

General Description Booklet
for the
1997 PUBLIC USE TAX FILE

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1997 STATISTICS OF INCOME PUBLIC USE TAX FILE

INTRODUCTION

The Internal Revenue Service 1997 Public Use Tax File, which contains 111,065 records, was selected as part of the Statistics of Income program that was designed to tabulate and present statistical information for the 122.4 million Form 1040, Form 1040A, and Form 1040EZ Federal Individual Income Tax Returns filed for Tax Year 1997. The Individual Tax File is designed for making national level estimates.

The Tax Files which have been produced since 1960, consist of detailed information taken from SOI sample records. The public use versions of these sample files are sold in an unidentifiable form, with names, Social Security Numbers (SSN), and other similar information omitted. The primary uses made of these files have been to simulate the administrative and revenue impact of tax law changes, as well as to provide general statistical tabulations relating to sources of income and taxes paid by individuals.

The 1997 Tax File can be purchased through the Internal Revenue Service, Statistics of Income Division. Any questions concerning the cost and acquisition of the current Individual Tax File should be directed to:

Thomas Petska, Director
Statistics of Income Division N :ADC:R:S
Internal Revenue Service
P.O. Box 2608
Washington, DC 20013-2608

Telephone number: (202) 874-0700
Fax number: (202) 874-1198

Individual Public Use Tax Files for each of the Tax Years 1960, 1962, and 1966 through 1991 are available through the National Archives and Records Service. Questions concerning cost, acquisition, and delivery of these historical tax model files, should be addressed to:

Reference Services
Center for Electronic Records
National Archives and Records Administration

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8601 Adelphi Road
College Park, MD 20740-6001
(301) 713-6630

The Archives order number for any of the above -mentioned historical Public Use Tax Model Files is 374-109-(A). In addition to the order number, the requester should also specify the tax year and version (Individual or State) of the file under consideration.

Please refer to the sections of this booklet titled "Individual Tax File Sample Description" for a more detailed discussion of the Tax File.

DISCLOSURE AVOIDANCE PROCEDURES

To preserve the character of the microdata file while also protecting the identity of individuals, we have made the following changes to the Individual Tax File.

First, to make sure that it will be impossible to know whether a given taxpayer is represented in the sample, we have subsampled our 100 percent sample ¹ at a 33 percent rate. In addition, certain records (83) with extreme values were exempt from inclusion in the public-use file. Each of these records would have had a 33 percent chance of selection for the file. Therefore, the actual subsampling rate is slightly less than one third..

Second, those records that remain in our file from the 100 percent sample have been combined with other high income returns (defined as returns with \$200,000 or more of AGI) for the following processing changes:

- The State codes and all other geographic indicators have been removed for all high income records.
- Other codes and fields removed for these returns include: alimony paid, alimony received, and

¹Returns sampled at 100 percent for the Statistics of Income program include those with total income or loss of \$5,000,000 or more; those with business plus farm receipts of \$50,000,000 or more; and nontaxable returns with adjusted gross incomes or expanded incomes of \$200,000 or more.

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blindness indicator.

- Also, certain codes (marital status, and exemptions for children living at home) have been modified (see section on Code Definitions for specific changes).
- Then, all of the high income returns have been sorted from largest to smallest for the field "State and local income taxes deductions". In this field, for every three records, in descending order, the average State and local income taxes deduction has been determined and that value has been placed in the State and local income taxes deduction field for each of the three records. This has been done over that part of the sample containing non-zero values in these fields. If the last group of records contains fewer than three, these records have been combined with the group of three immediately before it. This method of disguising data is called "blurring".
- High income returns have then been separated into 25 different classes based on marital status, the number of children living at home, and the size of salaries and wages. Within each of these 25 classes, returns have been sorted on salaries and wages. This field has then been blurred over consecutive records as described above for State and local income tax deductions. However, records have only been averaged with other records in the same class. Therefore, records within one of the 25 classes have not been averaged with records in any of the other 24 classes. The file was then sorted on real estate tax deductions (again, within the 25 classes), and on Net Receipts, and the same blurring procedure was repeated on each field.²

Third, all lower income returns (records with an adjusted gross income of less than \$200,000 and not from our 100 percent sample) have been blurred, nationally, for alimony paid and alimony received. Then, all lower income returns were sorted by State. After this sort, the records were blurred for salaries and wages, real estate tax deductions, Net Receipts, and State and local income taxes deduction (State of Wisconsin, only, for this last item) in the same manner as described above. The only difference between the processing of these records and that of the high income returns is that the lower income returns have been sorted for the blurred field by individual state with no records from two different States being combined when averaging a field over a series of records.

Fourth, for all records on the file, all fields on the file have been rounded to the four most significant

²For greater details on this and other disclosure protection techniques used by the Statistics of Income Division, see: Strudler, Michael; Oh, H. Lock; and Scheuren, Fritz. "Protection of Taxpayer Confidentiality on the IRS Tax Model." Statistics of Income and Related Administrative Record Research: 1986, Internal Revenue Service. See also: Sailer, Peter; Weber, Michael; and Wong, William. "Disclosure-Proofing The 1996 Individual Tax Return Public Use File." Proceedings of the American Statistical Association: 2001, American Statistical Association.

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digits (e.g., \$14,371 = \$14,370 and \$228,867 = \$228,900).

Fifth, after additional disclosure testing, an additional 18 records were removed from the sample and the file was re-weighted.

Since individual records in this file may or may not contain data from just one tax return--and never contain the full item content of any one tax return--we request that researchers make these facts clear in publishing their findings. In particular, they should refrain from using any language that would imply that they had access to individual taxpayers' records.

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CORE RECORD LAYOUT

2-Digit Codes

(all codes are 2 characters in length)

1. RESERVED	15. F8582	29. XBI*
2. AGIR1	16. F8606	30. XFPT
3. CYCLE	17. MARS	31. XFST
4. DSI	18. PCI	32. XOCAH
5. EFI	19. PREP	33. XOCAWH
6. EIC	20. PSV	34. XODEP
7. ELECT	21. REGION*	35. XOPAR
8. FDED	22. SCHB	36. XTOT
9. FLPDYR	23. SCHCF	37. IE
10. FLPDMO	24. SCHE	38. MIDR
11. F2441	25. SPECTX	
12. F2555	26. STATE*	
13. F3800	27. TFORM	
14. F6251	28. TXST	

* Only present for returns that sampled at less than a 100% rate and where AGI was less than \$200,000.

