966 6,979 6,991 7,004	5,851 5,864 5,876 5,889
34,800 34,850 34,900 34,950	34,950	5,516 5,529 5,541 5,554	4,524 4,531 4,539 4,546	5,516 5,529 5,541 5,554	4,724 4,731 4,739 4,746		37,850 37,900 37,950 38,000	6,266 6,279 6,291 6,304	4,974 4,981 4,989 4,996	6,266 6,279 6,291 6,304	5,174 5,181 5,189 5,196	40,800 40,850 40,900 40,950	40,850 40,900 40,950 41,000	7,016 7,029 7,041 7,054	5,424 5,431 5,439 5,446	7,016 7,029 7,041 7,054	5,901 5,914 5,926 5,939
* This c	olumn m	ust also	be use	d by a q	ualifying	widow(er).								(Contin	ued on p	age 67)

												200	3 Tax	Table	COIT	<u>inuea</u>
If line 40 (taxable income) is—		And yo	ou are–	-	If line (taxab incom	le		And yo	ou are—		If line (taxab incom			And yo	u are—	
At But least less than		filing jointly *	Married filing sepa- rately ax is—	Head of a house- hold	At least	But less than	Single	Married filing jointly *	Married filing sepa-rately ax is—	Head of a house- hold	At least	But less than	Single	filing jointly *	Married filing sepa-rately tax is—	Head of a house- hold
41,000)				44.	000					47.	000				
41,000 41,0		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 41,1 41,100 41,1 41,150 41,2	00 7,079 50 7,091 00 7,104	5,461 5,469 5,476	7,079 7,091 7,104	5,964 5,976 5,989	44,050 44,100 44,150	44,100 44,150 44,200	7,829 7,841 7,854	5,911 5,919 5,926	7,829 7,841 7,854	6,714 6,726 6,739	47,050 47,100 47,150	47,100 47,150 47,200	8,579 8,591 8,604	6,361 6,369 6,376	8,579 8,591 8,604	7,464 7,476 7,489
41,200 41,2 41,250 41,3 41,300 41,3 41,350 41,4	00 7,129 50 7,141	5,491 5,499	7,116 7,129 7,141 7,154	6,001 6,014 6,026 6,039	44,200 44,250 44,300 44,350	44,250 44,300 44,350 44,400	7,866 7,879 7,891 7,904	5,934 5,941 5,949 5,956	7,866 7,879 7,891 7,904	6,751 6,764 6,776 6,789	47,200 47,250 47,300 47,350	47,250 47,300 47,350 47,400	8,616 8,629 8,641 8,654	6,384 6,391 6,399 6,406	8,616 8,629 8,641 8,654	7,501 7,514 7,526 7,539
41,400 41,4 41,450 41,5 41,500 41,5 41,550 41,6	00 7,179 50 7,191	5,521 5,529	7,166 7,179 7,191 7,204	6,051 6,064 6,076 6,089	44,400 44,450 44,500 44,550	44,450 44,500 44,550 44,600	7,916 7,929 7,941 7,954	5,964 5,971 5,979 5,986	7,916 7,929 7,941 7,954	6,801 6,814 6,826 6,839	47,400 47,450 47,500 47,550	47,450 47,500 47,550 47,600	8,666 8,679 8,691 8,704	6,414 6,421 6,429 6,436	8,666 8,679 8,691 8,704	7,551 7,564 7,576 7,589
41,600 41,6 41,650 41,7 41,700 41,7 41,750 41,8	00 7,229 50 7,241	5,551 5,559	7,216 7,229 7,241 7,254	6,101 6,114 6,126 6,139	44,600 44,650 44,700 44,750	44,650 44,700 44,750 44,800	7,966 7,979 7,991 8,004	5,994 6,001 6,009 6,016	7,966 7,979 7,991 8,004	6,851 6,864 6,876 6,889	47,600 47,650 47,700 47,750	47,650 47,700 47,750 47,800	8,716 8,729 8,741 8,754	6,444 6,451 6,459 6,466	8,716 8,729 8,741 8,754	7,601 7,614 7,626 7,639
41,800 41,8 41,850 41,9 41,900 41,9 41,950 42,0	00 7,279 50 7,291	5,581 5,589	7,266 7,279 7,291 7,304	6,151 6,164 6,176 6,189	44,800 44,850 44,900 44,950	44,850 44,900 44,950 45,000	8,016 8,029 8,041 8,054	6,024 6,031 6,039 6,046	8,016 8,029 8,041 8,054	6,901 6,914 6,926 6,939	47,800 47,850 47,900 47,950	47,850 47,900 47,950 48,000	8,766 8,779 8,791 8,804	6,474 6,481 6,489 6,496	8,766 8,779 8,791 8,804	7,651 7,664 7,676 7,689
42,000)				45,	000					48,	000				
42,000 42,0 42,050 42,1 42,100 42,1 42,150 42,2	00 7,329 50 7,341	5,611 5,619	7,316 7,329 7,341 7,354	6,201 6,214 6,226 6,239	45,000 45,050 45,100 45,150	45,050 45,100 45,150 45,200	8,066 8,079 8,091 8,104	6,054 6,061 6,069 6,076	8,066 8,079 8,091 8,104	6,951 6,964 6,976 6,989	48,000 48,050 48,100 48,150	48,050 48,100 48,150 48,200	8,816 8,829 8,841 8,854	6,504 6,511 6,519 6,526	8,816 8,829 8,841 8,854	7,701 7,714 7,726 7,739
42,200 42,2 42,250 42,3 42,300 42,3 42,350 42,4	7,366 00 7,379 50 7,391	5,634 5,641 5,649	7,366 7,379 7,391 7,404	6,251 6,264 6,276 6,289	45,200 45,250 45,300 45,350	45,250 45,300 45,350 45,400	8,116 8,129 8,141 8,154	6,084 6,091 6,099 6,106	8,116 8,129 8,141 8,154	7,001 7,014 7,026 7,039	48,200 48,250 48,300 48,350	48,250 48,300 48,350 48,400	8,866 8,879 8,891 8,904	6,534 6,541 6,549 6,556	8,866 8,879 8,891 8,904	7,751 7,764 7,776 7,789
42,400 42,4 42,450 42,5 42,500 42,5 42,550 42,6	00 7,429 50 7,441	5,671 5,679	7,416 7,429 7,441 7,454	6,301 6,314 6,326 6,339	45,400 45,450 45,500 45,550	45,450 45,500 45,550 45,600	8,166 8,179 8,191 8,204	6,114 6,121 6,129 6,136	8,166 8,179 8,191 8,204	7,051 7,064 7,076 7,089	48,400 48,450 48,500 48,550	48,450 48,500 48,550 48,600	8,916 8,929 8,941 8,954	6,564 6,571 6,579 6,586	8,916 8,929 8,941 8,954	7,801 7,814 7,826 7,839
42,600 42,6 42,650 42,7 42,700 42,7 42,750 42,8	00 7,479 50 7,491	5,701 5,709	7,466 7,479 7,491 7,504	6,351 6,364 6,376 6,389	45,600 45,650 45,700 45,750	45,650 45,700 45,750 45,800	8,216 8,229 8,241 8,254	6,144 6,151 6,159 6,166	8,216 8,229 8,241 8,254	7,101 7,114 7,126 7,139	48,600 48,650 48,700 48,750	48,650 48,700 48,750 48,800	8,966 8,979 8,991 9,004	6,594 6,601 6,609 6,616	8,966 8,979 8,991 9,004	7,851 7,864 7,876 7,889
42,800 42,8 42,850 42,9 42,900 42,9 42,950 43,0	00 7,529 50 7,541	5,731 5,739	7,516 7,529 7,541 7,554	6,401 6,414 6,426 6,439		45,850 45,900 45,950 46,000	8,266 8,279 8,291 8,304	6,174 6,181 6,189 6,196	8,266 8,279 8,291 8,304	7,151 7,164 7,176 7,189	48,800 48,850 48,900 48,950	48,850 48,900 48,950 49,000	9,016 9,029 9,041 9,054	6,624 6,631 6,639 6,646	9,016 9,029 9,041 9,054	7,901 7,914 7,926 7,939
43,000)				46,	000					49,	000				
43,000 43,0 43,050 43,1 43,100 43,1 43,150 43,2	00 7,579 50 7,591	5,761 5,769	7,566 7,579 7,591 7,604	6,451 6,464 6,476 6,489	46,000 46,050 46,100 46,150	46,050 46,100 46,150 46,200	8,316 8,329 8,341 8,354	6,204 6,211 6,219 6,226	8,316 8,329 8,341 8,354	7,201 7,214 7,226 7,239	49,000 49,050 49,100 49,150	49,050 49,100 49,150 49,200	9,066 9,079 9,091 9,104	6,654 6,661 6,669 6,676	9,066 9,079 9,091 9,104	7,951 7,964 7,976 7,989
43,200 43,2 43,250 43,3 43,300 43,3 43,350 43,4	00 7,629 50 7,641	5,791 5,799	7,616 7,629 7,641 7,654	6,501 6,514 6,526 6,539	46,200 46,250 46,300 46,350	46,250 46,300 46,350 46,400	8,366 8,379 8,391 8,404	6,234 6,241 6,249 6,256	8,366 8,379 8,391 8,404	7,251 7,264 7,276 7,289	49,200 49,250 49,300 49,350	49,250 49,300 49,350 49,400	9,116 9,129 9,141 9,154	6,684 6,691 6,699 6,706	9,116 9,129 9,141 9,154	8,001 8,014 8,026 8,039
43,400 43,4 43,450 43,5 43,500 43,5 43,550 43,6	00 7,679 50 7,691	5,821 5,829	7,666 7,679 7,691 7,704	6,551 6,564 6,576 6,589	46,400 46,450 46,500 46,550	46,450 46,500 46,550 46,600	8,416 8,429 8,441 8,454	6,264 6,271 6,279 6,286	8,416 8,429 8,441 8,454	7,301 7,314 7,326 7,339	49,400 49,450 49,500 49,550	49,450 49,500 49,550 49,600	9,166 9,179 9,191 9,204	6,714 6,721 6,729 6,736	9,166 9,179 9,191 9,204	8,051 8,064 8,076 8,089
43,600 43,6 43,650 43,7 43,700 43,7 43,750 43,8	7,729 7,741 7,754	5,851 5,859	7,716 7,729 7,741 7,754	6,601 6,614 6,626 6,639	46,600 46,650 46,700 46,750	46,650 46,700 46,750 46,800	8,466 8,479 8,491 8,504	6,294 6,301 6,309 6,316	8,466 8,479 8,491 8,504	7,351 7,364 7,376 7,389	49,600 49,650 49,700 49,750	49,650 49,700 49,750 49,800	9,216 9,229 9,241 9,254	6,744 6,751 6,759 6,766	9,216 9,229 9,241 9,254	8,101 8,114 8,126 8,139
43,800 43,8 43,850 43,9 43,900 43,9 43,950 44,0	00 7,779 50 7,791	5,881 5,889	7,766 7,779 7,791 7,804	6,651 6,664 6,676 6,689	46,800 46,850 46,900 46,950	46,850 46,900 46,950 47,000	8,516 8,529 8,541 8,554	6,324 6,331 6,339 6,346	8,516 8,529 8,541 8,554	7,401 7,414 7,426 7,439	49,800 49,850 49,900 49,950	49,850 49,900 49,950 50,000	9,266 9,279 9,291 9,304	6,774 6,781 6,789 6,796	9,266 9,279 9,291 9,304	8,151 8,164 8,176 8,189
* This column	n must also	be used	l by a qu	ualifying	widow(e	r).								(Contin	ued on pa	age 68)