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CORE RECORD LAYOUT Amount Fields and Large Codes

<u>Field No</u>	<u>Fields</u>
	Income
1.	Salaries and Wages ^{3/}
2.	Taxable Interest
3.	Tax-Exempt Interest Income
4.	Dividends
5.	State Income Tax Refunds
6.	Alimony Received ^{2/}
7.	Business or Profession Net Income Less Loss (Schedule C) (+/-)
8.	Sales of Capital Assets Reported on Sch. D Net Gain Less Loss in AGI (+/-)
9.	RESERVED
10.	Sales of Prop. other than Capital Assets Net Gain Less Loss (+/-)(Form 4797)
11.	Taxable IRA Distribution
12.	Total Pensions and Annuities
13.	Pensions and Annuities in AGI
14.	Schedule E Net Income Less Loss (+/-)
15.	Farm Net Income Less Loss (Schedule F) (+/-)
16.	Unemployment Compensation
17.	Total Social Security Benefits
18.	Social Security Benefits in AGI
19.	RESERVED
20.	RESERVED
21.	RESERVED
	Statutory Adjustments
22.	Payments to Individual Retirement Account (IRA)
23.	RESERVED
24.	Moving Expenses
25.	Deduction for Self-Employment Tax
26.	Self-Employed Health Insurance Deduction
27.	Payments to a Keogh Plan
28.	Forfeited Interest Penalty
29.	Alimony Paid ^{2/}
30.	RESERVED
31.	RESERVED
32.	RESERVED

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Note: See page 14 for this section's footnotes.

Adjusted Gross Income

- 33. Adjusted Gross Income Less Deficit (AGI) (+/-)

Tax Computation

- 34. Standard Deduction (if used) or Itemized Deductions (whether or not used)
- 35. Exemption Amount
- 36. Taxable Income
- 37. Tax on Taxable Income (SOI)
- 38. Computed Income Tax (SOI)
- 39. Income Tax Before Credits
- 40. Income Subject to Tax (SOI)
- 41. Marginal Tax Base (SOI)
- 42. Tax Generated - Tax Rate Tables (SOI)

Credits

- 43. Total Tax Credits (SOI)
- 44. Child and Dependent Care
- 45. Elderly or Disabled
- 46. Foreign Tax
- 47. General Business Credit
- 48. Other Tax Credits (Not Included in the Specified Credit fields)
- 49. Credit for Prior Year Minimum Tax

Other Taxes

- 50. Total Income Tax (SOI)
- 51. Income Tax after Credits (SOI)
- 52. Self-Employment Tax
- 53. Alternative Minimum Tax
- 54. Recapture Taxes (Includes Form 4255, Recapture Tax of Investment Credit and Form 8611, Recapture of Low Income Housing Credit)
- 55. Social Security Tax on Tip Income Not Reported to Employer
- 56. Penalty Tax on Qualified Retirement Plans
- 57. Total Tax Liability (SOI)

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Note: See page 14 for this section's footnotes.

Payments

- 58. Income Tax Withheld
- 59. Estimated Tax Payments
- 60. Earned Income for Earned Income Credit (SOI)
- 61. EIC Used to Offset Income Tax Before Credits (SOI)
- 62. EIC Used to Offset All Other Taxes (SOI)
- 63. EIC Refundable Portion (SOI)
- 64. Amount Paid with Form 4868
- 65. Excess Social Security/RRTA
- 66. Credit for Federal Tax on Special Fuels and Oils
- 67. Regulated Investment Company Credit
- 68. Total Tax Payments (SOI)

Refund or Amount You Owe

- 69. Balance Due (Overpayment) (+/-)
- 70. Overpayment Credited to Next Year's Tax
- 71. Predetermined Estimated Tax Penalty

Itemized Deductions (Schedule A):

Medical and Dental Expense Deductions

- 72. Medical and Dental Expenses Subject to Reduction by AGI Limit
- 73. Limited Medical and Dental Expenses Deduction

Taxes Paid Deductions

- 74. State and Local Income Taxes ^{1/}
- 75. Real Estate Taxes ^{3/}
- 76. RESERVED
- 77. RESERVED

Interest Paid Deductions

- 78. RESERVED
- 79. RESERVED
- 80. RESERVED

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- 81. RESERVED
- 82. Total Interest

Note: See page 14 for this section's footnotes.

Gifts to Charity

- 83. Cash Contributions
- 84. Other than Cash Contributions
- 85. RESERVED
- 86. Contributions Deduction, Total

Miscellaneous Deductions (Subject to 2% Limitation)

- 87. Net Limited Miscellaneous Deductions
- 88. Unreimbursed Employee Business Expense
- 89. Tax Preparation Fees
- 90. Total Miscellaneous Deductions Subject to AGI Limitation

Other

- 91. Casualty or Theft Loss
- 92. RESERVED
- 93. RESERVED

Itemized Deduction Limitation

- 94. Itemized Deduction Limitation (SOI)

Interest and Dividend Income (Schedule B)

- 95. Nontaxable Distributions

Combined Schedule C Income and Some Deduction Items

- 96. Net Receipts (+/-)^{3/}
- 97. Cost of Goods Sold And/or Operations
- 98. RESERVED
- 99. RESERVED
- 100. Car and Truck Expenses
- 101. Commissions and Fees

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- 102. Depreciation
- 103. Insurance
- 104. Mortgage Interest
- 105. Other Interest
- 106. Office Expenses
- 107. Rent - Other Business Property
- 108. Wages (Less Jobs Credit)
- 109. Total Expenses ^{4/}
- 110. RESERVED

Note: See page 14 for this section's footnotes.

Capital Gains (Schedule D)

- 111. Short-Term Gains (Before Carryover)
- 112. RESERVED
- 113. RESERVED
- 114. Long Term Gain from Other Forms Carried To Schedule D
- 115. Long Term Capital Gain Taxed at the 28% rate
- 116. Schedule D Capital Gain Distributions
- 117. Long-Term Gains Less Losses (Before Carryover)
- 118. Unrecaptured Section 1250 gain
- 119. RESERVED

Supplemental Income and Loss (Schedule E)

Rental Real Estate and Royalties

- 120. Total Rents Received
- 121. Total Royalties Received
- 122. Rental Expenses: Mortgage Interest
- 123. Rent/Royalty Expenses Other Interest
- 124. Royalty Depletion
- 125. Rental Depreciation
- 126. Rent Net Income or Loss (+/-)
- 127. Royalty Net Income or Loss (+/-)
- 128. Deductible Rental Real Estate Loss
- 129. RESERVED
- 130. Rent/Royalty Net Income
- 131. Rent/Royalty Net Loss

Partnerships

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- 132. Total Passive Income
- 133. Total Non-Passive Income
- 134. Total Passive Loss
- 135. Total Non-Passive Loss
- 136. Partnership Section 179 Expense Deduction

Note: See page 14 for this section's footnotes.

Small Business Corporation

- 137. Total Passive Income
- 138. Total Non-Passive Income
- 139. Total Passive Loss Allowed
- 140. Total Non-Passive Loss
- 141. Combined Partnership and S Corporation Net Income/Loss (+/-)
- 142. S-Corp. Section 179 Expense Deduction

Estate or Trust

- 143. Total Income
- 144. Total Loss

Farm Rental

- 145. Farm Rent Net Income or Loss (Not included in any other rent field) (+/-)

Schedule SE - Self Employment Income

- 146. Net Earnings from Self-Employment, Total (SOI)
- 147. Net Earnings from Self-Employment, Secondary Taxpayer (SOI)

Child Care Credit (Form 2441)

- 148. Qualifying Expenses Limitation
- 149. Earned Income Limitation (SOI)
- 150. Qualified Expenses Limited to Earned Income (SOI)

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General Business Credit (Form 3800)

- 151. Investment (Included in General Business Credit)
- 152. Jobs (Included in General Business Credit)
- 153. Alcohol Used as Fuel (Included in General Business Credit)
- 154. Increasing Research Activities (Included in General Business Credit)
- 155. Low Income Housing (Included in General Business Credit)

Investment Interest Expense Deduction (Form 4952)

- 156. Disallowed Investment Interest Expense to be Carried Forward
- 157. Investment Interest Expense
- 158. Amount Elected for Inclusion in Investment Income

Note: See page 14 for this section's footnotes.

Alternative Minimum Tax Computation (Form 6251)

- 159. Accelerated Depreciation
- 160. Combined Tax Preferences (SOI)
- 161. Net Operating Loss Tax Preference (SOI)
- 162. RESERVED
- 163. Total Adjustments and Preferences less other adjustments (+/-) (SOI)
- 164. Alternative Minimum Taxable Income
- 165. Alternative Tax Foreign Tax Credit

Passive Activity Loss Limitation (Form 8582)

- 166. Total Current Year Passive Net Income (SOI)
- 167. Total Current Year Passive Net Losses (SOI)
- 168. Total Losses Allowed from All Passive Activities for 1996
- 169. RESERVED

Minimum Tax Credit (Form 8801)

- 170. RESERVED
- 171. Minimum Tax Credit Carryforward to 1998

Miscellaneous Codes

- 172. Return Id
- 173. RESERVED

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- 174. RESERVED
- 175. Decimal Weight
- 176. Sample Count
- 177. Population Count
- 178. Sample Code
- 179. Marginal Tax Rate Code (SOI)
- 180. RESERVED

Additional Items

- 181. Other Income (Schedule C)
- 182. Non-Schedule D tax
- 183. Schedule D 10 percent tax amount
- 184. Schedule D 20 percent tax amount
- 185. Schedule D 25 percent tax amount
- 186. Schedule D 28 percent tax amount

Note: See page 14 for this section's footnotes.

- 187. Alternative minimum Schedule D less section 1250 gain
- 188. Alternative minimum Schedule D unrecaptured section 1250 gain
- 189. Alternative minimum capital gain amount
- 190. Form 6251 Line 19 (Tentative Alternative Minimum Tax Income)

^{1/} Blurred for high income returns (note: State and local income taxes deduction is also blurred for low income returns in Wisconsin); See the section on Disclosure Avoidance Procedures for a more complete explanation.

^{2/} Blurred for lower income returns, reserved for high income returns.

^{3/} Blurred for all returns.

^{4/} For Schedule C-EZ filers, no detail is available for this field.

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CODE DEFINITIONS

1. RESERVED

2. AGIR1 Adjusted Gross Income (AGI) Range:

No AGI (includes deficit)	00
\$ 1 under \$ 1,000.....	01
\$ 1,000 under \$ 2,000.....	02
\$ 2,000 under \$ 3,000.....	03
\$ 3,000 under \$ 4,000.....	04
\$ 4,000 under \$ 5,000.....	05
\$ 5,000 under \$ 6,000.....	06
\$ 6,000 under \$ 7,000.....	07
\$ 7,000 under \$ 8,000.....	08
\$ 8,000 under \$ 9,000.....	09
\$ 9,000 under \$ 10,000.....	10
\$ 10,000 under \$ 11,000.....	11
\$ 11,000 under \$ 12,000.....	12
\$ 12,000 under \$ 13,000.....	13
\$ 13,000 under \$ 14,000.....	14
\$ 14,000 under \$ 15,000.....	15
\$ 15,000 under \$ 16,000.....	16
\$ 16,000 under \$ 17,000.....	17
\$ 17,000 under \$ 18,000.....	18
\$ 18,000 under \$ 19,000.....	19
\$ 19,000 under \$ 20,000.....	20
\$ 20,000 under \$ 25,000.....	21
\$ 25,000 under \$ 30,000.....	22
\$ 30,000 under \$ 40,000.....	23
\$ 40,000 under \$ 50,000.....	24
\$ 50,000 under \$ 75,000.....	25
\$ 75,000 under \$ 100,000.....	26
\$ 100,000 under \$ 200,000.....	27
\$ 200,000 under \$ 500,000.....	28
\$ 500,000 under \$ 1,000,000.....	29
\$1,000,000 or more.....	30

3. CYCLE CYCLE

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Individual Master File return posting cycle (week) code04-52
(Each number represents the nth week of the year)

- 4. DSI Dependent Status Indicator:
 - (A) Taxpayer not being claimed as a dependent on another tax return.....0
 - (B) Taxpayer claimed as a dependent on another tax return1

 - 5. EFI Electronic Filing Indicator:
 - (A) Return not filed electronically0
 - (B) Return filed electronically1

 - 6. EIC Earned Income Credit Code:
 - (A) No children claimed0
 - (B) One child claimed1
 - (C) Two children claimed2
- (Note: This field does not indicate whether the Earned Income Credit was claimed)*
- 7. ELECT Presidential Election Campaign Fund Boxes:
 - (A) No "yes" boxes checked.....0
 - (B) One "yes" box or both "yes" & "no" boxes checked).....1
 - (C) Two "yes" boxes checked.....2

 - 8. FDED Form of Deduction Code:
 - (A) Itemized deductions1
 - (B) Standard deduction.....2
 - (C) Taxpayer did not use itemized or standard deduction.....3

Note: Unused total itemized deductions may be shown in field 34 if provided by the taxpayer.