2003 Tax Table—Continued																		
If line 40 (taxable income)			And y	ou are—	•	If line (taxab incom	le		And ye	ou are—	•	If line (taxab incom		And you are—				
At least	But less than	Single	Married filing jointly	filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	filing jointly *	Married filing sepa- rately	Head of a house- hold	
Your tax is—						Your tax is—						Your tax is—						
50,000					53,000							56,000						
50,000 50,050 50,100 50,150	50,050 50,100 50,150 50,200	9,316 9,329 9,341 9,354	6,804 6,811 6,819 6,826	9,316 9,329 9,341 9,354	8,201 8,214 8,226 8,239	53,000 53,050 53,100 53,150	53,050 53,100 53,150 53,200	10,066 10,079 10,091 10,104	7,254 7,261 7,269 7,276	10,066 10,079 10,091 10,104	8,951 8,964 8,976 8,989	56,000 56,050 56,100 56,150	56,050 56,100 56,150 56,200	10,816 10,829 10,841 10,854	7,704 7,711 7,719 7,726	10,816 10,829 10,841 10,854	9,701 9,714 9,726 9,739	
50,200 50,250 50,300 50,350	50,250 50,300 50,350 50,400	9,366 9,379 9,391 9,404	6,834 6,841 6,849 6,856	9,366 9,379 9,391 9,404	8,251 8,264 8,276 8,289	53,200 53,250 53,300 53,350	53,250 53,300 53,350 53,400	10,116 10,129 10,141 10,154	7,284 7,291 7,299 7,306	10,116 10,129 10,141 10,154	9,001 9,014 9,026 9,039	56,200 56,250 56,300 56,350	56,250 56,300 56,350 56,400	10,866 10,879 10,891 10,904	7,734 7,741 7,749 7,756	10,866 10,879 10,891 10,904	9,751 9,764 9,776 9,789	
50,400 50,450 50,500 50,550	50,450 50,500 50,550 50,600	9,416 9,429 9,441 9,454	6,864 6,871 6,879 6,886	9,416 9,429 9,441 9,454	8,301 8,314 8,326 8,339	53,400 53,450 53,500 53,550	53,450 53,500 53,550 53,600	10,166 10,179 10,191 10,204	7,314 7,321 7,329 7,336	10,166 10,179 10,191 10,204	9,051 9,064 9,076 9,089	56,400 56,450 56,500 56,550	56,450 56,500 56,550 56,600	10,916 10,929 10,941 10,954	7,764 7,771 7,779 7,786	10,916 10,929 10,941 10,954	9,801 9,814 9,826 9,839	
50,600 50,650 50,700 50,750	50,650 50,700 50,750 50,800	9,466 9,479 9,491 9,504	6,894 6,901 6,909 6,916	9,466 9,479 9,491 9,504	8,351 8,364 8,376 8,389	53,600 53,650 53,700 53,750	53,650 53,700 53,750 53,800	10,216 10,229 10,241 10,254	7,344 7,351 7,359 7,366	10,216 10,229 10,241 10,254	9,101 9,114 9,126 9,139	56,600 56,650 56,700 56,750	56,650 56,700 56,750 56,800	10,966 10,979 10,991 11,004	7,794 7,801 7,809 7,816	10,966 10,979 10,991 11,004	9,851 9,864 9,876 9,889	
50,800 50,850 50,900 50,950	50,850 50,900 50,950 51,000	9,516 9,529 9,541 9,554	6,924 6,931 6,939 6,946	9,516 9,529 9,541 9,554	8,401 8,414 8,426 8,439	53,800 53,850 53,900 53,950	53,850 53,900 53,950 54,000	10,266 10,279 10,291 10,304	7,374 7,381 7,389 7,396	10,266 10,279 10,291 10,304	9,151 9,164 9,176 9,189	56,800 56,850 56,900 56,950	56,850 56,900 56,950 57,000	11,016 11,029 11,041 11,054	7,826 7,839 7,851	11,016 11,029 11,041 11,054	9,901 9,914 9,926 9,939	
51,	51,000					54,000							57,000					
51,000 51,050 51,100 51,150	51,050 51,100 51,150 51,200	9,566 9,579 9,591 9,604	6,954 6,961 6,969 6,976	9,566 9,579 9,591 9,604	8,451 8,464 8,476 8,489	54,000 54,050 54,100 54,150	54,050 54,100 54,150 54,200	10,316 10,329 10,341 10,354	7,404 7,411 7,419 7,426	10,316 10,329 10,341 10,354	9,201 9,214 9,226 9,239	57,000 57,050 57,100 57,150	57,050 57,100 57,150 57,200	11,066 11,079 11,091 11,104	7,876 7,889 7,901 7,914	11,066 11,079 11,091 11,104	9,951 9,964 9,976 9,989	
51,200 51,250 51,300 51,350	51,250 51,300 51,350 51,400	9,616 9,629 9,641 9,654	6,984 6,991 6,999 7,006	9,616 9,629 9,641 9,654	8,501 8,514 8,526 8,539	54,200 54,250 54,300 54,350	54,250 54,300 54,350 54,400	10,366 10,379 10,391 10,404	7,434 7,441 7,449 7,456	10,366 10,379 10,391 10,404	9,251 9,264 9,276 9,289	57,200 57,250 57,300 57,350	57,250 57,300 57,350 57,400	11,116 11,129 11,141 11,154	7,926 7,939 7,951 7,964	11,116 11,129 11,141 11,155	10,001 10,014 10,026 10,039	
51,400 51,450 51,500 51,550	51,450 51,500 51,550 51,600	9,666 9,679 9,691 9,704	7,014 7,021 7,029 7,036	9,666 9,679 9,691 9,704	8,551 8,564 8,576 8,589	54,400 54,450 54,500 54,550	54,450 54,500 54,550 54,600	10,416 10,429 10,441 10,454	7,464 7,471 7,479 7,486	10,416 10,429 10,441 10,454	9,301 9,314 9,326 9,339	57,400 57,450 57,500 57,550	57,450 57,500 57,550 57,600	11,166 11,179 11,191 11,204	7,976 7,989 8,001 8,014	11,169 11,183 11,197 11,211	10,051 10,064 10,076 10,089	
51,600 51,650 51,700 51,750	51,650 51,700 51,750 51,800	9,716 9,729 9,741 9,754	7,044 7,051 7,059 7,066	9,716 9,729 9,741 9,754	8,601 8,614 8,626 8,639	54,600 54,650 54,700 54,750	54,650 54,700 54,750 54,800	10,466 10,479 10,491 10,504	7,494 7,501 7,509 7,516	10,466 10,479 10,491 10,504	9,351 9,364 9,376 9,389	57,600 57,650 57,700 57,750	57,650 57,700 57,750 57,800	11,216 11,229 11,241 11,254	8,026 8,039 8,051 8,064	11,225 11,239 11,253 11,267	10,101 10,114 10,126 10,139	
	51,850 51,900 51,950 52,000	9,766 9,779 9,791 9,804	7,074 7,081 7,089 7,096	9,766 9,779 9,791 9,804	8,651 8,664 8,676 8,689	54,800 54,850 54,900 54,950	54,850 54,900 54,950 55,000		7,524 7,531 7,539 7,546		9,401 9,414 9,426 9,439			11,266 11,279 11,291 11,304	8,101	11,295 11,309		
52,	000					55,000						58,	000					
52,050	52,050 52,100 52,150 52,200	9,816 9,829 9,841 9,854	7,104 7,111 7,119 7,126	9,816 9,829 9,841 9,854	8,701 8,714 8,726 8,739	55,050	55,050 55,100 55,150 55,200	10,566 10,579 10,591 10,604	7,561 7,569	10,566 10,579 10,591 10,604	9,451 9,464 9,476 9,489	58,050	58,050 58,100 58,150 58,200	11,316 11,329 11,341 11,354	8,139 8,151	11,337 11,351 11,365 11,379	10,214	
52,200 52,250 52,300 52,350	52,250 52,300 52,350 52,400	9,866 9,879 9,891 9,904	7,134 7,141 7,149 7,156	9,866 9,879 9,891 9,904	8,751 8,764 8,776 8,789	55,200 55,250 55,300 55,350	55,250 55,300 55,350 55,400	10,616 10,629 10,641 10,654	7,591 7,599	10,616 10,629 10,641 10,654	9,501 9,514 9,526 9,539	58,200 58,250 58,300 58,350	58,250 58,300 58,350 58,400	11,366 11,379 11,391 11,404	8,189 8,201	11,393 11,407 11,421 11,435	10,264 10,276	
52,400 52,450 52,500 52,550	52,450 52,500 52,550 52,600	9,916 9,929 9,941 9,954	7,164 7,171 7,179 7,186	9,916 9,929 9,941 9,954	8,801 8,814 8,826 8,839	55,400 55,450 55,500 55,550	55,450 55,500 55,550 55,600	10,666 10,679 10,691 10,704	7,621 7,629	10,666 10,679 10,691 10,704	9,551 9,564 9,576 9,589	58,400 58,450 58,500 58,550	58,450 58,500 58,550 58,600	11,416 11,429 11,441 11,454	8,239 8,251	11,449 11,463 11,477 11,491	10,326	
52,600 52,650 52,700 52,750	52,800	9,966 9,979 9,991 10,004	7,194 7,201 7,209 7,216	9,966 9,979 9,991 10,004	8,851 8,864 8,876 8,889		55,650 55,700 55,750 55,800	10,716 10,729 10,741 10,754	7,651 7,659 7,666	10,716 10,729 10,741 10,754	9,601 9,614 9,626 9,639	58,600 58,650 58,700 58,750	58,650 58,700 58,750 58,800	11,466 11,479 11,491 11,504	8,289 8,301	11,505 11,519 11,533 11,547	10,364 10,376	
	52,850 52,900 52,950 53,000	10,016 10,029 10,041 10,054		10,016 10,029 10,041 10,054	8,901 8,914 8,926 8,939		55,850 55,900 55,950 56,000	10,766 10,779 10,791 10,804	7,681 7,689	10,766 10,779 10,791 10,804	9,651 9,664 9,676 9,689	58,800 58,850 58,900 58,950	58,850 58,900 58,950 59,000	11,516 11,529 11,541 11,554	8,339 8,351	11,561 11,575 11,589 11,603	10,414 10,426	
* This co	olumn mı	ust also	be used	d by a qu	ualifying	widow(e	r).								(Contin	ued on p	age 69)	

2003 lax lable—Continu												maca						
If line 40 (taxable income) is—	An	nd you are—	-	If line (taxab incom	le		And yo	ou are–	-	If line (taxab incom			And yo	u are—				
At But least less than	filin join *		of a house-	At least	But less than	Single	Married filing jointly *	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	filing jointly *	Married filing sepa- rately tax is—	Head of a house- hold			
59,000				62.	000					Your tax is— 65,000								
59,000 59,050	11,566 8,3	376 11,617	10 451	<u> </u>	62,050	12,316	9 126	12,457	11 201	<u> </u>	65,050	13,066	9,876	13,297	11 951			
59,050 59,100 59,100 59,150 59,150 59,200	11,579 8,3 11,591 8,4 11,604 8,4	389 11,631 401 11,645 414 11,659	10,464 10,476 10,489	62,050 62,100 62,150	62,100 62,150 62,200	12,329 12,341 12,354	9,139 9,151 9,164	12,471 12,485 12,499	11,214 11,226 11,239	65,050 65,100 65,150	65,100 65,150 65,200	13,079 13,091 13,104	9,889 9,901 9,914	13,311 13,325 13,339	11,964 11,976 11,989			
59,200 59,250 59,250 59,300 59,300 59,350 59,350 59,400	11,629 8,4 11,641 8,4		10,501 10,514 10,526 10,539	62,200 62,250 62,300 62,350	62,250 62,300 62,350 62,400	12,366 12,379 12,391 12,404	9,201	12,513 12,527 12,541 12,555	11,251 11,264 11,276 11,289	65,200 65,250 65,300 65,350	65,250 65,300 65,350 65,400	13,116 13,129 13,141 13,154	9,926 9,939 9,951 9,964	13,367 13,381	12,001 12,014 12,026 12,039			
59,400 59,450 59,450 59,500 59,500 59,550 59,550 59,600	11,679 8,4 11,691 8,5		10,551 10,564 10,576 10,589	62,400 62,450 62,500 62,550	62,450 62,500 62,550 62,600	12,416 12,429 12,441 12,454	9,226 9,239 9,251 9,264	12,569 12,583 12,597 12,611	11,301 11,314 11,326 11,339	65,400 65,450 65,500 65,550	65,450 65,500 65,550 65,600		9,976 9,989 10,001 10,014	13,423 13,437	12,051 12,064 12,076 12,089			
59,600 59,650 59,650 59,700 59,700 59,750 59,750 59,800	11,716 8,5 11,729 8,5 11,741 8,5	526 11,785	10,601 10,614 10,626	62,600 62,650 62,700 62,750	62,650 62,700 62,750 62,800	12,466 12,479 12,491 12,504	9,276 9,289 9,301	12,625 12,639 12,653 12,667	11,351 11,364 11,376	65,600 65,650 65,700 65,750	65,650 65,700 65,750 65,800	13,216 13,229 13,241	10,026 10,039 10,051	13,465 13,479 13,493	12,101 12,114 12,126 12,139			
59,800 59,850 59,850 59,900 59,900 59,950 59,950 60,000	11,766 8,5 11,779 8,5 11,791 8,6	576 11,841 589 11,855 601 11,869 614 11,883	10,651 10,664 10,676	62,800 62,850 62,900 62,950	62,850 62,900 62,950 63,000	12,516 12,529 12,541 12,554	9,326 9,339 9,351	12,681 12,695	11,401 11,414 11,426	65,800 65,850 65,900 65,950	65,850 65,900 65,950 66,000	13,266 13,279 13,291	10,076 10,089 10,101	13,521 13,535	12,151 12,164 12,176			
60,000	, , , , , , , , , , , , , , , , , , , ,					63,000							66,000					
60,000 60,050	11,816 8,6	626 11,897	10.701	63,000		12,566	9.376	12,737	11.451	<u> </u>	66,050	13.316	10.126	13,577	12.201			
60,050 60,100 60,100 60,150 60,150 60,200	11,829 8,6 11,841 8,6	639 11,911	10,714 10,726	63,050 63,100 63,150	63,100 63,150 63,200	12,579 12,591 12,604	9,389 9,401	12,751 12,765	11,464 11,476 11,489	66,050 66,100 66,150	66,100 66,150 66,200	13,329 13,341	10,139 10,151	13,591	12,214 12,226			
60,200 60,250 60,250 60,300 60,300 60,350 60,350 60,400	11,879 8,6 11,891 8,7	701 11,981	10,751 10,764 10,776 10,789	63,200 63,250 63,300 63,350	63,250 63,300 63,350 63,400	12,616 12,629 12,641 12,654	9,451	12,821	11,501 11,514 11,526 11,539	66,200 66,250 66,300 66,350	66,250 66,300 66,350 66,400	13,379	10,201	13,647 13,661	12,251 12,264 12,276 12,289			
60,400 60,450 60,450 60,500 60,500 60,550 60,550 60,600	11,929 8,7 11,941 8,7	739 12,023 751 12,037	10,801 10,814 10,826 10,839	63,400 63,450 63,500 63,550	63,450 63,500 63,550 63,600	12,666 12,679 12,691 12,704	9,476 9,489 9,501 9,514	12,849 12,863 12,877 12,891	11,551 11,564 11,576 11,589	66,400 66,450 66,500 66,550	66,450 66,500 66,550 66,600	13,416 13,429 13,441 13,454	10,239 10,251	13,703	12,301 12,314 12,326 12,339			
60,600 60,650 60,650 60,700 60,700 60,750 60,750 60,800	11,979 8,7 11,991 8,8		10,864 10,876	63,600 63,650 63,700 63,750	63,650 63,700 63,750 63,800	12,716 12,729 12,741 12,754	9,539 9,551	12,919	11,601 11,614 11,626 11,639	66,600 66,650 66,700 66,750	66,650 66,700 66,750 66,800	13,479 13,491	10,289 10,301		12,351 12,364 12,376 12,389			
60,800 60,850 60,850 60,900 60,900 60,950 60,950 61,000	12,029 8,8 12,041 8,8	839 12,135 851 12,149	10,926	63,900	63,850 63,900 63,950 64,000	12,766 12,779 12,791 12,804	9,601	12,961 12,975 12,989 13,003		66,900	66,850 66,900 66,950 67,000	13,529 13,541	10,339 10,351	13,815 13,829	12,426			
61,000				64,	000					66,950 67,000 13,554 10,364 13,843 12,439 67,000								
61,000 61,050 61,050 61,100 61,100 61,150 61,150 61,200	12,079 8,8 12,091 8,9	876 12,177 889 12,191 901 12,205 914 12,219	10,964	64,050 64,100	64,050 64,100 64,150 64,200	12,816 12,829 12,841 12,854	9,639 9,651	13,017 13,031 13,045 13,059	11,714 11,726	67,050 67,100	67,050 67,100 67,150 67,200	13,579 13,591	10,389	13,857 13,871 13,885 13,899	12,464 12,476			
61,200 61,250 61,250 61,300 61,300 61,350 61,350 61,400	12,116 8,9 12,129 8,9 12,141 8,9	926 12,233 939 12,247 951 12,261 964 12,275	11,001 11,014 11,026	64,200 64,250	64,250 64,300 64,350	12,866 12,879 12,891 12,904	9,676 9,689 9,701	13,073 13,087 13,101 13,115	11,751 11,764 11,776	67,200 67,250	67,250 67,300 67,350 67,400	13,616 13,629 13,641	10,426 10,439 10,451	13,913 13,927 13,941 13,955	12,501 12,514 12,526			
61,400 61,450 61,450 61,500 61,500 61,550 61,550 61,600	12,179 8,9 12,191 9,0	976 12,289 989 12,303 001 12,317 014 12,331	11,064 11,076		64,450 64,500 64,550 64,600	12,916 12,929 12,941 12,954	9,739 9,751	13,129 13,143 13,157 13,171	11,814 11,826	67,400 67,450 67,500 67,550	67,450 67,500 67,550 67,600	13,679 13,691	10,489 10,501	13,969 13,983 13,997 14,011	12,564 12,576			
61,600 61,650 61,650 61,700 61,700 61,750 61,750 61,800	12,229 9,0 12,241 9,0	026 12,345 039 12,359 051 12,373 064 12,387	11,114 11,126	64,650 64,700	64,650 64,700 64,750 64,800	12,966 12,979 12,991 13,004	9,789 9,801	13,185 13,199 13,213 13,227	11,864 11,876	67,600 67,650 67,700 67,750	67,650 67,700 67,750 67,800	13,729 13,741	10,539 10,551	14,025 14,039 14,053 14,067	12,614 12,626			
61,800 61,850 61,850 61,900 61,900 61,950 61,950 62,000	12,279 9,0 12,291 9,1	076 12,401 089 12,415 101 12,429 114 12,443	11,164 11,176		64,850 64,900 64,950 65,000	13,016 13,029 13,041 13,054	9,839 9,851	13,241 13,255 13,269 13,283	11,914 11,926	67,900	67,850 67,900 67,950 68,000	13,779 13,791	10,589 10,601	14,081 14,095 14,109 14,123	12,664 12,676			
* This column m	ust also be u	used by a q	ualifying	widow(e	r).								(Contin	ued on p	age 70)			