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9. FLPDYR Filing (Accounting) Period, Year:
Tax Year.....01-98

10. FLPDMO Filing (Accounting) Period, Month:
Month Taxpayer's year ended01-12

11. F2441 Form 2441, Child Care Credit Qualified Individual:
(A) No Form 2441 attached to return.....0
(B) Number of qualifying individuals1-9

NOTE: For high income returns with values greater than 3, this code was set equal to 3

12. F2555 Form 2555, Foreign Earned Income:
(A) No Form 2555 attached to the return.....0
(B) Number of Forms 2555 attached1-2

13. F3800 Form 3800, General Business credit:
(A) No Form 3800 attached to return.....0
(B) Form 3800 attached to return.....1

14. F6251 Form 6251, Alternative Minimum Tax:
(A) No Form 6251 attached to the return.....0
(B) Form 6251 attached to the return.....1

15. F8582 Form 8582, Passive Activity Loss Limitation:

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- (A) No Form 8582 attached to return.....0
- (B) Form 8582 attached to return.....1

16. F8606 Form 8606, Nondeductible IRA Contributions:

- (A) No Form 8606 attached to return.....0
- (B) Number of Forms 8606 attached to return.....1-2

17. MARS Marital (Filing) Status:

- (A) Single1
- (B) Married filing a joint return2
- (C) Married filing separately3
- (D) Head of household4
- (E) Widow(er) with dependent child (surviving spouse)5

NOTE: For high income returns with values equal to 5, this code was set equal to 2.

18. PCI Form 1040PC indicator

- (A) Return not filed as Form 1040PC0
- (B) Return filed as Form 1040PC1

19. PREP Tax Preparer:

- (A) No preparer other than taxpayer indicated on the form.....0
- (B) Return prepared by paid tax preparer1
- (C) IRS prepared return.....2
- (D) IRS reviewed return.....3
- (E) Voluntary Income Tax Assistance prepared return.....4
- (F) Self help5
- (G) Tax Counseling for the elderly6
- (H) Outreach program.....7

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20. PSV Primary Stratifying Variable:

- (A) Positive Income GT OR EQ to Negative Income1
- (B) Negative Income GT Positive Income2

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21. REGION IRS Regions:

(A) Northeast	1
(B) Southeast.....	2
(C) Midstates.....	3
(D) Western.....	4

NOTE: For high income returns this code was set equal to zero.

22. SCHB Schedule B Indicator:

(A) No Schedule B attached to return.....	0
(B) Schedule B attached to return.....	1

23. SCHCF Schedule C or F Indicator:

(A) Neither Schedule C or F present	0
(B) Schedule C present only	1
(C) Schedule F present only	2
(D) Schedule C and F present Schedule C Gross Receipts Larger	3
(E) Schedule C and F present Schedule F Gross Receipts Larger	4

24. SCHE Schedule E Indicator:

(A) No Schedule E attached to the return.....	0
(B) Schedule E attached to the return.....	1

25. SPECTX Special Tax Computation:

(A) No entry.....	0
(B) Form 4970 tax used.....	1
(C) Form 4972 tax used.....	2
(D) Both Form 4972 and Form 4970 taxes used	3
(E) Type not determinable or prior year return with any combination of the additional taxes	4

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26. STATE:

Code	<u>STATE NAME</u>	Code	<u>STATE NAME</u>
1	Alabama	29	Nevada
2	Alaska	30	New Hampshire
3	Arizona	31	New Jersey
4	Arkansas	32	New Mexico
5	California	33	New York
6	Colorado	34	North Carolina
7	Connecticut	35	North Dakota
8	Delaware	36	Ohio
9	District of Columbia	37	Oklahoma
10	Florida	38	Oregon
11	Georgia	39	Pennsylvania
12	Hawaii	40	Rhode Island
13	Idaho	41	South Carolina
14	Illinois	42	South Dakota
15	Indiana	43	Tennessee
16	Iowa	44	Texas
17	Kansas	45	Utah
18	Kentucky	46	Vermont
19	Louisiana	47	Virginia
20	Maine	48	Washington
21	Maryland	49	West Virginia
22	Massachusetts	50	Wisconsin
23	Michigan	51	Wyoming
24	Minnesota	52	APO/FPO, Puerto Rico, Puerto Rico, Virgin Islands, Guam or U.S. Citizens Abroad
25	Mississippi		
26	Missouri		
27	Montana		
28	Nebraska		

NOTE: For high income returns this code was set equal to zero.

27. TFORM Form of Return:

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(A) 1040 Return.....0
 (B) 1040A Return.....1
 (C) 1040EZ Return.....2
 (D) 1040PC Return.....3

28. TXST TAX STATUS:

(A) No tax owed and IRS did not compute tax.....0
 (B) Regular tax only, not computed by IRS1
 (C) Taxes are owed and IRS computed tax.....2
 (D) No taxes due as computed by IRS3
 (E) Tax based on Form 8615, Schedule D tax has no entry.....4
 (F) Form 8814 tax at children's 15% rate; Sched D tax has no entry5
 (G) Form 8814 tax at children's 15% rate; Sched D tax has entry.....6
 (H) Sch. D tax has an entry, no tax from Form 8615 or Form 88147
 (I) Tax based on Form 8615, Schedule D tax also has an entry8

29. XBI Primary or Secondary Taxpayer Blindness Indicator:

(A) Neither the primary nor secondary taxpayer is blind0
 (B) Either the primary or secondary taxpayer is blind1
 (C) Both the primary and secondary taxpayer is blind2

30. XFPT Primary Taxpayer Exemption:

(A) No exemption for primary taxpayer (dep. of another taxpayer)0
 (B) Primary taxpayer exemption1

31. XFST Secondary Taxpayer Exemption:

(A) No secondary taxpayer or joint return filed by dependents0
 (B) Secondary taxpayer exemption1

32. XOCAH Exemptions for Children Living at Home:

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Number of children0-99

NOTE: For high income returns with values greater than 3, this code was set equal to 3.

33. XOCAWH Exemptions for Children Living Away from Home:

Number of children0-9

NOTE: For high income returns with values greater than 3 for XOCAH, this code, XOCAWH was set equal to 0.

34. XOODEP Exemptions for Other Dependents:

Number of other dependents..... 0-99

NOTE: For high income returns with values greater than 3 for XOCAH, this code, XOODEP was set equal to 0.

35. XOPAR Exemptions for Parents Living at Home or Away from Home:

Number of parents.....0-9

NOTE: For high income returns with values greater than 3 for XOCAH, this code, XOPAR was set equal to 0.

36. XTOT Total Exemptions:

Number of exemptions 00-99

37. IE Itemized Deductions Election Indicator (Taxpayer elects to claim itemized deductions

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even though the standard deduction amount is greater than the amount of itemized deductions)

Taxpayer does not use itemized election option0
 Taxpayer used itemized election option1

38. MDIR Married Filing Separately Itemized Deductions Requirement Indicator

Not necessary to itemize because of filing status0
 Necessary to itemized when filing separately1

EXPLANATION OF FIELDS NOT ABSTRACTED DIRECTLY FROM TAX FORMS

The following explanations define data fields contained in the 1997 Individual Tax File that have not been abstracted directly from a specific line on Forms 1040, 1040A, 1040EZ, or the accompanying schedules and forms. Field numbers not appearing in this section have been entered on the specific lines on the forms or schedules from which the data were abstracted. Refer to the "1997 Federal Tax Forms" section of this booklet for further information.