2003 Tax Table—Continued																			
If line 40 (taxable income)	•		And y	ou are-	-	If line (taxab incom	le		And ye	ou are–	-	If line (taxab incom		And you are—					
At least	But less than	Single	Married filing jointly	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly *	Married filing separately	d Head of a house- hold	At least	But less than	Single	Married filing jointly *	Married filing sepa-rately tax is—	Head of a house- hold		
68,000					71,000						74,000								
68,000	68,050	13.816	10,626	14,137	12.701		71,050	14.633	11,376	14.977	13.451	<u> </u>	74,050	15.473	12,126	15,817	14.201		
68,050 68,100 68,150	68,100 68,150 68,200	13,829 13,841 13,854	10,639 10,651 10,664	14,151 14,165 14,179	12,714 12,726 12,739	71,050 71,100 71,150	71,100 71,150 71,200	14,647 14,661 14,675	11,389 11,401 11,414	14,991 15,005 15,019	13,464 13,476 13,489	74,050 74,100 74,150	74,100 74,150 74,200	15,487 15,501 15,515	12,139 12,151 12,164	15,831 15,845 15,859	14,214 14,226 14,239		
68,200 68,250 68,300 68,350	68,250 68,300 68,350 68,400	13,879 13,891	10,676 10,689 10,701 10,714	14,193 14,207 14,221 14,235	12,764 12,776	71,200 71,250 71,300 71,350	71,250 71,300 71,350 71,400	14,703 14,717	11,439	15,033 15,047 15,061 15,075	13,501 13,514 13,526 13,539	74,200 74,250 74,300 74,350	74,250 74,300 74,350 74,400	15,543	12,189 12,201		14,251 14,264 14,276 14,289		
68,400 68,450 68,500 68,550	68,450 68,500 68,550 68,600	13,929 13,941	10,726 10,739 10,751 10,764	14,249 14,263 14,277 14,291	12,814 12,826	71,400 71,450 71,500 71,550	71,450 71,500 71,550 71,600	14,759 14,773	11,476 11,489 11,501 11,514	15,103 15,117		74,400 74,450 74,500 74,550	74,450 74,500 74,550 74,600	15,585 15,599 15,613 15,627	12,239 12,251	15,943 15,957	14,301 14,314 14,326 14,339		
68,600 68,650 68,700 68,750	68,650 68,700 68,750 68,800	13,966 13,979 13,991	10,776 10,789 10,801	14,305 14,319 14,333 14,347	12,851 12,864 12,876	71,600 71,650 71,700 71,750	71,650 71,700 71,750 71,800	14,815 14,829	11,526 11,539 11,551 11,564	15,145 15,159 15,173 15,187	13,601 13,614 13,626 13,639	74,600 74,650 74,700 74,750	74,650 74,700 74,750 74,800		12,289 12,301		14,351 14,364 14,376 14,389		
68,800 68,850 68,900 68,950	68,850 68,900 68,950 69,000	14,017 14,031 14,045	10,826 10,839 10,851	14,361 14,375 14,389 14,403	12,901 12,914 12,926	71,800 71,850 71,900 71,950	71,850 71,900 71,950 72,000	14,871 14,885	11,576 11,589 11,601 11,614		13,651 13,664 13,676 13,689	74,800 74,850 74,900 74,950	74,850 74,900 74,950 75,000		12,339 12,351	16,055 16,069	14,401 14,414 14,426 14,439		
69,	000					72,000							75,000						
69,000 69,050 69,100 69,150		14,087 14,101	10,889 10,901	14,417 14,431 14,445 14,459	12,964 12,976		72,050 72,100 72,150 72,200	14,927 14,941	11,626 11,639 11,651 11,664	15,271 15,285	13,701 13,714 13,726 13,739		75,050 75,100 75,150 75,200	15,767 15,781	12,389 12,401				
69,200 69,250 69,300 69,350	69,250 69,300 69,350 69,400	14,143 14,157	10,926 10,939 10,951 10,964	14,473 14,487 14,501 14,515	13,014 13,026	72,200 72,250 72,300 72,350	72,250 72,300 72,350 72,400	14,983 14,997	11,676 11,689 11,701 11,714	15,341	13,751 13,764 13,776 13,789	75,200 75,250 75,300 75,350	75,250 75,300 75,350 75,400	15,823	12,451	16,167 16,181	14,501 14,514 14,526 14,539		
69,400 69,450 69,500 69,550	69,450 69,500 69,550 69,600	14,199 14,213	10,976 10,989 11,001 11,014	14,529 14,543 14,557 14,571	13,064 13,076	72,400 72,450 72,500 72,550	72,450 72,500 72,550 72,600	15,039 15,053	11,726 11,739 11,751 11,764	15,383 15,397	13,801 13,814 13,826 13,839	75,400 75,450 75,500 75,550	75,450 75,500 75,550 75,600		12,489 12,501	16,209 16,223 16,237 16,251	14,551 14,564 14,576 14,589		
69,600 69,650 69,700 69,750	69,650 69,700 69,750 69,800	14,255 14,269	11,026 11,039 11,051 11,064	14,585 14,599 14,613 14,627	13,114 13,126	72,600 72,650 72,700 72,750	72,650 72,700 72,750 72,800	15,095 15,109	11,776 11,789 11,801 11,814	15,425 15,439 15,453 15,467	13,851 13,864 13,876 13,889	75,600 75,650 75,700 75,750	75,650 75,700 75,750 75,800	15,921 15,935 15,949 15,963	12,539 12,551	16,265 16,279 16,293 16,307	14,601 14,614 14,626 14,639		
	69,850 69,900 69,950 70,000	14,311 14,325	11,101		13,164 13,176		72,850 72,900 72,950 73,000	15,151 15,165	11,826 11,839 11,851 11,864	15,495 15,509	13,914 13,926		75,850 75,900 75,950 76,000	15,991 16,005	12,589 12,601	16,335 16,349			
70,	000					73,000						76,	000						
70,050 70,100	70,050 70,100 70,150 70,200	14,367 14,381	11,139 11,151	14,697 14,711 14,725 14,739	13,214 13,226	73,050 73,100	73,050 73,100 73,150 73,200	15,207 15,221	11,876 11,889 11,901 11,914	15,551 15,565	13,964 13,976	76,050 76,100	76,050 76,100 76,150 76,200	16,047 16,061	12,639 12,651	16,377 16,391 16,405 16,419	14,714 14,726		
70,200 70,250	70,250 70,300 70,350	14,409 14,423 14,437	11,176 11,189 11,201	14,753 14,767 14,781 14,795	13,251 13,264 13,276	73,250 73,300	73,250 73,300 73,350 73,400	15,263 15,277	11,926 11,939 11,951 11,964	15,607 15,621	14,014 14,026			16,103 16,117	12,689 12,701	16,433 16,447 16,461 16,475	14,764 14,776		
		14,479 14,493	11,239 11,251	14,809 14,823 14,837 14,851	13,314 13,326	73,450 73,500 73,550	73,450 73,500 73,550 73,600	15,319 15,333 15,347	11,976 11,989 12,001 12,014	15,663 15,677 15,691	14,064 14,076 14,089	76,450 76,500 76,550	76,450 76,500 76,550 76,600	16,159 16,173 16,187	12,739 12,751 12,764	16,489 16,503 16,517 16,531	14,814 14,826 14,839		
70,700	70,650 70,700 70,750 70,800	14,535 14,549	11,289 11,301	14,865 14,879 14,893 14,907	13,364 13,376	73,650 73,700 73,750	73,650 73,700 73,750 73,800	15,375 15,389 15,403	12,026 12,039 12,051 12,064	15,719 15,733 15,747	14,114 14,126 14,139	76,700 76,750	76,650 76,700 76,750 76,800	16,215 16,229 16,243	12,789 12,801 12,814	16,545 16,559 16,573 16,587	14,864 14,876 14,889		
		14,591 14,605	11,339 11,351	14,921 14,935 14,949 14,963	13,414 13,426	73,850 73,900	73,850 73,900 73,950 74,000	15,431 15,445	12,076 12,089 12,101 12,114	15,775 15,789	14,164 14,176	76,900	76,850 76,900 76,950 77,000	16,271 16,285	12,839 12,851	16,601 16,615 16,629 16,643	14,914 14,926		
* This co	olumn m	ust also	be used	by a q	ualifying	widow(e	r).								(Contin	ued on p	age 71)		

												2003 lax lable—Continued							
If line 40 (taxable income)			And y	ou are–	-	If line (taxab incom	le		And ye	ou are–	-	If line (taxab incom			And yo	u are—			
At least	But less than	Single	Married filing jointly *	Married filing sepa- rately tax is—	d Head of a house- hold	At least	But less than	Single	Married filing jointly *	filing sepa- rately	Head of a house- hold	At least	But less than	Single	filing jointly *	Married filing sepa- rately tax is—	Head of a house- hold		
77.	000					Your tax is— 80,000							83,000						
	77,050	16.313	12.876	16,657	14.951	<u> </u>	80,050	17.153	13.626	17,497	15.701	<u> </u>	83,050	17.993	14.376	18,337	16.451		
77,050 77,100		16,327 16,341	12,889	16,671			80,100 80,150	17,167	13,639 13,651	17,511	15,714 15,726	83,050	83,100 83,150	18,007	14,389	18,351			
77,150 77,200	77,200 77,250	16,355 16,369	12,914	16,699 16,713	14,989	80,150 80,200	80,200 80,250	17,195	13,664 13,676	17,539	15,739 15,751	83,150	83,200		14,414		16,489		
77,250 77,300	77,300 77,350	16,383 16,397	12,939	16,727	15,014 15,026	80,250 80,300	80,300 80,350	17,223		17,567	15,764 15,776	83,200 83,250		18,063	14,439	18,407	16,501 16,514		
77,350	77,400	16,411	12,964	16,755	15,039	80,350	80,400	17,251	13,714	17,595	15,789	83,300 83,350	83,350 83,400		14,451 14,464	18,435	16,526 16,539		
77,400 77,450	77,450 77,500	16,425 16,439	12,989	16,783	15,064	80,400 80,450	80,450 80,500	17,279	13,726 13,739	17,623	15,801 15,814	83,400 83,450	83,450 83,500			18,449 18,463	16,551 16,564		
77,500 77,550	77,550 77,600	16,453 16,467		16,797 16,811		80,500 80,550	80,550 80,600			17,637 17,651		83,500 83,550	83,550 83,600			18,477 18,491	16,576 16,589		
77,600 77,650	77,650 77,700	16,481 16.495		16,825 16,839		80,600 80,650	80,650 80,700		13,776 13,789	17,665 17,679	15,851 15,864	83,600 83,650	83,650 83,700			18,505 18,519			
77,700 77,750	77,750 77,800	16,509 16,523	13,051	16,853	15,126	80,700 80,750	80,750 80,800	17,349	13,801		15,876	83,700 83,750		18,189	14,551	18,533 18,547	16,626		
77,800	77,850	16,537	13,076	16,881	15,151	80,800	80,850	17,377	13,826	17,721	15,901	83,800	83,850	18,217	14,576	18,561	16,651		
77,850 77,900	77,900 77,950	16,551 16,565	13,101	16,895 16,909 16,923	15,176	80,850	80,900 80,950	17,405	13,839 13,851	17,749	15,914 15,926	83,900	83,900 83,950	18,245		18,589			
77,950	78,000 000	10,579	13,114	10,923	15,169		81,000 000	17,419	13,004	17,763	15,959	83,950	84,000 000	18,259	14,614	18,603	16,689		
	78,050	16 503	13 126	16,937	15 201		81,050	17 //33	13 876	17,777	15 051		84,050	18 273	1// 626	18,617	16 701		
78,050 78,100	78,100	16,607 16,621	13,139	16,951		81,050	81,100 81,150	17,447	13,889		15,964	84,050 84,100	84,100	18,287	14,639	18,631 18,645	16,714		
78,150	78,200	16,635	13,164	16,979	15,239	81,150	81,200	17,475	13,914	17,819	15,989	84,150	84,200	18,315	14,664	18,659	16,739		
78,200 78,250	78,250 78,300	16,649 16,663	13,189	17,007	15,264	81,200 81,250	81,250 81,300	17,503	13,939	17,833 17,847		84,200 84,250	84,250 84,300	18,343	14,689	18,673 18,687	16,764		
78,300 78,350	78,350 78,400	16,677 16,691				81,300 81,350	81,350 81,400		13,951 13,964	17,861 17,875	16,026 16,039	84,300 84,350	84,350 84,400		14,701 14,714	18,701 18,715	16,776 16,789		
78,400 78,450	78,450 78,500	16,705 16,719		17,049 17,063		81,400 81,450	81,450 81,500		13,976 13,989		16,051 16,064	84,400 84,450	84,450 84,500		14,726 14,739	18,729 18,743	16,801 16,814		
78,500 78,550	78,550 78,600	16,733	13,251	17,077 17,091	15,326	81,500 81,550	81,550 81,600	17,573		17,917		84,500 84,550	84,550 84,600	18,413		18,757			
78,600	78,650	16,761	13,276	17,105	15,351	81,600	81,650	17,601	14,026	17,945	16,101	84,600	84,650	18,441	14,776	18,785	16,851		
78,650 78,700	78,700 78,750	16,775 16,789	13,301	17,119 17,133 17,147	15,376	81,650 81,700	81,700 81,750	17,629	14,039 14,051	17,973	16,114 16,126	84,650 84,700	84,700 84,750	18,469	14,801		16,864 16,876		
78,750 78,800	78,800 78,850	16,803 16,817		•		81,750 81,800	81,800 81,850		14,064 14,076	,	16,139 16,151	84,750 84,800	84,800 84,850	18,497		18,827 18,841			
78,850 78,900	78,900 78,950	16,831 16,845		17,175 17,189			81,900 81,950			18,015 18,029		84,900	84,900 84,950	18,525	14,851		16,926		
	79,000	16,859	13,364	17,203	15,439	<u> </u>	82,000	17,699	14,114	18,043	16,189		85,000	18,539	14,864	18,883	16,939		
	000	10.070	10.070	47.047	45 454	82,		17.710	1 1 100	10.057	10.001	<u> </u>	000	10.550	11070	10.007	10.051		
79,050	79,050 79,100	16,887	13,389	17,217 17,231	15,464	82,050	82,050 82,100	17,727	14,139	18,057 18,071	16,214	85,050	85,050 85,100	18,567	14,889	18,897 18,911	16,964		
79,100 79,150	79,150 79,200			17,245 17,259			82,150 82,200			18,085 18,099			85,150 85,200			18,925 18,939			
79,200 79,250	79,250 79,300	16,943	13,439	17,273 17,287	15,514	82,200 82,250	82,250 82,300			18,113 18,127		85,200 85,250	85,250 85,300			18,953 18,967			
79,300 79,350		16,957	13,451	17,301 17,315	15,526	82.300	82,350 82,400	17,797	14,201	18,141 18,155	16,276	85,300 85,350		18,637	14,951	18,981 18,995	17,026		
79,400	79,450	16,985	13,476	17,329 17,343	15,551	82,400	82,450	17,825	14,226	18,169	16,301	85,400	85,450	18,665	14,976	19,009	17,051		
79,450 79,500	79,550	17,013	13,501	17,357	15,576	82,500	82,500 82,550	17,853	14,251	18,183 18,197	16,326	85,450 85,500	85,500 85,550	18,693	15,001	19,023 19,037	17,076		
79,550 79,600	79,650	17,041	13,526		15,601	82,600	82,600 82,650	17,881	14,276	18,211 18,225	16,351	85,550 85,600	85,600 85,650	18,721	15,026	19,051 19,065	17,101		
	79,700 79,750	17,055	13,539			82,700	82,700 82,750	17,895	14,289 14,301	18,239	16,364 16,376	85,650 85,700	85,700 85,750	18,735	15,039	19,079 19,093	17,114		
79,750 79,800	79,800 79,850	17,083	13,564	17,427 17,441	15,639		82,800	17,923	14,314	18,267 18,281	16,389	85,750 85,800	85,800 85,850	18,763	15,064	19,107 19,121	17,139		
79,850 79,850 79,900	79,900	17,111	13,589	17,441 17,455 17,469	15,664	82,850	82,900 82,950	17,951	14,339	18,295 18,309	16,414	85,850		18,791	15,089	19,135 19,149	17,164		
	80,000			17,483		82,950	83,000			18,323			86,000			19,163			
* This co	olumn mı	ust also	be used	d by a q	ualifying	widow(e	r).								(Contin	ued on p	age 72)		