Field

Number

Definition

34	<p>DEDUCTIONS</p> <p>This is either Total Standard Deduction or Total Itemized Deductions. Only one can appear on each return. (Note: If the taxpayer had no income, but still included the total itemized deductions for which he/she was eligible, this amount is shown in Field 34; else the standard deduction for which he/she was eligible is shown.)</p>
37	<p>TAX ON TAXABLE INCOME</p> <p>This is the amount shown in Field 39 less special taxes from Form 4972 (Tax on Lump Sum Distributions).</p>
38	<p>COMPUTED INCOME TAX</p> <p>This is the amount arrived at by applying the Tax Rate Schedules to Taxable Income, without regard to the type of computation used by the taxpayer.</p>
40	<p>INCOME SUBJECT TO TAX</p>

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For taxpayers filing current year returns, "Income Subject to Tax" is identical to taxable income except for: those dependents paying "kiddie" tax from Form 8615 ; and those returns with long-term capital gains taxed at the 28 percent rate (TXST equals 6 or 7). For dependents filing Form 8615 (TXST = 4 or 8), this is the income taxed at child's rate. For taxpayers with long-term capital gains, this is only the income taxed at the regular rates (not any capital gains that were taxed at the maximum capital gains rate of 28 percent). For prior year returns, "income subject to tax" is computed by using the Tax Year tax rate schedule to impute a hypothetical taxable income amount necessary to yield the given amount of tax reported.

- 41 MARGINAL TAX BASE
This is the amount of income subject to tax at the marginal tax rate applicable to the return (TXRT), using the 1997 Tax Rate Schedules for all returns. (See Income Subject to Tax).
- 42 TAX GENERATED
This is a computed amount arrived at by applying the Tax Rate Schedules to Income Subject to Tax.
- 43 TOTAL TAX CREDITS (SOI)
Total credits from Form 1040 (line 45) or 1040A (line 24d plus EARNED INCOME CREDIT USED TO OFFSET INCOME TAX BEFORE CREDITS (F61)).
- 48 OTHER TAX CREDITS (NOT INCLUDED IN THE SPECIFIED CREDIT FIELDS)
The sum of the amounts for Other Tax Credits on Form 1040 line 45 for which separate fields have not been listed.
- 50 TOTAL INCOME TAX
Income Tax After Credits (F51) plus Alternative Minimum Tax (F53).
- 51 INCOME TAX AFTER CREDITS (SOI)
Income Tax after Credits from Form 1040 (line 44) or 1040A (line 25) minus the amount of Earned Income Credit used to offset Income Tax Before Credits. For Form 1040EZ, which does not allow for any credits or any other taxes, this is the same as "Total Tax Liability."
- 54 RECAPTURE TAX FROM FORM 4255
Recapture of Investment Credit from Form 4255

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- 57 **TOTAL TAX LIABILITY (SOI)**
Total tax liability (Form 1040, line 53, Form 1040A, line 28, Form 1040-EZ, line 10) minus Advance Earned Income Credit (line 51, Form 1040) payments minus EIC USED TO OFFSET INCOME TAX BEFORE CREDITS (F61) minus EIC USED TO OFFSET ALL OTHER TAXES (F62) (but never less than zero).
- 60 **EARNED INCOME FOR EARNED INCOME CREDIT**
The total of earned income (salaries and wages and earned business income) used in computing the earned income credit, as shown on line 6 of the EIC Worksheet (page 23 of the Instructions for Form 1040). Note that this field is computed by SOI. Taxpayers are not required to file this worksheet with their return.
- 61 **EARNED INCOME CREDIT USED TO OFFSET INCOME TAX BEFORE CREDITS**
This amount is the lesser of: Total Earned Income Credit or Income Tax Before Credits (F39) minus all credits except the Earned Income Credit.
- 62-63 If Total Earned Income Credit (EIC) is greater than Income Tax Before Credits (reduced by all credits except the Earned Income Credit), the following fields are computed:
- 62 - **EARNED INCOME CREDIT USED TO OFFSET ALL OTHER TAXES EXCEPT ADVANCE EIC**
The lesser of:
1. Total EIC minus Earned Income Credit used to offset Income Tax Before Credits (F61); or
2. The sum of all other taxes (fields 52 through 56), plus the following tax items which are not shown separately: Advance EIC and Household Employment Taxes
- 63 - **EARNED INCOME CREDIT, REFUNDABLE PORTION**
EIC minus F61 minus F62 (see above for definitions and conditions).
- 68 **TOTAL TAX PAYMENTS**
Total payments shown on the tax form, minus the total Earned Income Credit (Form 1040 line 60 minus line 56a). This is limited to zero if there is a refundable EIC.
- 94 **ITEMIZED DEDUCTION LIMITATION**

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The amount used to reduce deductible itemized deductions, as shown on line 9 of the Itemized Deductions Worksheet (page A-5 of the Form 1040 Instructions).

- 98 **BUSINESS RECEIPTS**
Line 3 plus line 6 of Schedule C.
- 111 **SHORT-TERM GAIN/LOSSES NET OF CARRYOVER**
All short-term capital gains less losses shown in column (f) except for the short-term capital loss carryover.
- 117 **LONG-TERM GAIN/LOSSES NET OF CARRYOVER**
All long-term capital gains less losses shown in column (f) except for the long-term capital loss carryover
- 146 **NET EARNINGS FROM SELF-EMPLOYMENT INCOME**
The lesser of line 6 (net Schedule SE earnings) or 9 (maximum amount subject to Social Security tax) on the combined Schedule SE. For the short form, Schedule SE, this is line 4.
- 147 **NET EARNINGS FROM SELF-EMPLOYMENT INCOME, SECONDARY TAXPAYER**
The lesser of line 6 (net Schedule SE earnings) or 9 (maximum amount subject to Social Security tax) on the secondary taxpayer's Schedule SE. For the short form, Schedule SE, this is line 4.
- 149 **EARNED INCOME LIMITATION**
The smaller of line 4 or 5 (primary or secondary earned income), Form 2441, limited to a maximum of \$10,000.
- 160 **COMBINED TAX PREFERENCES**
Sum of the amounts on lines 3, 4, 7, 8, 9, 10, 11, 12 and 13, Form 6251. The amounts on lines 1, 2, 5 and 6 can be determined from items on Form 1040 or Schedule A.
- 161 **NET OPERATING LOSS TAX PREFERENCE PLUS OTHER ADJUSTMENTS**
Line 17 less line 20 plus line 14, Form 6251.
- 163 **TOTAL ADJUSTMENTS & PREFERNECES LESS OTHER ADJUSTMENTS AND PREFERENCES**
Line 15 less line 14, Form 6251

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- 166 TOTAL CURRENT YEAR PASSIVE NET INCOME
Lines 1A + 2A, Form 8582
- 167 TOTAL CURRENT YEAR PASSIVE NET LOSSES
Lines 1b + 2b, Form 8582
- 169 PRIOR YEAR UNALLOWED LOSSES
Lines 1C + 2C, Form 8582
- 172 RETURN ID
A unique number assigned for each sampled tax return during processing.
- 175 DECIMAL WEIGHT
This field was derived by dividing the computer population count of returns in a sample stratum by the number of sample returns for that stratum (carried to two decimal places). The decimal place is implied. Estimates derived from each return record must be multiplied by this decimal weight and divided by 100.
- 176 SAMPLE COUNT
The number of sampled tax returns found in the given sample code.
- 177 POPULATION COUNT
The number of tax returns in the population for a given sample code.
- 178 SAMPLE CODE
See Table B, below.
- 179 MARGINAL TAX RATE
Top rate from tax rate schedule that applies to income subject to tax. See definition for field number 40 (Income Subject to Tax). Note that this field uses an implied decimal point (39.6 percent is represented by 396).

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TECHNICAL DESCRIPTION OF THE FILE

The Public Use file is available on CD-ROM in ASCII format. The record length is 2432 where the last byte is an end of record marker.

All codes are unsigned. The data fields are signed positive or negative, whichever is appropriate, in the first character position of the field.

Codes are 2 characters in length with leading zeros. The largest value is 99. The fields in the file are 12 characters in length with leading zeros and with “+” or “-“ leading signs.

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SAMPLE DESCRIPTION

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

Domain of Study

The data in this file are estimates from a probability sample of unaudited Individual Income Tax Returns, Forms 1040, 1040A, 1040EZ, 1040PC, 1040T and 1040TEL (including electronic returns) filed by U.S. citizens and residents during Calendar Year 1998.

All returns processed during 1998 were subjected to sampling except tentative and amended returns. Tentative returns were not subjected to sampling because the revised returns may have been sampled later, while amended returns were excluded because the original returns had already been subjected to sampling. A small percentage of returns were not identified as tentative or amended until after sampling. These returns, along with those that contained no income information, were excluded in calculating estimates. This resulted in a small difference between the population total (123,045,360 returns) reported in Table A and the estimated total of all returns (122,422,010 returns) generated using the Public Use Tax File. In addition, the perfection of money amounts during Statistics of Income processing, as well as the blurring techniques used in creation of the Public Use File, may have shifted some returns from one income class to another, making it impossible to replicate Table A exactly from the Public Use sample.

The records found in this file are intended to represent all returns filed for Tax Year 1997. While about 98 percent of the returns processed during Calendar Year 1998 were for Tax Year 1997, a few were for noncalendar years ending during 1997 and 1998, and some were returns for prior years. Returns for prior years were used in place of 1997 returns received and processed after December 31, 1998. This was done in the belief that the characteristics of returns due, but not yet processed, could best be represented by the returns for previous income years that were processed in 1998.

Sample Design and Selection

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

1. Nontaxable with adjusted gross income or expanded income of \$200,000 or over and no alternative minimum tax.

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2. High combined business and farm total receipts of \$50,000,000 or more.
3. Presence or absence of special Forms or Schedules (Form 2555, Form 1116, Form 1040 Schedule C, and Form 1040 Schedule F).
4. Total gross positive or negative income. Sixty variables are used to derive positive and negative incomes. These positive and negative classes are deflated using the Gross Domestic Product Implicit Price Deflator to represent a base year of 1991.
5. Potential usefulness of the return for tax policy modeling. Thirty-two variables are used to determine how useful the return is for tax modeling purposes.

Table A shows the population and sample count for each stratum after collapsing some strata with the same sampling rates. The sampling rates range from 0.022 percent to 100 percent.

Tax data processed to the IRS Individual Master File at the Martinsburg Computing Center during Calendar Year 1998 were used to assign each taxpayer's record to the appropriate stratum and to determine whether or not the record should be included in the sample. Records are selected for the sample either if they possess certain combinations of the four ending digits of the social security number, or if their ending five digits of an eleven-digit number generated by a mathematical transformation of the SSN is less than or equal to the stratum sampling rate times 100,000.

Data Capture and Cleaning

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

The administrative data and controlling information for each record designated for this sample was loaded onto an online database at the Cincinnati Service Center. Computer data for the selected administrative records were then used to identify inconsistencies, questionable values, and missing values as well as any additional variables that an editor needed to extract for each record. The editors use a hardcopy of the taxpayer's return to enter the required information onto the online system. Data are also adjusted during editing in an attempt to achieve consistent statistical definitions. For example, a taxpayer may report director's fees on the other income line of the Form 1040 return. If this situation was detected during editing, the amount of director's fees were added to the salaries and wages field.

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

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the Detroit Computing Center. Adjustments and imputations for selected fields were used to make each record internally consistent.

Some returns designated for the sample were not available for SOI processing because other areas of IRS needed the return at the same time. For Tax Year 1997, 0.25 percent of the sample returns were unavailable.

Method of Estimation

Weights were obtained by dividing the population count of returns in a stratum by the number of sample returns for that stratum. The weights were adjusted to correct for misclassified returns.

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Table A.—Number of Individual Income Tax Returns in the Population and Sample by Sampling Strata for 1997