2003 Tax Table—Continued															
If line 40 (taxable income) is—	And you	are—	If line 40 (taxable income) is—		And yo	ou are—	-	If line (taxab incom			And yo	u are—			
At But less than	filing fil jointly se	Married Head iling of a house-ately hold	At But least less than	Single	Married filing jointly *	Married filing sepa-rately	Head of a house- hold	At least	But less than	Single	filing jointly *	Married filing sepa- rately tax is—	Head of a house- hold		
86,000			89,000						92,000						
86,000 86,050	18,833 15,126 19	9,177 17,201	89,000 89,050	19,673	15,876	20,101	17,951	92,000	92,050	20,513	16,626	21,091	18,701		
86,050 86,100 86,100 86,150 86,150 86,200	18,847 15,139 19 18,861 15,151 19 18,875 15,164 19	9,191 17,214 9,205 17,226 9,219 17,239	89,050 89,100 89,100 89,150 89,150 89,200	19,687 19,701 19,715	15,889 15,901 15,914	20,118 20,134 20,151	17,964 17,976 17,989	92,050 92,100 92,150	92,100 92,150 92,200	20,527 20,541 20,555	16,639 16,651 16,664	21,124 21,141	18,739		
86,200 86,250 86,250 86,300 86,300 86,350 86,350 86,400	18,903 15,189 19 18,917 15,201 19	9,233 17,251 9,247 17,264 9,261 17,276 9,275 17,289	89,200 89,250 89,250 89,300 89,300 89,350 89,350 89,400	19,743 19,757	15,926 15,939 15,951 15,964	20,184 20,200	18,001 18,014 18,026 18,039	92,200 92,250 92,300 92,350	92,250 92,300 92,350 92,400	20,583 20,597		21,190	18,751 18,764 18,776 18,789		
86,400 86,450 86,450 86,500 86,500 86,550 86,550 86,600	18,959 15,239 19	9,289 17,301 9,303 17,314 9,317 17,326	89,400 89,450 89,450 89,500 89,500 89,550 89,550 89,600	19,799 19,813	15,976 15,989 16,001 16,014	20,250 20,266	18,051 18,064 18,076 18,089	92,400 92,450 92,500 92,550	92,450 92,500 92,550 92,600	20,639 20,653	16,739	21,240 21,256	18,801 18,814 18,826 18,839		
86,600 86,650 86,650 86,700 86,700 86,750	19,001 15,276 19 19,015 15,289 19	9,345 17,351 9,359 17,364 9,373 17,376	89,600 89,650 89,650 89,700 89,700 89,750	19,841 19,855	16,026	20,299 20,316	18,101 18,114 18,126	92,600 92,650 92,700	92,650 92,700 92,750	20,681 20,695		21,289 21,306	18,851 18,864 18,876		
86,750 86,800 86,800 86,850	19,043 15,314 19 19,057 15,326 19	9,387 17,389 9.401 17.401	89,750 89,800 89,800 89,850		16,064 16,076		18,139 18,151	92,750 92,800	92,800 92,850		16,814 16,826		18,889 18,901		
86,850 86,900 86,900 86,950 86,950 87,000		9,415 17,414 9,429 17,426	89,850 89,900 89,900 89,950 89,950 90,000	19,911 19,925	16,089 16,101	20,382	18,164 18,176	92,850 92,900 92,950	92,900 92,950 93,000	20,751 20,765	16,839 16,851	21.372	18,914 18,926		
87,000			90,000						93,000						
87,000 87,050 87,050 87,100 87,100 87,150 87,150 87,200	19,113 15,376 19 19,127 15,389 19 19,141 15,401 19 19,155 15,414 19	9,471 17,464 9,485 17,476	90,000 90,050 90,050 90,100 90,100 90,150 90,150 90,200	19,967 19,981	16,139 16,151	20,464	18,214	93,000 93,050 93,100 93,150	93,050 93,100 93,150 93,200	20,807 20,821	16,889	21,421 21,438 21,454 21,471	18,964		
87,200 87,250 87,250 87,300 87,300 87,350 87,350 87,400	19,169 15,426 19 19,183 15,439 19	9,513 17,501 9,527 17,514 9,541 17,526	90,200 90,250 90,250 90,300 90,300 90,350 90,350 90,400	20,009 20,023 20,037	16,176 16,189 16,201	20,497 20,514	18,251 18,264 18,276	93,200 93,250 93,300 93,350	93,250 93,300 93,350 93,400	20,849 20,863 20,877		21,487 21,504 21,520	19,001 19,014 19,026 19,039		
87,400 87,450 87,450 87,500 87,500 87,550 87,550 87,600	19,225 15,476 19 19,239 15,489 19 19,253 15,501 19		90,400 90,450 90,450 90,500 90,500 90,550 90,550 90,600	20,065 20,079 20,093	16,226 16,239 16,251 16,264	20,563 20,580 20,596	18,301 18,314 18,326 18,339	93,400 93,450 93,500 93,550	93,450 93,500 93,550 93,600	20,905 20,919 20,933	16,976 16,989 17,001	21,553 21,570	19,051 19,064 19,076 19,089		
87,600 87,650 87,650 87,700 87,700 87,750 87,750 87,800	19,281 15,526 19 19,295 15,539 19	9,639 17,601 9,656 17,614 9,672 17,626	90,600 90,650 90,650 90,700 90,700 90,750 90,750 90,800	20,121 20,135 20,149	16,276	20,629 20,646 20,662	18,351 18,364 18,376 18,389	93,600 93,650 93,700 93,750	93,650 93,700 93,750 93,800	20,961 20,975 20,989	17,026 17,039	21,619 21,636 21,652	19,101 19,114 19,126 19,139		
	19,337 15,576 19 19,351 15,589 19 19,365 15,601 19 19,379 15,614 19	9,722 17,664 9,738 17,676	90,800 90,850 90,850 90,900 90,900 90,950 90,950 91,000	20,191 20,205	16,351	20,712 20,728	18,426		93,850 93,900 93,950 94,000	21,031 21,045	17,101	21,702 21,718	19,176		
88,000			91,000					94,	000						
88,000 88,050 88,050 88,100 88,100 88,150 88,150 88,200	19,393 15,626 19 19,407 15,639 19 19,421 15,651 19 19,435 15,664 19	9,788 17,714 9,804 17,726	91,000 91,050 91,050 91,100 91,100 91,150 91,150 91,200	20,247 20,261	16,389 16,401	20,761 20,778 20,794 20,811	18,464 18,476	94,050	94,050 94,100 94,150 94,200	21,087 21,101	17,139 17,151	21,751 21,768 21,784 21,801	19,214 19,226		
88,200 88,250 88,250 88,300 88,300 88,350 88,350 88,400	19,449 15,676 19 19,463 15,689 19 19,477 15,701 19 19,491 15,714 19	9,837 17,751 9,854 17,764 9,870 17,776	91,200 91,250 91,250 91,300 91,300 91,350 91,350 91,400	20,289 20,303 20,317	16,426 16,439 16,451	20,827 20,844 20,860 20,877	18,501 18,514 18,526	94,200 94,250	94,250 94,300 94,350 94,400	21,129 21,143 21,157	17,176 17,189 17,201	21,817 21,834 21,850 21,867	19,251 19,264 19,276		
88,400 88,450 88,450 88,500 88,550 88,550 88,550 88,600	19,505 15,726 19 19,519 15,739 19 19,533 15,751 19 19,547 15,764 19	9,920 17,814 9,936 17,826	91,400 91,450 91,450 91,500 91,550 91,550 91,550 91,600	20,359 20,373	16,489 16,501	20,893 20,910 20,926 20,943	18,564 18,576	94,400 94,450 94,500 94,550	94,450 94,500 94,550 94,600	21,199 21,213	17,251	21,883 21,900 21,916 21,933	19,326		
88,600 88,650 88,650 88,700 88,700 88,750 88,750 88,800	19,561 15,776 19 19,575 15,789 19 19,589 15,801 20 19,603 15,814 20	9,986 17,864 0,002 17,876	91,600 91,650 91,650 91,700 91,700 91,750 91,750 91,800	20,415 20,429	16,539 16,551	20,959 20,976 20,992 21,009	18,614 18,626	94,600 94,650 94,700 94,750	94,650 94,700 94,750 94,800	21,255 21,269 21,283	17,301 17,314	21,966 21,982 21,999	19,376 19,389		
88,800 88,850 88,850 88,900 88,900 88,950 88,950 89,000	19,617 15,826 20 19,631 15,839 20 19,645 15,851 20 19,659 15,864 20	0,052 17,914 0,068 17,926	91,800 91,850 91,850 91,900 91,900 91,950 91,950 92,000	20,471 20,485	16,589 16,601	21,025 21,042 21,058 21,075	18,664 18,676	94,850 94,900	94,850 94,900 94,950 95,000	21,311 21,325	17,339 17,351	22,015 22,032 22,048 22,065	19,414 19,426		
* This column m	ust also be used b	y a qualifying	widow(er).								(Continu	ued on p	age 73)		

2003 Tax Table—Continued

							20	003 Tax	k iabi	<u>e—</u> C01	ntinuea
If line 40 (taxable income)			And yo	ou are-	-	If line 40 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly	filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly	filing sepa- rately	Head of a house- hold
05	000		Your t	ax is—		00.	000		Your	tax is—	
	000						000				
95,000 95,050 95,100 95,150	95,050 95,100 95,150 95,200	21,353 21,367 21,381 21,395	17,389 17,401	22,081 22,098 22,114 22,131	19,451 19,464 19,476 19,489	98,000 98,050 98,100 98,150	98,050 98,100 98,150 98,200	22,207 22,221	18,126 18,139 18,151 18,164	23,071 23,088 23,104 23,121	
95,200 95,250 95,300 95,350	95,250 95,300 95,350 95,400	21,409 21,423 21,437 21,451	17,439 17,451	22,147 22,164 22,180 22,197	19,501 19,514 19,526 19,539	98,200 98,250 98,300 98,350	98,250 98,300 98,350 98,400	22,263 22,277	18,176 18,189 18,201 18,214	23,154 23,170	
95,400 95,450 95,500 95,550	95,450 95,500 95,550 95,600	21,465 21,479 21,493 21,507	17,489 17,501	22,213 22,230 22,246 22,263	19,551 19,564 19,576 19,589	98,400 98,450 98,500 98,550	98,450 98,500 98,550 98,600	22,319 22,333	18,226 18,239 18,251 18,264	23,203 23,220 23,236 23,253	20,321 20,335
95,600 95,650 95,700 95,750	95,650 95,700 95,750 95,800	21,521	17,526 17,539 17,551	22,279 22,296 22,312 22,329	19,601 19,614 19,626 19,639	98,600 98,650 98,700 98,750	98,650 98,700 98,750 98,800	22,389	18,276 18,289 18,301 18,314	23,269 23,286 23,302 23,319	20,363 20,377 20,391 20,405
95,800 95,850 95,900 95,950	95,850 95,900 95,950 96,000	21,577 21,591	17,576 17,589 17,601	22,345 22,362 22,378 22,395	19,651 19,664 19,676 19,689	98,800 98,850 98,900 98,950	98,850 98,900 98,950 99,000	22,431 22,445	18,326 18,339 18,351 18,364	23,335 23,352 23,368 23,385	20,419 20,433 20,447 20,461
	000	2.,0.0	,		.0,000	99,	000				
96,000 96,050 96,100 96,150	96,050 96,100 96,150 96,200	21,633 21,647 21,661 21,675	17,639 17,651	22,411 22,428 22,444 22,461	19,701 19,714 19,726 19,739	99,000 99,050 99,100 99,150	99,050 99,100 99,150 99,200	22,487 22,501	18,376 18,389 18,401 18,414	23,401 23,418 23,434 23,451	20,503
96,200 96,250 96,300 96,350	96,250 96,300 96,350 96,400	21,689 21,703 21,717 21,731	17,689 17,701	22,477 22,494 22,510 22,527	19,751 19,764 19,776 19,789	99,200 99,250 99,300 99,350	99,250 99,300 99,350 99,400	22,557	18,439	23,467 23,484 23,500 23,517	
96,400 96,450 96,500 96,550	96,450 96,500 96,550 96,600	21,745 21,759 21,773 21,787	17,739	22,543 22,560 22,576 22,593	19,801 19,814 19,826 19,839	99,400 99,450 99,500 99,550	99,450 99,500 99,550 99,600		18,476 18,489 18,501 18,514	23,533 23,550 23,566 23,583	20,587 20,601 20,615 20,629
96,600 96,650 96,700 96,750	96,650 96,700 96,750 96,800	21,801 21,815 21,829 21,843	17,789 17,801	22,609 22,626 22,642 22,659	19,851 19,864 19,876 19,889	99,600 99,650 99,700 99,750	99,650 99,700 99,750 99,800		18,526 18,539 18,551 18,564	23,599 23,616 23,632 23,649	20,643 20,657 20,671 20,685
96,800 96,850 96,900 96,950	96,850 96,900 96,950 97,000	21,857 21,871 21,885 21,899	17,839 17,851	22,675 22,692 22,708 22,725		99,800 99,850 99,900 99,950	99,850 99,900 99,950 100,000	22,711 22,725	18,576 18,589 18,601 18,614	23,682	20,727
97,	000										
97,000 97,050 97,100 97,150	97,050 97,100 97,150 97,200	21,913 21,927 21,941 21,955	17,889 17,901	22,741 22,758 22,774 22,791	19,951 19,964 19,976 19,989						
97,200 97,250 97,300 97,350	97,250 97,300 97,350 97,400	21,969 21,983 21,997 22,011	17,939 17,951	22,807 22,824 22,840 22,857	20,026			or ov	,000 rer — the		
97,400 97,450 97,500 97,550	97,450 97,500 97,550 97,600	22,025 22,039 22,053 22,067	17,989 18,001 18,014	22,873 22,890 22,906 22,923	20,064 20,076 20,089			Tax Sche	Rate dules		
97,600 97,650 97,700 97,750	97,650 97,700 97,750 97,800	22,081 22,095 22,109 22,123	18,039 18,051	22,939 22,956 22,972 22,989	20,114 20,126			on pa	ge 74		
97,800 97,850 97,900 97,950	97,850 97,900 97,950 98,000	22,165 22,179	18,089 18,101 18,114	23,022 23,038 23,055	20,164 20,176 20,189						
* This co	olumn m	ust also	be used	by a q	ualifying	widow(e	r).				

2003 Tax Rate Schedules



Use **only** if your taxable income (Form 1040, line 40) is \$100,000 or more. If less, use the **Tax Table**. Even though you cannot use the Tax Rate Schedules below if your taxable income is less than \$100,000, all levels of taxable income are shown so taxpayers can see the tax rate that applies to each level.

Schedule X—Use if your filing status is Single

If the amount on Form 1040, line 40, is: 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: 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

	<u> </u>		
If the amount on Form 1040, line 40, is: 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.

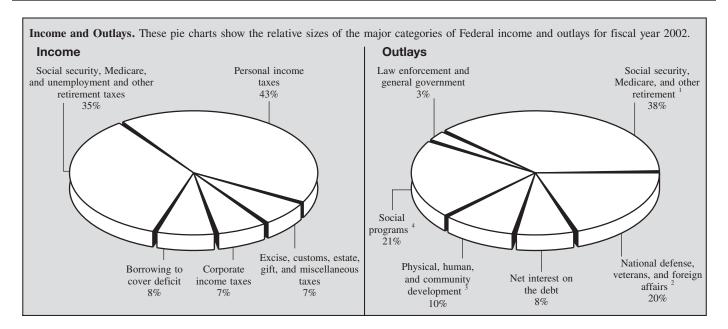
▲ Cut here	A	
Name		
Postal mailing address		Apt./Suite/Room
City	State	ZIP code
Foreign country		International postal code
Daytime phone number		

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

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

1040	Schedule F (1040)	Schedule 3 (1040A)	2441	8582	Pub. 17	Pub. 525	Pub. 596
Schedules A&B (1040)	Schedule H (1040)	1040EZ	3903	8606	Pub. 334	Pub. 527	Pub. 910
Schedule C (1040)	Schedule J (1040)	1040-ES (2004)	4506	8812	Pub. 463	Pub. 529	Pub. 926
Schedule C-EZ (1040)	Schedule R (1040)	1040-V	4562	8822	Pub. 501	Pub. 535	Pub. 929
Schedule D (1040)	Schedule SE (1040)	1040X	4868	8829	Pub. 502	Pub. 550	Pub. 936
Schedule D-1 (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 (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.

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.

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 hr., 18 min.	34 min.	13 hr., 29 min.
Sch. A	3 hr., 4 min.	39 min.	1 hr., 34 min.	20 min.	5 hr., 37 min.
Sch. B	33 min.	8 min.	25 min.	20 min.	1 hr., 26 min.
Sch. C	6 hr., 4 min.	1 hr., 51 min.	2 hr., 19 min.	41 min.	10 hr., 55 min.
Sch. C-EZ	45 min.	3 min.	35 min.	20 min.	1 hr., 43 min.
Sch. D	1 hr., 29 min.	2 hr., 47 min.	3 hr., 8 min.	34 min.	7 hr., 58 min.
Sch. D-1	13 min.	1 min.	13 min.	34 min.	1 hr., 1 min.
Sch. E	3 hr.	1 hr., 13 min.	1 hr., 27 min.	34 min.	6 hr., 14 min.
Sch. EIC		1 min.	13 min.	20 min.	34 min.
Sch. F:					
Cash Method	3 hr., 29 min.	36 min.	1 hr., 27 min.	20 min.	5 hr., 52 min.
Accrual Method	3 hr., 36 min.	26 min.	1 hr., 25 min.	20 min.	5 hr., 47 min.
Sch. H	1 hr., 38 min.	30 min.	53 min.	34 min.	3 hr., 35 min.
Sch. J	19 min.	13 min.	2 hr., 1 min.	20 min.	2 hr., 53 min.
Sch. R	19 min.	15 min.	29 min.	34 min.	1 hr., 37 min.
Sch. SE:					
Short	13 min.	14 min.	13 min.	13 min.	53 min.
Long	26 min.	20 min.	35 min.	20 min.	1 hr., 41 min.

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.

Medical and Dental Expenses

You may deduct only the part of your medical and dental expenses that exceeds 7.5% of the amount on Form 1040, line 35.

Pub. 502 discusses the types of expenses that you may and may not deduct. It also explains when you may deduct capital expenses and special care expenses for disabled persons.



If you received a distribution from an MSA in 2003, see **Pub. 969** to figure your deduction.

Examples of Medical and Dental Payments You May Deduct

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

• Insurance premiums for medical and dental care, including premiums for qualified long-term care contracts as defined in Pub. 502. But see **Limit on Long-Term Care Premiums You May Deduct** on this page. Reduce the insurance premiums by any self-employed health insurance deduction you claimed on Form 1040, 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 reduce your insurance premiums by any amounts used to figure the health coverage tax credit. See the instructions for line 1 on page A-2.



You **cannot** deduct insurance premiums paid with pretax dollars because the premiums are not included in box 1 of your

Form(s) W-2.

- Prescription medicines or insulin.
- 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 was, at the end of 2003, age	THEN the most you may deduct is
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 Medi-

care 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.



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

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 1 and 2 apply to the total mortgages on both homes.

- 1. You took out any mortgages after October 13, 1987, and used the proceeds for purposes other than to buy, build, or improve your home, and all of these mortgages totaled over \$100,000 at any time during 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 tax-exempt 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 **1-877-829-5500.** 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 **14 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 1 and 2 below.

In figuring whether a gift is \$250 or more, do not combine separate donations. For example, if you gave your church \$25 each week for a total of \$1,300, 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 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 because they exceeded your adjusted gross income limit. See Pub. 526 for details.

Casualty and Theft Losses

Line 19

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

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

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

- The amount of **each** separate casualty or theft loss is more than \$100 and
- The total amount of **all** losses during the year is more than 10% of the amount on Form 1040, line 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 8839** 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

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.

- 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.

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.

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

////
F-//
F

iton	mized beddeficits Worksheet Line 20	Keep for 1	our records
1.	Enter the total of the amounts from Schedule A, lines 4, 9, 14, 18, 19, 26, and 27		1
2.	Enter the total of the amounts from Schedule A, lines 4, 13, and 19, plus any gambling an or theft losses included on line 27.		2
	Be sure your total gambling and casualty or theft losses are clearly identified on dotted lines next to line 27.	the	
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 Scheline 28.	edule A,	
	Yes. Subtract line 2 from line 1		3
4.	Multiply line 3 by 80% (.80)		
5.	Enter the amount from Form 1040, line 35		
6.	Enter: \$139,500 (\$69,750 if married filing separately)		
7.	Is the amount on line 6 less than the amount on line 5?		
	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		
8.	Multiply line 7 by 3% (.03)		
9.	Enter the smaller of line 4 or line 8		9.
10.	Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on School 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.



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.



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

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 Accounts and Trusts

Lines 7a and 7b Foreign Accounts

Line 7a

Check the "Yes" box on line 7a if **either 1** or **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 7b. 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 InstructionsA 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 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(l)(2)(B) for details. If you make this election, include the interest on Form 1040, line 60. Also, enter "453(l)(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 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 vehi fair market v the first day lease exceed	alue on of the
2003		\$18,000
1999 through	2002	15,500
1997 or 1998		15,800
1995 or 1996	'	15,500
If the lense ter	m hagan hafara	1005 500

If the lease term began before 1995, see Pub. 463 to find out if you have an inclusion amount.

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 24b and 24c 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 24b and 24c).

You cannot deduct expenses for attending a foreign convention unless it is directly related to your trade or business and it is 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 purpose. 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 24b is not deductible and enter that amount on line 24c.

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 non-recourse 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 32b 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 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 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

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 frade 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 8826 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 Accommodation

721310	Rooming & boarding house
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)

Administrative & Support and Waste Management & Remediation Services Administrative & Support

Sel vice	7 3
561430	Business service centers (including private mail centers & copy shops)
561740	Carpet & upholstery cleaning services
561440	Collection agencies
561450	Credit bureaus
561410	Document preparation services
561300	Employment services
561710	Exterminating & pest control

(management) services

561210 Facilities support

561600	Investigation & security
	services
561720	Janitorial services
561730	Landscaping services
561110	Office administrative services
561420	Telephone call centers
	(including telephone
	answering services &
	telemarketing bureaus)
561500	Travel arrangement &
	reservation services
561490	Other business support
	services (including
	repossession services, court
	reporting, & stenotype
	services)
561790	Other services to buildings &

dwellings

Agricu	Ilture, Forestry,
562000	Waste management & remediation services
	Management & liation Services
	convention & trade show organizers)
	labeling services, &
561900	Other support services (including packaging &

ry,

Hunting, & Fishing 112900 Animal production (including breeding of cats and dogs) 114110 113000 Forestry & logging (including forest nurseries & timber tracts) 114210 Hunting & trapping