Description of the sample strata													
Grand total											Continued on next page		
Form 1040 returns only with adjusted gross income or expanded income of \$200,000 and over, with no income tax after credits and no additional tax for tax preferences, total													
Form 1040 returns only with combined Schedule C (business or profession) total receipts of \$50,000,000 and over, total													
Other Returns, total													
Description of the sample strata	Degree of interest ³	Number of Returns by type of form attached											
		Form 1040, with Form 1116 but without Form 2555			Form 1040, with Schedule C but without Form 1116 or Form 2555			Form 1040, with Schedule F but without Form 1116 or Form 2555			All other forms		
		Population counts	Sample counts	Public-use sample counts	Population counts	Sample counts	Public-use sample counts	Population counts	Sample counts	Public-use sample counts	Population counts	Sample counts	Public-use sample counts
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
Total.....		1,974,058	24,709	18,969	17,115,951	30,173	27,884	1,547,531	3,961	3,600	102,405,298	63,549	59,773
Indexed Negative Income ⁴													
\$10,000,000 or more.....	All	70	70	23	506	506	166	72	72	24	643	643	211
\$5,000,000 under \$10,000,000.....	All	80	80	27	646	646	215	111	111	37	675	675	225
\$2,000,000 under \$5,000,000.....	All	270	93	31	2,185	650	650	518	160	160	2,299	695	695
\$1,000,000 under \$2,000,000.....	All	498	71	71	4,748	658	658	1,268	183	183	4,732	737	737
\$500,000 under \$1,000,000.....	All	1,240	40	40	13,340	395	395	3,707	114	114	10,858	300	300
\$250,000 under \$500,000.....	All	**	**	**	35,354	299	299	9,767	89	89	24,498	202	202
\$120,000 under \$250,000.....	All	**	**	**	78,351	298	297	18,577	70	70	53,124	208	208
\$60,000 under \$120,000.....	All	**	**	**	115,822	268	268	20,453	52	52	81,587	194	194
Under \$60,000.....	All	**	**	**	371,348	331	331	**	**	**	285,500	251	251
Indexed Positive Income ⁴													
Under \$30,000.....	1	**	**	**	**	**	**	**	**	**	27,315,250	5,899	5,769
Under \$30,000.....	2	**	**	**	1,973,680	636	635	122,911	39	39	29,625,578	9,372	9,368
Under \$30,000.....	3-4	218,556	174	174	3,580,046	2,895	2,894	202,541	167	167	6,876,749	5,734	5,734
\$30,000 under \$60,000.....	1-2	130,049	37	37	1,779,043	550	550	198,530	72	72	19,581,090	6,209	6,208
\$30,000 under \$60,000.....	3-4	266,834	238	238	3,376,029	3,017	3,017	299,961	309	309	5,235,095	4,717	4,717
\$60,000 under \$120,000.....	1-3	286,645	98	98	1,752,166	630	630	230,520	73	73	8,703,287	3,008	3,008
\$60,000 under \$120,000.....	4	277,422	246	246	2,115,412	2,201	2,201	182,153	160	160	1,963,205	1,965	1,965
\$120,000 under \$250,000.....	1-3	175,509	199	199	413,570	522	521	110,955	149	149	1,256,704	1,625	1,625
\$120,000 under \$250,000.....	4	244,583	687	687	963,416	2,811	2,811	64,479	164	164	767,423	2,200	2,200
\$250,000 under \$500,000.....	All	209,730	1,379	1,379	398,935	2,510	2,510	59,720	348	348	435,783	2,779	2,779
\$500,000 under \$1,000,000.....	All	95,938	2,264	2,264	105,461	2,489	2,489	15,597	340	340	125,031	3,017	3,017
\$1,000,000 under \$2,000,000.....	All	39,257	4,685	4,685	25,467	2,996	2,996	3,991	508	508	38,149	4,602	4,602
\$2,000,000 under \$5,000,000.....	All	19,028	5,999	5,999	8,162	2,601	2,601	1,344	424	423	13,910	4,389	4,389
\$5,000,000 under \$10,000,000.....	All	5,107	5,107	1,699	1,568	1,568	520	237	237	79	2,832	2,832	941
\$10,000,000 or more.....	All	3,242	3,242	1,072	696	696	230	119	119	40	1,296	1,296	428

¹ This population includes an estimated 483,623 returns that were excluded from other tables in this report because they contained no income information or represented amended or tentative returns identified after sampling.

² This population includes 111 Form 1040 returns that were misclassified because of bad data collected during revenue processing.

³ Each population member is assigned a degree of interest based on how useful it is for tax modeling purposes. Degree of interest ranges from one (1) to four (4), with a one being assigned to returns that are the least interesting, and a four being assigned to those that are the most interesting. ' All' refers to income classes for which returns with all four degrees of interest are assigned.

⁴ Positive and Negative Income classes are divided by a Gross Domestic Product Deflator of 1.1403 to represent a base year of 1991.

** Data combined.

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Table A.—Number of Individual Income Tax Returns in the Population and Sample by Sampling Strata for 1997

Description of the sample strata	Number of returns		
	Population counts	Sample counts	Public-use sample counts
Grand total	123,045,360	124,913	111,065
Form 1040 returns only with adjusted gross income or expanded income of \$200,000 and over, with no income tax after credits and no additional tax for tax preferences, total	2,426	2,425	807
Form 1040 returns only with combined Schedule C (business or profession) total receipts of \$50,000,000 and over, total	96	96	32
Other Returns, total	123,042,838	122,392	110,226
Description of the sample strata			
Total.....			
Indexed Negative Income ⁴			
\$10,000,000 or more.....	1,291	1,291	424
\$5,000,000 under \$10,000,000.....	1,512	1,512	504
\$2,000,000 under \$5,000,000.....	5,272	1,598	1,536
\$1,000,000 under \$2,000,000.....	11,246	1,649	1,649
\$500,000 under \$1,000,000.....	29,145	849	849
\$250,000 under \$500,000.....	69,619	590	590
\$120,000 under \$250,000.....	150,052	576	575
\$60,000 under \$120,000.....	217,862	514	514
Under \$60,000.....	656,848	582	582
Indexed Positive Income ⁴			
Under \$30,000.....	27,315,250	5,899	5,769
Under \$30,000.....	31,722,169	10,047	10,042
Under \$30,000.....	10,877,892	8,970	8,969
\$30,000 under \$60,000.....	21,688,712	6,868	6,867
\$30,000 under \$60,000.....	9,177,919	8,281	8,281
\$60,000 under \$120,000.....	10,972,618	3,809	3,809
\$60,000 under \$120,000.....	4,538,192	4,572	4,572
\$120,000 under \$250,000.....	1,956,738	2,495	2,494
\$120,000 under \$250,000.....	2,039,901	5,862	5,862
\$250,000 under \$500,000.....	1,104,168	7,017	7,016
\$500,000 under \$1,000,000.....	342,027	8,110	8,110
\$1,000,000 under \$2,000,000.....	106,864	12,791	12,791
\$2,000,000 under \$5,000,000.....	42,444	13,413	13,412
\$5,000,000 under \$10,000,000.....	9,744	9,744	3,239
\$10,000,000 or more.....	5,353	5,353	1,770

¹ This population includes an estimated 483,623 returns that were excluded from other tables in this report because they contained no income information or represented amended or tentative returns identified after sampling.

² This population includes 111 Form 1040 returns that were misclassified because of bad data collected during revenue processing.

³ Each population member is assigned a degree of interest based on how useful it is for tax modeling purposes. Degree of interest ranges from one (1) to four (4), with a one being assigned to returns that are the least interesting, and a four being assigned to those that are the most interesting. 'All' refers to income classes for which returns with all four degrees of interest are assigned.

⁴ Positive and Negative Income classes are divided by a Gross Domestic Product Deflator of 1.1403 to represent a base year of 1991.