C	Principal Business or Professional Activity Codes (continued)						
	rt Activities for	Educa	tional Services	Inform	ation	311300	Sugar & confectionery
	Support activities for animal	611000	Educational services (including schools, colleges,	511000	Publishing industries (except Internet)	311900	product mfg. Other food mfg. (including
	production (including farriers)		& universities)		casting (except Internet)		coffee, tea, flavorings, & seasonings)
115110	Support activities for crop production (including cotton	Financ	ce & Insurance		communications	Leathe	er & Allied Product
	ginning, soil preparation, planting, & cultivating)		Intermediation &		Broadcasting (except Internet) Telecommunications		acturing
115310	Support activities for forestry		d Activities Depository credit		et Publishing &	316210	Footwear mfg. (including leather, rubber, & plastics)
Arts. F	Entertainment, &	322100	intermediation (including		casting Internet publishing &	316110	Leather & hide tanning & finishing
Recrea			commercial banking, savings institutions, & credit unions)		broadcasting	316990	Other leather & allied product
	ement, Gambling, &	522200	Nondepository credit intermediation (including		et Service Providers, earch Portals, & Data	Nonma	mfg. etallic Mineral Product
	Ation Industries Amusement parks & arcades		sales financing & consumer		ssing Services		acturing
713200	*	522300	lending) Activities related to credit	518210	Data processing, hosting, & related services	327300	Cement & concrete product
713900	Other amusement & recreation services (including	322300	intermediation (including loan	518111	Internet service providers	327100	mfg. Clay product & refractory
	golf courses, skiing facilities,	Insura	brokers) nce Agents, Brokers, &		Web search portals	227210	mfg.
	marinas, fitness centers, bowling centers, skating	Relate	d Activities	519100	Other information services (including news syndicates	327210 327400	Glass & glass product mfg. Lime & gypsum product mfg.
Musou	rinks, miniature golf courses) ms, Historical Sites, &	524210	Insurance agencies & brokerages	Matian	and libraries)	327900	Other nonmetallic mineral
	r Institutions	524290	Other insurance related	Record	Picture & Sound		product mfg.
712100	Museums, historical sites, &	Securi	activities ties, Commodity	512100	Motion picture & video	Mining	
Perfori	similar institutions ming Arts, Spectator	Contra	cts, & Other Financial		industries (except video rental)	212110	Coal mining Metal ore mining
Sports	, & Related Industries	Investi Activit	ments & Related	512200	Sound recording industries	212300	Nonmetallic mineral mining
711410	Agents & managers for artists, athletes, entertainers,		Commodity contracts brokers	Manuf	acturing	211110	& quarrying Oil & gas extraction
511510	& other public figures	523130	-		Apparel mfg.		Support activities for mining
711510	Independent artists, writers, & performers	523110	Investment bankers & securities dealers	312000	Beverage & tobacco product mfg.	Other	Services
	Performing arts companies	523210	Securities & commodity	334000	Computer & electronic		nal & Laundry Services
711300	Promoters of performing arts, sports, & similar events	523120	exchanges Securities brokers	335000	product mfg. Electrical equipment,		Barber shops
711210	Spectator sports (including	523900	Other financial investment		appliance, & component mfg.	812112 812220	Beauty salons Cemeteries & crematories
	professional sports clubs & racetrack operations)		activities (including investment advice)	332000 337000	Fabricated metal product mfg. Furniture & related product		Coin-operated laundries &
Consti	ruction of Buildings	Health	Care & Social		mfg.	812320	drycleaners Drycleaning & laundry
	Nonresidential building	Assist		333000 339110	Machinery mfg. Medical equipment &	012320	services (except
226100	construction Residential building		atory Health Care		supplies mfg.		coin-operated) (including laundry & drycleaning
230100	construction	Servic 621610	Home health care services	322000 324100	Paper mfg. Petroleum & coal products	812210	dropoff & pickup sites) Funeral homes & funeral
Heavy Constr	and Civil Engineering		Medical & diagnostic		mfg.		services
	Highway, street, & bridge	621310	laboratories Offices of chiropractors	326000	Plastics & rubber products mfg.	812330 812113	Linen & uniform supply Nail salons
	construction	621210	Offices of dentists	331000	Primary metal mfg.	812113	Parking lots & garages
237210 237100	Land subdivision Utility system construction	621330	Offices of mental health practitioners (except	323100	Printing & related support activities	812910	Pet care (except veterinary)
	Other heavy & civil		physicians)				
Specia	engineering construction	(21220		313000	Textile mills	812920	services Photofinishing
	ity frauc contractors	621320	*	314000	Textile product mills		Photofinishing Other personal care services
238310	Drywall & insulation	621320	Offices of physical, occupational & speech	314000 336000	Textile product mills Transportation equipment mfg.		Photofinishing
	contractors	621340	Offices of physical, occupational & speech therapists, & audiologists	314000 336000 321000	Textile product mills Transportation equipment mfg. Wood product mfg.	812190 812990	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services
238210		621340 621111	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists)	314000 336000 321000 339900	Textile product mills Transportation equipment mfg.	812190 812990 Repair	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance
238210 238350 238330	contractors Electrical contractors Finish carpentry contractors Flooring contractors	621340	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental	314000 336000 321000 339900 Chemi 325100	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg.	812190 812990 Repair 811120	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair
238210 238350 238330 238130	contractors Electrical contractors Finish carpentry contractors Flooring contractors Framing carpentry contractors	621340 621111 621112 621391	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists	314000 336000 321000 339900 Chemi	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive	812190 812990 Repair	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical &
238210 238350 238330	contractors Electrical contractors Finish carpentry contractors Flooring contractors Framing carpentry contractors	621340 621111 621112	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of all other	314000 336000 321000 339900 Chemi 325100	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other	812190 812990 Repair 811120 811110	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance
238210 238350 238330 238130 238150	contractors Electrical contractors Finish carpentry contractors Flooring contractors Framing carpentry contractors Glass & glazing contractors Masonry contractors Painting & wall covering	621340 621111 621112 621391 621399	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of all other miscellaneous health practitioners	314000 336000 321000 339900 Chemi 325100 325500 325300	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other agricultural chemical mfg.	812190 812990 Repair 811120	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance Other automotive repair &
238210 238350 238330 238130 238150 238140	contractors Electrical contractors Finish carpentry contractors Flooring contractors Framing carpentry contractors Glass & glazing contractors Masonry contractors	621340 621111 621112 621391 621399	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of all other miscellaneous health practitioners Outpatient care centers	314000 336000 321000 339900 Chemi 325100 325500 325300 325410	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other agricultural chemical mfg. Pharmaceutical & medicine mfg.	812190 812990 Repair 811120 811110	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance Other automotive repair & maintenance (including oil change & lubrication shops &
238210 238350 238330 238130 238150 238140 238320 238220	contractors Electrical contractors Finish carpentry contractors Flooring contractors Framing carpentry contractors Glass & glazing contractors Masonry contractors Painting & wall covering contractors Plumbing, heating & air- conditioning contractors	621340 621111 621112 621391 621399	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of all other miscellaneous health practitioners Outpatient care centers Other ambulatory health care services (including ambulance	314000 336000 321000 339900 Chemi 325100 325500 325300	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other agricultural chemical mfg. Pharmaceutical & medicine mfg. Resin, synthetic rubber, &	812190 812990 Repair 811120 811110	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance Other automotive repair & maintenance (including oil
238210 238350 238330 238130 238150 238140 238320	contractors Electrical contractors Finish carpentry contractors Flooring contractors Framing carpentry contractors Glass & glazing contractors Masonry contractors Painting & wall covering contractors Plumbing, heating & air-	621340 621111 621112 621391 621399	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of all other miscellaneous health practitioners Outpatient care centers Other ambulatory health care	314000 336000 321000 339900 Chemi 325100 325500 325300 325410 325200	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other agricultural chemical mfg. Pharmaceutical & medicine mfg. Resin, synthetic rubber, & artificial & synthetic fibers & filaments mfg.	812190 812990 Repair 811120 811110 811190	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance Other automotive repair & maintenance (including oil change & lubrication shops & car washes) Commercial & industrial machinery & equipment
238210 238350 238330 238130 238150 238140 238320 238220 238110 238160	contractors Electrical contractors Finish carpentry contractors Flooring contractors Framing carpentry contractors Glass & glazing contractors Masonry contractors Painting & wall covering contractors Plumbing, heating & air- conditioning contractors Poured concrete foundation & structure contractors Roofing contractors	621340 621111 621112 621391 621399 621400 621900	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of podiatrists Offices of all other miscellaneous health practitioners Outpatient care centers Other ambulatory health care services (including ambulance services, blood, & organ banks) als	314000 336000 321000 339900 Chemi 325100 325500 325300 325410	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other agricultural chemical mfg. Pharmaceutical & medicine mfg. Resin, synthetic rubber, & artificial & synthetic fibers & filaments mfg. Soap, cleaning compound, &	812190 812990 Repair 811120 811110 811190	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance Other automotive repair & maintenance (including oil change & lubrication shops & car washes) Commercial & industrial machinery & equipment (except automotive & electronic) repair &
238210 238350 238330 238130 238150 238140 238320 238220 238210	contractors Electrical contractors Finish carpentry contractors Flooring contractors Framing carpentry contractors Glass & glazing contractors Masonry contractors Painting & wall covering contractors Plumbing, heating & air- conditioning contractors Poured concrete foundation & structure contractors Roofing contractors Siding contractors	621340 621111 621112 621391 621399 621400 621900 Hospit 622000	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of podiatrists Offices of all other miscellaneous health practitioners Outpatient care centers Other ambulatory health care services (including ambulance services, blood, & organ banks) als Hospitals	314000 336000 321000 339900 Chemi 325100 325500 325300 325410 325200	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other agricultural chemical mfg. Pharmaceutical & medicine mfg. Resin, synthetic rubber, & artificial & synthetic fibers & filaments mfg. Soap, cleaning compound, & toilet preparation mfg. Other chemical product &	812190 812990 Repair 811120 811110 811190	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance Other automotive repair & maintenance (including oil change & lubrication shops & car washes) Commercial & industrial machinery & equipment (except automotive & electronic) repair & maintenance
238210 238350 238330 238130 238150 238140 238320 238220 238110 238160 238170	contractors Electrical contractors Finish carpentry contractors Flooring contractors Framing carpentry contractors Glass & glazing contractors Masonry contractors Painting & wall covering contractors Plumbing, heating & air- conditioning contractors Poured concrete foundation & structure contractors Roofing contractors Siding contractors Site preparation contractors Structural steel & precast	621340 621111 621112 621391 621399 621400 621900 Hospit 622000	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of podiatrists Offices of all other miscellaneous health practitioners Outpatient care centers Other ambulatory health care services (including ambulance services, blood, & organ banks) als Hospitals g & Residential Care	314000 336000 321000 339900 Chemi 325100 325500 325300 325410 325200 325600 325900	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other agricultural chemical mfg. Pharmaceutical & medicine mfg. Resin, synthetic rubber, & artificial & synthetic fibers & filaments mfg. Soap, cleaning compound, & toilet preparation mfg. Other chemical product & preparation mfg.	812190 812990 Repair 811120 811110 811190 811310	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance Other automotive repair & maintenance (including oil change & lubrication shops & car washes) Commercial & industrial machinery & equipment (except automotive & electronic) repair & maintenance Electronic & precision equipment repair &
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238210 238350 238330 238130 238150 238140 238320 238220 238110 238170 238910 238120	contractors Electrical contractors Finish carpentry contractors Flooring contractors Framing carpentry contractors Glass & glazing contractors Masonry contractors Painting & wall covering contractors Plumbing, heating & air- conditioning contractors Poured concrete foundation & structure contractors Roofing contractors Siding contractors Site preparation contractors Structural steel & precast concrete construction contractors Tile & terrazzo contractors	621340 621111 621112 621391 621399 621400 621900 Hospit 622000 Nursin Faciliti 623000	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of podiatrists Offices of all other miscellaneous health practitioners Outpatient care centers Other ambulatory health care services (including ambulance services, blood, & organ banks) als Hospitals g & Residential Care es Nursing & residential care facilities	314000 336000 321000 339900 Chemi 325100 325500 325410 325200 325600 325900 Food N 311110 311800	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other agricultural chemical mfg. Pharmaceutical & medicine mfg. Resin, synthetic rubber, & artificial & synthetic fibers & filaments mfg. Soap, cleaning compound, & toilet preparation mfg. Other chemical product & preparation mfg. Manufacturing Animal food mfg. Bakeries & tortilla mfg.	812190 812990 Repair 811120 811110 8111310 811210 811430	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance Other automotive repair & maintenance (including oil change & lubrication shops & car washes) Commercial & industrial machinery & equipment (except automotive & electronic) repair & maintenance Electronic & precision equipment repair & maintenance Footwear & leather goods repair
238210 238350 238330 238150 238140 23820 238220 238110 238160 238170 238910 238120	contractors Electrical contractors Finish carpentry contractors Flooring contractors Flooring contractors Framing carpentry contractors Glass & glazing contractors Masonry contractors Painting & wall covering contractors Plumbing, heating & air- conditioning contractors Poured concrete foundation & structure contractors Roofing contractors Siding contractors Site preparation contractors Structural steel & precast concrete construction contractors	621340 621111 621112 621391 621399 621400 621900 Hospit 622000 Nursin Faciliti 623000 Social	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of podiatrists Offices of all other miscellaneous health practitioners Outpatient care centers Other ambulatory health care services (including ambulance services, blood, & organ banks) als Hospitals g & Residential Care es Nursing & residential care	314000 336000 321000 339900 Chemi 325100 325500 325300 325410 325200 325600 325900 Food M 311110 311800 311500	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other agricultural chemical mfg. Pharmaceutical & medicine mfg. Resin, synthetic rubber, & artificial & synthetic fibers & filaments mfg. Soap, cleaning compound, & toilet preparation mfg. Other chemical product & preparation mfg. Manufacturing Animal food mfg. Bakeries & tortilla mfg. Dairy product mfg.	812190 812990 Repair 811120 811110 811190 811310	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance Other automotive repair & maintenance (including oil change & lubrication shops & car washes) Commercial & industrial machinery & equipment (except automotive & electronic) repair & maintenance Electronic & precision equipment repair & maintenance Electronic & precision equipment repair & maintenance Footwear & leather goods
238210 238350 238330 238130 238150 238140 238320 238220 238110 238170 238910 238120	contractors Electrical contractors Finish carpentry contractors Flooring contractors Flooring contractors Flooring contractors Glass & glazing contractors Masonry contractors Painting & wall covering contractors Plumbing, heating & air- conditioning contractors Poured concrete foundation & structure contractors Roofing contractors Siding contractors Siding contractors Site preparation contractors Structural steel & precast concrete construction contractors Tile & terrazzo contractors Other building equipment contractors Other building finishing	621340 621111 621112 621391 621399 621400 621900 Hospit 622000 Nursin Faciliti 623000 Social	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of podiatrists Offices of all other miscellaneous health practitioners Outpatient care centers Other ambulatory health care services (including ambulance services, blood, & organ banks) als Hospitals g & Residential Care es Nursing & residential care facilities Assistance Child day care services Community food & housing.	314000 336000 321000 339900 Chemi 325100 325500 325300 325410 325200 325600 325900 Food N 311110 311800 311500 311400	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other agricultural chemical mfg. Pharmaceutical & medicine mfg. Resin, synthetic rubber, & artificial & synthetic fibers & filaments mfg. Soap, cleaning compound, & toilet preparation mfg. Other chemical product & preparation mfg. Manufacturing Animal food mfg. Bakeries & tortilla mfg. Dairy product mfg. Fruit & vegetable preserving & speciality food mfg.	812190 812990 Repair 811120 811110 8111310 811210 811430 811410	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance Other automotive repair & maintenance (including oil change & lubrication shops & car washes) Commercial & industrial machinery & equipment (except automotive & electronic) repair & maintenance Electronic & precision equipment repair & maintenance Footwear & leather goods repair Home & garden equipment & appliance repair & maintenance
238210 238350 238330 238130 238150 238140 23820 238220 238110 238160 238170 238910 238120 238340 238290 238390	contractors Electrical contractors Finish carpentry contractors Flooring contractors Flooring contractors Flooring carpentry contractors Glass & glazing contractors Masonry contractors Painting & wall covering contractors Plumbing, heating & air- conditioning contractors Poured concrete foundation & structure contractors Roofing contractors Siding contractors Siding contractors Site preparation contractors Structural steel & precast concrete construction contractors Tile & terrazzo contractors Other building equipment contractors Other building finishing contractors	621340 621111 621112 621391 621399 621400 621900 Hospit 622000 Nursin Faciliti 623000 Social 624410	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of podiatrists Offices of all other miscellaneous health practitioners Outpatient care centers Other ambulatory health care services (including ambulance services, blood, & organ banks) als Hospitals g & Residential Care es Nursing & residential care facilities Assistance Child day care services	314000 336000 321000 339900 Chemi 325100 325500 325300 325410 325200 325600 325900 Food N 311110 311800 311500 311200	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other agricultural chemical mfg. Pharmaceutical & medicine mfg. Resin, synthetic rubber, & artificial & synthetic fibers & filaments mfg. Soap, cleaning compound, & toilet preparation mfg. Other chemical product & preparation mfg. Manufacturing Animal food mfg. Bakeries & tortilla mfg. Dairy product mfg. Fruit & vegetable preserving & speciality food mfg. Grain & oilseed milling	812190 812990 Repair 811120 811110 8111310 811210 811430	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance Other automotive repair & maintenance (including oil change & lubrication shops & car washes) Commercial & industrial machinery & equipment (except automotive & electronic) repair & maintenance Electronic & precision equipment repair & maintenance Electronic & precision equipment repair & maintenance Footwear & leather goods repair Home & garden equipment & appliance repair & applianc
238210 238350 238330 238130 238150 238140 238220 238220 238110 238160 238170 238910 238910 238340 238390 238390	contractors Electrical contractors Finish carpentry contractors Flooring contractors Flooring contractors Framing carpentry contractors Glass & glazing contractors Masonry contractors Painting & wall covering contractors Plumbing, heating & air- conditioning contractors Poured concrete foundation & structure contractors Siding contractors Siding contractors Site preparation contractors Structural steel & precast concrete construction contractors Tile & terrazzo contractors Other building equipment contractors Other building finishing contractors Other foundation, structure, & building exterior contractors	621340 621111 621112 621391 621399 621400 621900 Hospit 622000 Nursin Faciliti 623000 Social 624410 624200	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of podiatrists Offices of all other miscellaneous health practitioners Outpatient care centers Other ambulatory health care services (including ambulance services, blood, & organ banks) als Hospitals g & Residential Care es Nursing & residential care facilities Assistance Child day care services Community food & housing, & emergency & other relief services Individual & family services	314000 336000 321000 339900 Chemi 325100 325500 325300 325410 325200 325600 325900 Food N 311110 311800 311500 311400	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other agricultural chemical mfg. Pharmaceutical & medicine mfg. Resin, synthetic rubber, & artificial & synthetic fibers & filaments mfg. Soap, cleaning compound, & toilet preparation mfg. Other chemical product & preparation mfg. Manufacturing Animal food mfg. Bakeries & tortilla mfg. Dairy product mfg. Fruit & vegetable preserving & speciality food mfg. Grain & oilseed milling Animal slaughtering & processing	812190 812990 Repair 811120 811110 8111310 811210 811430 811410	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance Other automotive repair & maintenance (including oil change & lubrication shops & car washes) Commercial & industrial machinery & equipment (except automotive & electronic) repair & maintenance Electronic & precision equipment repair & maintenance Footwear & leather goods repair Home & garden equipment & appliance repair & maintenance Reupholstery & furniture repair Other personal & household
238210 238350 238330 238130 238150 238140 23820 238220 238110 238170 238170 238120 238340 238340 238390	contractors Electrical contractors Finish carpentry contractors Flooring contractors Flooring contractors Flooring carpentry contractors Glass & glazing contractors Masonry contractors Painting & wall covering contractors Plumbing, heating & air- conditioning contractors Poured concrete foundation & structure contractors Roofing contractors Siding contractors Site preparation contractors Structural steel & precast concrete construction contractors Tile & terrazzo contractors Other building equipment contractors Other building finishing contractors Other foundation, structure, &	621340 621111 621112 621391 621399 621400 621900 Hospit 622000 Nursin Faciliti 623000 Social 624410 624200	Offices of physical, occupational & speech therapists, & audiologists Offices of physicians (except mental health specialists) Offices of physicians, mental health specialists Offices of podiatrists Offices of podiatrists Offices of all other miscellaneous health practitioners Outpatient care centers Other ambulatory health care services (including ambulance services, blood, & organ banks) als Hospitals g & Residential Care es Nursing & residential care facilities Assistance Child day care services Community food & housing, & emergency & other relief services	314000 336000 321000 339900 Chemi 325100 325500 325300 325410 325200 325600 325900 Food N 311110 311800 311500 311200	Textile product mills Transportation equipment mfg. Wood product mfg. Other miscellaneous mfg. cal Manufacturing Basic chemical mfg. Paint, coating, & adhesive mfg. Pesticide, fertilizer, & other agricultural chemical mfg. Pharmaceutical & medicine mfg. Resin, synthetic rubber, & artificial & synthetic fibers & filaments mfg. Soap, cleaning compound, & toilet preparation mfg. Other chemical product & preparation mfg. Manufacturing Animal food mfg. Bakeries & tortilla mfg. Dairy product mfg. Fruit & vegetable preserving & speciality food mfg. Grain & oilseed milling Animal slaughtering &	812190 812990 Repair 811120 811110 811110 8111210 811430 811410 811420	Photofinishing Other personal care services (including diet & weight reducing centers) All other personal services & Maintenance Automotive body, paint, interior, & glass repair Automotive mechanical & electrical repair & maintenance Other automotive repair & maintenance (including oil change & lubrication shops & car washes) Commercial & industrial machinery & equipment (except automotive & electronic) repair & maintenance Electronic & precision equipment repair & maintenance Footwear & leather goods repair Home & garden equipment & appliance repair & maintenance Reupholstery & furniture repair

Principal Business or Profession	onal Activity Codes (continued)		
Professional, Scientific, & Technical Services	Religious, Grantmaking, Civic, Professional, & Similar	441120 Used car dealers 441229 All other motor vehicle dealers	Couriers & Messengers 492000 Couriers & messengers
541100 Legal services 541211 Offices of certified public	Organizations 813000 Religious, grantmaking, civic,	Sporting Goods, Hobby,	Warehousing & Storage Facilities
accountants	professional, & similar	Book, & Music Stores	493100 Warehousing & storage
541214 Payroll services	organizations	451211 Book stores	(except leases of
541213 Tax preparation services 541219 Other accounting services	Retail Trade	451120 Hobby, toy, & game stores 451140 Musical instrument &	miniwarehouses & self-storage units)
Architectural, Engineering, &	Building Material & Garden	supplies stores	,
Related Services	Equipment & Supplies Dealers	451212 News dealers & newsstands	Utilities
541310 Architectural services	444130 Hardware stores	451220 Prerecorded tape, compact disc, & record stores	221000 Utilities
541350 Building inspection services	444110 Home centers 444200 Lawn & garden equipment &	451130 Sewing, needlework, & piece	Wholesale Trade
541340 Drafting services 541330 Engineering services	supplies stores	goods stores	Merchant Wholesalers,
541360 Geophysical surveying &	444120 Paint & wallpaper stores	451110 Sporting goods stores	Durable Goods
mapping services	444190 Other building materials dealers	Miscellaneous Store Retailers 453920 Art dealers	423600 Electrical & electronic goods 423200 Furniture & home furnishing
541320 Landscape architecture services	Clothing & Accessories	453110 Florists	423700 Hardware, & plumbing &
541370 Surveying & mapping (except	Stores	453220 Gift, novelty, & souvenir	heating equipment & supplies
geophysical) services	448130 Children's & infants' clothing	stores	423940 Jewelry, watch, precious stone, & precious metals
541380 Testing laboratories	stores 448150 Clothing accessories stores	453930 Manufactured (mobile) home dealers	423300 Lumber & other construction
Computer Systems Design & Related Services	448140 Family clothing stores	453210 Office supplies & stationery	materials
541510 Computer systems design &	448310 Jewelry stores	stores	423800 Machinery, equipment, & supplies
related services	448320 Luggage & leather goods stores	453910 Pet & pet supplies stores 453310 Used merchandise stores	423500 Metal & mineral (except
Specialized Design Services	448110 Men's clothing stores	453990 All other miscellaneous store	petroleum)
541400 Specialized design services (including interior, industrial,	448210 Shoe stores	retailers (including tobacco, candle, & trophy shops)	423100 Motor vehicle & motor vehicle parts & supplies
graphic, & fashion design)	448120 Women's clothing stores	Nonstore Retailers	423400 Professional & commercial
Other Professional, Scientific,	448190 Other clothing stores	454112 Electronic auctions	equipment & supplies
& Technical Services	Electronic & Appliance Stores 443130 Camera & photographic	454111 Electronic shopping	423930 Recyclable materials 423910 Sporting & recreational goods
541800 Advertising & related services 541600 Management, scientific, &	supplies stores	454310 Fuel dealers	& supplies
technical consulting services	443120 Computer & software stores	454113 Mail-order houses	423920 Toy & hobby goods &
541910 Market research & public opinion polling	443111 Household appliance stores 443112 Radio, television, & other	454210 Vending machine operators 454390 Other direct selling	supplies 423990 Other miscellaneous durable
541920 Photographic services	electronics stores	establishments (including	goods
541700 Scientific research &	Food & Beverage Stores	door-to-door retailing, frozen food plan providers, party	Merchant Wholesalers,
development services	445310 Beer, wine, & liquor stores	plan merchandisers, &	Nondurable Goods
541930 Translation & interpretation services	445220 Fish & seafood markets 445230 Fruit & vegetable markets	coffee-break service providers)	424300 Apparel, piece goods, & notions
541940 Veterinary services	445250 Fruit & vegetable markets 445100 Grocery stores (including	* ′	424800 Beer, wine, & distilled
541990 All other professional, scientific, & technical	supermarkets & convenience	Transportation & Warehousing	alcoholic beverage 424920 Books, periodicals, &
services	stores without gas) 445210 Meat markets	481000 Air transportation	newspapers
Real Estate & Rental &	445290 Other specialty food stores	485510 Charter bus industry	424600 Chemical & allied products
Leasing	Furniture & Home Furnishing	484110 General freight trucking, local	424210 Drugs & druggists' sundries
Real Estate	Stores	484120 General freight trucking, long distance	424500 Farm product raw materials 424910 Farm supplies
531100 Lessors of real estate	442110 Furniture stores	485210 Interurban & rural bus	424930 Flower, nursery stock, &
(including miniwarehouses & self-storage units)	442200 Home furnishings stores Gasoline Stations	transportation	florists' supplies
531210 Offices of real estate agents	447100 Gasoline stations (including	486000 Pipeline transportation 482110 Rail transportation	424400 Grocery & related products 424950 Paint, varnish, & supplies
& brokers	convenience stores with gas)	487000 Scenic & sightseeing	424100 Paper & paper products
531320 Offices of real estate appraisers	General Merchandise Stores	transportation	424700 Petroleum & petroleum
531310 Real estate property managers	452000 General merchandise stores Health & Personal Care Stores	485410 School & employee bus transportation	products 424940 Tobacco & tobacco products
531390 Other activities related to real	446120 Cosmetics, beauty supplies, &	484200 Specialized freight trucking	424990 Other miscellaneous
estate Rental & Leasing Services	perfume stores	(including household moving	nondurable goods
532100 Automotive equipment rental	446130 Optical goods stores	vans) 485300 Taxi & limousine service	Wholesale Electronic
& leasing	446110 Pharmacies & drug stores 446190 Other health & personal care	485110 Urban transit systems	Markets and Agents &
532400 Commercial & industrial	stores	483000 Water transportation	Brokers
machinery & equipment rental & leasing	Motor Vehicle & Parts Dealers	485990 Other transit & ground passenger transportation	425110 Business to business electronic markets
532210 Consumer electronics &	441300 Automotive parts, accessories,	488000 Support activities for	425120 Wholesale trade agents &
appliances rental 532220 Formal wear & costume	& tire stores 441222 Boat dealers	transportation (including	brokers
rental	441221 Motorcycle dealers	motor vehicle towing)	999999 Unclassified establishments
532310 General rental centers	441110 New car dealers		(unable to classify)
532230 Video tape & disc rental	441210 Recreational vehicle dealers (including motor home &		
532290 Other consumer goods rental	travel trailer dealers)		

2003 Instructions for Schedule D

Capital Gains and Losses

Use Schedule D (Form 1040) to report the following.

- The sale or exchange of a capital asset (defined on this page) not reported on another form or schedule.
- Gains from involuntary conversions (other than from casualty or theft) of capital assets not held for business or profit.
 - Capital gain distributions not reported directly on Form 1040, line 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.

General InstructionsChanges 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.

28% 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 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.

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 2b of Form 1099-DIV, include that amount on line 13, column (g).

If there is an amount in box 2c, 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 2e, see Exclusion of Gain on Qualified Small Business (QSB) Stock on page D-4.

If there is an amount in box 2f, 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 (including 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-I 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(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 1b 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 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 **28% 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 **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 **28% Rate Gain Worksheet** on page D-8.

Gain From Form 1099-DIV. If you received a Form 1099-DIV with a gain in box 2e, 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 28% 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 28% 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.



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 7a, 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:

- ullet 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 10.
 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
3. Subtract line 2 from line 1
4. 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)
5. Enter the total of any amounts reported to you on a Schedule K-1 from a partnership or an S corporation as "unrecaptured section 1250 gain"
6. Add lines 3 through 5
7. Enter the smaller of line 6 or the gain from Form 4797, line 7, column (g) 7.
8. Enter the amount, if any, from Form 4797, line 8, column (g)
9. Subtract line 8 from line 7. If zero or less, enter -0
10. 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)
11. 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)
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)
13. Add lines 9 through 12
14. If you had any section 1202 gain or collectibles gain or (loss), enter the total of lines 1 through 4 of the 28% Rate Gain Worksheet on page D-8. Otherwise, enter -0 14.
15. Enter the (loss), if any, from Schedule D, line 7b. If Schedule D, line 7b, is zero or a gain, enter -0
16. Enter your long-term capital loss carryovers from Schedule D, line 14, and Schedule K-1 (Form 1041), line 13c
17. Combine lines 14 through 16. If the result is a (loss), enter it as a positive amount. If the result is zero or a gain, enter -0
18. 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

Step 2. Reduce the amount figured in step 1 by any section 1250 ordinary income recapture for the sale. This is the amount from line 26g of your 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 26g 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 26g 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

28% Rate Gain Worksheet—Line 20

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	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	2.	
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	3.	
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.	4.	
5.	Enter your long-term capital loss carryovers from Schedule D, line 14, and Schedule K-1 (Form 1041), line 13c	5.	()
	If Schedule D, line 7b, is a (loss), enter that (loss) here. Otherwise, enter -0	6.	()
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	7.	

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 4g is greater than the amount on line 4e 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 17b 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

14/

1. Enter your qualified dividends from Form 1040, line 9b	1
2. Enter the amount from Form 4952, line 4g	
3. Enter the amount from Form 4952, line 4e (or, if applicable, the smaller amount you entered on the dotted line next to line 4e)	
4. Subtract line 3 from line 2. If zero or less, enter -0-	4
5. Subtract line 4 from line 1. If zero or less, enter -0	5.
6. Enter the amount from Schedule D, line 17b	6
7. Add lines 5 and 6. Enter the result here and on Schedule D, lines 31 and 43 (unless you are skipping the	
line)	7

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).

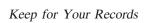
• You received payments before May 6, 2003, from an installment sale of long-term capital gain property that you had held for more than 5 years when you entered into the installment sale.

Qualified 5-Year Gain Worksheet—Line 35



2.	Enter the total of all gains that you reported on line 8, column (f), of Schedules D and D-1 from property held more than 5 years and disposed of before May 6, 2003. Do not reduce these gains by any losses
	from Form 4684, line 4, but only if Form 4684, line 15, 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 6252; Form 6781, Part II; and Form 8824. Do not reduce these gains by any losses
5.	Enter the total of any qualified 5-year gain reported to you on: • Form 1099-DIV, box 2c;
	• Form 2439, box 1c; and 5.
	• 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).
	Add lines 1 through 5
7.	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

Schedule D Tax Worksheet—Line 53





Cor	nplete 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	1
2.	Enter your qualified dividends from Form 1040, line 9b 2.	
	Enter the amount from Form 4952, line 4g 3.	
4.	Enter the amount from Form 4952, line 4e* 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 17a of Schedule D	
	Enter the smaller of line 3 or line 4 8.	
	Subtract line 8 from line 7. If zero or less, enter -0	
	Add lines 6 and 9	
	Add lines 19 and 20 of Schedule D	
1	Enter the smaller of line 9 or line 11	12
	Subtract line 12 from line 10	
1	Enter the smaller of line 1 or:	14.
13.	• \$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	
	If lines 15 and 16 are the same, skip lines 19 through 28 and go to line 29. Otherwise, go to line 19.	
19.	Subtract line 16 from line 15	
20.	Add the amounts on Schedule D, line 17b, and line 6 above	
	Enter the smaller of line 19 or line 20	
22.	Multiply line 21 by 5% (.05)	22.
	If lines 19 and 21 are the same, skip lines 23 through 28 and go to line 29. Otherwise, go to line 23.	
23.	Subtract line 21 from line 19	
24.	Qualified 5-year gain from the worksheet on page D-10. Also enter on	
	Schedule D, line 35	
	Enter the smaller of line 23 or line 24	
	Multiply line 25 by 8% (.08)	26
	Subtract line 25 from line 23	•0
28.	Multiply line 27 by 10% (.10)	28
20	If lines 1 and 15 are the same, skip lines 29 through 47 and go to line 48. Otherwise, go to line 29. Enter the smaller of line 1 or line 13	
29.	Enter the amount from line 19 (if line 19 is blank, enter -0-)	
	Subtract line 30 from line 29. If zero or less, enter -0	
	Add the amounts on Schedule D, line 17b, and line 6 above	
	Enter the amount from line 21 (if line 21 is blank, enter -0-)	
34.	Subtract line 33 from line 32	
	Enter the smaller of line 31 or line 34	
1	Multiply line 35 by 15% (.15)	36.
37.	Subtract line 35 from line 31	
38.	Multiply line 37 by 20% (.20)	38
	If Schedule D, line 19, is zero or blank, skip lines 39 through 44 and go to line 45. Otherwise, go to line 39.	
	Enter the smaller of line 9 above or Schedule D, line 19	
40.	Add lines 10 and 18	
	Enter the amount from line 1 above	
	Subtract line 41 from line 40. If zero or less, enter -0	
		44.
44.	Multiply line 43 by 25% (.25)	-1·1.
45	Add lines 18, 19, 31, and 43	
1	Subtract line 45 from line 1	
	Multiply line 46 by 28% (.28)	47.
	Figure the tax on the amount on line 18 . Use the Tax Table or Tax Rate Schedules, whichever applies	48.
	Add lines 22, 26, 28, 36, 38, 44, 47, and 48	49.
50.	Figure the tax on the amount on line 1. Use the Tax Table or Tax Rate Schedules, whichever applies	50.
51.	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	51
	*If applicable, enter instead the smaller amount you entered on the dotted line next to line 4e of Form 4952.	
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2003 Instructions for Schedule E (Form 1040)

Supplemental Income and Loss

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.

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(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 financing is financing for which no one is personally liable for repayment and is:

- Borrowed by you in connection with holding real property,
- Not convertible from a debt obligation to an ownership interest, and
- 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.

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;
- 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-F7

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 capitalize 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 29b, or lines 34a and 34b, 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 F₋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 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 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 LossFrom 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 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 Income— Cash 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 Weather-Related 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	
(for crop insurance)	Line 8a
1099-G or CCC-1099-G	
(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 5b 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 6b.

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 7b, 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 7c. But if the amount forfeited is different from your basis in the commodity, you may have an entry on line 7c.

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 8b 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 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 1 and 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 34e by the preproductive period

expenses you must capitalize. Instead, enter the total amount capitalized in parentheses on line 34f. See **Preproductive Period Expenses** on page F-6 for details.

If you revoked an election made before 1989 to deduct preproductive period expenses for animals, you must continue to apply the alternative depreciation rules to property placed in service while your election was in effect. Also, the expenses you previously chose to deduct will have to be recaptured as ordinary income when you dispose of the animals.

Election To Deduct Certain Preproductive Period Expenses. If the preproductive period of any plant you produce is more than 2 years, you 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 34f and enter "263A" in the space to the left of the total.

If you entered an amount in parentheses on line 34f because you have preproductive period expenses you are capitalizing, subtract the amount on line 34f 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(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.

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

	gured your tax for both 2001 and 2002 without using or less. See the instructions above before complete		
to zero. If you had an NOL for	m your 2000 tax return (or as previously adjusted) or 2000, do not include any NOL carryovers or carryount	rybacks to 2000.	1.
amount) and your 2000 capita	O Schedule D, line 18, add that loss (as a positive loss carryover to 2001. Subtract from that sum r 2000 Schedule D, line 17, and enter the result	2	
a positive amount the portion,	enter it as a positive amount. Otherwise, enter as if any, of the NOL carryovers and carrybacks to 00 and were carried to years after 2000	3	
	nter the result as a negative amount on Schedule J,		

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—U	se if your 2000	filing status was Single		Schedule Y-2—	•	2000 filing status was ing separately	
If Schedule J, line 7, is: Over—	But not over—	Enter on Schedule J, line 8	of the amount over—	If Schedule J, Enter on line 7, is: But not Schedule J, Over— over— line 8		Schedule J,	of the amount over—
\$0 26,250 63,550 132,600 288,350	\$26,250 63,550 132,600 288,350	\$3,937.50 + 28% 14,381.50 + 31% 35,787.00 + 36% 91,857.00 + 39.6%	\$0 26,250 63,550 132,600 288,350	52,975 80,725 144,175	\$21,925 52,975 80,725 144,175	\$3,288.75 + 28% \$11,982.75 + 31% 20,585.25 + 36% 43,427.25 + 39.6%	\$0 21,925 52,975 80,725 144,175
Schedule Y-1—Use if your 2000 filing status was Married filing jointly or Qualifying widow(er)					Jse if your 20 ousehold	000 filing status was Head of	ıf
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 43,850 105,950 161,450 288,350	\$43,850 105,950 161,450 288,350		\$0 43,850 105,950 161,450 288,350	90,800 147,050	\$35,150 90,800 147,050 288,350		\$0 35,150 90,800 147,050 288,350

2000 Capital Gain Tax Worksheet—Line 8

your 2	his worksheet only if you entered capital gain distributions directly on line 13 of y 2000 Form 1040A) and checked the box on that line and elected farm income include any net capital gain.		
1. 2.	Amount from Schedule J, line 7	2	
3. 4.	Subtract line 2 from line 1. If zero or less, enter -0		4
5.	Enter the smaller of: • The amount on line 1 above or		
	filing separately; or \$35,150 if head of household.	5.	
6. 7.	Enter the amount from line 3		
8.	Multiply line 7 by 10% (.10)		8
9. 10. 11.	Enter the smaller of line 1 or line 2	10.	
12. 13.	Multiply line 11 by 20% (.20)		
14. 15.	Figure the tax on the amount on line 1. Use the 2000 Tax Rate Schedules above Tax. Enter the smaller of line 13 or line 14 here and on Schedule J, line 8		14. 15.

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 negative substance of the subtracts from the \$30,100 loss the \$2,900 deduction for exemptions.

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.

2001 Taxable Income Worksheet—Line 9

	inplete this worksheet if you did not use Schedule J to figure your tax for 2002 and your 2001 taxable ome was zero or less. See the instructions above before completing this worksheet.	le
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 2.	
	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	4. 5

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 separate Married filing separate Schedule X—Use if your 2001 fi				ē			
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 65,550 136,750 297,350	\$27,050 65,550 136,750 297,350	\$4,057.50 + 27.5% \$4,057.50 + 27.5% \$14,645.00 + 30.5% \$36,361.00 + 35.5% \$93,374.00 + 39.1%	\$0 27,050 65,550 136,750 297,350	54,625 83,250 148,675	\$22,600 54,625 83,250 148,675	**************************************	\$0 22,600 54,625 83,250 148,675
	•	01 filing status was Married r Qualifying widow(er)	u		ousehold	ool ming status was nead o	ı
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 45,200 109,250 166,500 297,350	\$45,200 109,250 166,500 297,350		\$0 45,200 109,250 166,500 297,350	93,650 151,650	\$36,250 93,650 151,650 297,350	**************************************	\$0 36,250 93,650 151,650 297,350

2001 Capital Gain Tax Worksheet—Line 12

your 2	is worksheet only if you entered capital gain distributions directly on line 13 of your 2001 Form 1040 (or line 10 of 001 Form 1040A) and checked the box on that line and elected farm income included on Schedule J, lines 9 and 10, or include any net capital gain.
1. 2. 3. 4. 5.	Amount from Schedule J, line 11 Amount from your 2001 Form 1040, line 13 (or Form 1040A, line 10) Subtract line 2 from line 1. If zero or less, enter -0- Figure the tax on the amount on line 3. Use the 2001 Tax Rate Schedules above Enter the smaller of: The amount on line 1 above or \$\$2,050\$ 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. 7. 8. 9. 10. 11. 12. 13. 14.	Enter the amount from line 3

2001 Tax Computation Worksheet for Certain Dependents and Nonresident Alien Individuals — Line 12

Keep for Your Records

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	1
2.	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	
	 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. 	2
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)	3

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 short-and 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 pur-

2002 Taxable Income Worksheet—Line 13

	mplete this worksheet if your 2002 taxable income is zero or less. See the instructions above before npleting 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.	1
2.	Enter the result as a positive amount	1
3.	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	
	Add lines 2 and 3	4. 5

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—U	Jse if your 2	002 filing status was Single		Schedule Y-2—U	se if your 20 [arried filing	_	vas	
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—		r on lule J, : 16	of the amount over—
\$0 6,000 27,950 67,700 141,250 307,050 Schedule Y-1—	\$6,000 27,950 67,700 141,250 307,050 	\$600.00 + 15% \$600.00 + 15% \$3,892.50 + 27% \$14,625.00 + 30% \$36,690.00 + 35% \$94,720.00 + 38.6% \$2002 filing status was Married	\$0 6,000 27,950 67,700 141,250 307,050	23,350 56,425 85,975 153,525	\$6,000 23,350 56,425 85,975 153,525 	3,202.50 + 27% 2 12,132.75 + 30% 5 20,997.75 + 35% 8		\$0 6,000 23,350 56,425 85,975 153,525
filing jointly or Qualifying widow(er)			hou	sehold				
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—		r on lule J, : 16	of the amount over—
\$0 12,000 46,700 112,850 171,950 307,050	\$12,000 46,700 112,850 171,950 307,050		\$0 12,000 46,700 112,850 171,950 307,050	37,450 96,700 156,600	\$10,000 37,450 96,700 156,600 307,050	\$1,000.00 + 5,117.50 + 21,115.00 + 39,085.00 + 91,742.50 +	10% 15% 27% 30% 35% 38.6%	\$0 10,000 37,450 96,700 156,600 307,050

2002 Capital Gain Tax Worksheet—Line 16

your 2	is worksheet only if you entered capital gain distributions directly on line 13 of your 2002 I 002 Form 1040A) and checked the box on that line and elected farm income on Schedule J pital gain.	*	any
1. 2. 3. 4. 5.	Amount from Schedule J, line 15	2. 3.	4
	• \$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.	5	
6.	Enter the amount from line 3	6	
7.	Subtract line 6 from line 5. If zero or less, enter -0- and go to line 9	7	
8.	Multiply line 7 by 10% (.10)		8
9.	Enter the smaller of line 1 or line 2		
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		
12.	Multiply line 11 by 20% (.20)		12
13.	Add lines 4, 8, and 12		13
14.	Figure the tax on the amount on line 1. Use the 2002 Tax Rate Schedules above		14
15.	Tax. Enter the smaller of line 13 or line 14 here and on Schedule J, line 16		15

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 InstructionsA 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**

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 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



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 Self-Employment?

In most cases, net earnings include your net profit from a farm or nonfarm business. If you were a partner in a partnership, see the following instructions.

Partnership Income or Loss

If you were a general or limited partner in a partnership, 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 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 rail-road 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 15a, 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 non-farm 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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^{*} These items may not be included in this package. To reduce printing costs, we have sent you only the forms you may need based on what you filed last year.



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



Envelopes without enough postage will be returned to you by the post office. Your envelope may need additional postage if it contains more than five

pages or is oversized (for example, it is over 1/4" thick). Also, include your complete return address.

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

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

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