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Table B – Sample Code Definitions

Sample Codes

					Sample Code
Form 1040 returns only with AGI or expanded income of \$200,000 and over, with no income tax after credits and no add. tax for tax preferences.....					101, 129, 130
Form 1040 returns only with combined Schedule C (business or profession) total receipts of \$50,000,000 and over, total.....					201
Description of the sample strata	Form 1040, with Form 1116 but without Form 2555	Form 1040, with Schedule C but without Form 1116 or Form 2555	Form 1040, with Schedule F but without Form 1116 or Form 2555	All other forms	
	Sample Code	Sample Code	Sample Code	Sample Code	
	(1)	(2)	(3)	(4)	
Indexed Negative Income ⁴					
\$10,000,000 or more.....	401	601	801		1
\$5,000,000 under \$10,000,000.....	402	602	802		2
\$2,000,000 under \$5,000,000.....	403	603	803		3
\$1,000,000 under \$2,000,000.....	404	604	804		4
\$500,000 under \$1,000,000.....	405	605	805		5
\$250,000 under \$500,000.....	**	606	806		6
\$120,000 under \$250,000.....	**	607	807		7
\$60,000 under \$120,000.....	**	608	808		8
Under \$60,000.....	**	609	**		9
Indexed Positive Income ⁴					
Under \$30,000.....	**	**	**		10
Under \$30,000.....	**	611	811		11
Under \$30,000.....	412	612	812		12
\$30,000 under \$60,000.....	413	613	813		13
\$30,000 under \$60,000.....	414	614	814		14
\$60,000 under \$120,000.....	415	615	815		15
\$60,000 under \$120,000.....	416	616	816		16
\$120,000 under \$250,000.....	417	617	817		17
\$120,000 under \$250,000.....	418	618	818		18
\$250,000 under \$500,000.....	419	619	819		19
\$500,000 under \$1,000,000.....	420	620	820		20
\$1,000,000 under \$2,000,000.....	421	621	821		21
\$2,000,000 under \$5,000,000.....	422	622	822		22
\$5,000,000 under \$10,000,000.....	423	623	823		23
\$10,000,000 or more.....	424	624	824		24

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Weighted counts for each code field

C2		C3		C4		C5		C6		C7		C8		C9	
0	918,706	4	1,447,690	35	640,303					0	104,154,441				
1	2,011,832	5	2,555,150	36	832,207					1	11,113,285				
2	3,140,312	6	5,517,099	37	359,184					2	7,154,284				
3	2,967,906	7	5,475,481	38	228,974										
4	2,971,621	8	5,072,942	39	178,101										
5	2,844,201	9	5,884,171	40	139,004										
6	2,774,279	10	6,727,589	41	157,306					1	36,624,614				
7	2,692,853	11	6,874,898	42	135,639					2	84,844,303				
8	2,586,510	12	6,571,421	43	225,034					3	953,093				
9	2,612,785	13	6,261,945	44	498,165										
10	2,747,821	14	5,285,334	45	664,151										
11	2,676,268	15	5,680,361	46	313,660										
12	2,592,212	16	6,251,918	47	178,829					1984	3,161				
13	2,655,932	17	5,661,549	48	67,882					1987	4,122				
14	2,627,778	18	6,432,988	49	94,143					1988	961				
15	2,621,950	19	6,758,849	50	62,923					1989	1,199				
16	2,473,593	20	5,065,867	51	67,570					1991	11,346				
17	2,306,944	21	3,357,802	52	43,467					1992	16,917				
18	2,211,136	22	2,144,362	53	93					1993	45,025				
19	2,245,070	23	3,263,069							1994	135,397				
20	2,157,062	24	3,489,357	C4						1995	593,187				
21	9,944,741	25	3,300,055							1996	1,977,054				
22	8,064,930	26	3,315,514							1997	119,623,364				
23	12,966,747	27	1,709,968							1998	10,277				
24	9,787,851	28	1,285,233												
25	15,180,238	29	647,098	C5											
26	6,454,920	30	309,042												
27	5,377,894	31	253,159							0	98,134,457				
28	1,401,750	32	279,756							1	24,287,554				
29	261,693	33	297,291												
30	144,477	34	358,419	C6											
										0	106,209,179				
										1	7,975,240				
										2	8,237,591				

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C10	C15	C21	C26
1 1,164	0 118,799,632	0 2,201,585	0 1,836,640
2 4,713	1 3,622,378	1 32,978,465	1 1,918,731
3 17		2 33,405,522	2 321,568
4 3,210	C16	3 27,443,429	3 1,975,114
5 1,139	-----	4 26,393,010	4 1,097,472
6 27	0 120,989,474		5 13,784,915
7 21	1 876,000	C22	6 1,827,891
8 212	2 556,537	-----	7 1,540,447
9 37		0 84,444,362	8 417,662
10 40	C17	1 37,977,649	9 296,034
11 10	-----		10 6,777,893
12 122,411,421	1 53,718,511	C23	11 3,356,751
	2 49,166,390	-----	12 542,815
C11	3 2,620,846	0 103,617,303	13 513,700
-----	4 16,855,292	1 16,622,025	14 5,345,123
0 115,973,075	5 60,971	2 1,628,814	15 2,487,032
1 4,226,743	C18	3 337,124	16 1,343,325
2 2,196,884	-----	4 216,745	17 1,197,108
3 18,701	0 114,716,743	C24	18 1,641,127
4 3,504	1 7,705,267	-----	19 1,643,623
5 3,103		0 107,540,616	20 522,844
C12	C19	1 14,881,395	21 2,489,275
-----	-----		22 2,968,782
0 122,122,127	0 57,870,796	C25	23 4,465,797
1 279,548	1 63,479,757	-----	24 2,335,351
2 20,335	2 65,432	0 122,362,757	25 1,036,267
C13	3 17,663	1 152	26 2,353,030
-----	4 495,785	2 59,101	27 385,455
0 122,053,659	6 492,577		28 811,308
1 368,352	C20		29 803,929
	-----		30 579,871
C14	1 121,279,249		31 3,571,164
-----	2 1,142,761		32 737,740
0 118,003,915			33 7,926,889
1 4,418,096			34 3,412,394

1997 STATISTICS OF INCOME PUBLIC USE TAX FILE

35	243,022	C29		C34		C37	
36	5,255,938	-----		-----		-----	
37	1,487,575	0	122,106,004	0	120,056,365	0	122,383,598
38	1,510,563	1	313,669	1	1,750,657	1	38,413
39	5,362,733	2	2,337	2	459,315		
40	479,499			3	106,851	C38	
41	1,727,492	C30		4	24,838	-----	
42	350,163	-----		5	17,677	0	121,824,158
43	2,493,242	0	11,295,094	6	6,307	1	597,852
44	8,358,045	1	111,126,917				
45	885,251			C35			
46	304,500	C31		-----			
47	3,008,111	-----		0	120,669,955		
48	2,649,905	0	73,266,533	1	1,433,288		
49	699,888	1	49,155,477	2	310,235		
50	2,521,905			3	8,513		
51	195,544	C32		4	20		
52	623,563	-----					
		0	80,555,806	C36			
C27		1	18,890,079	-----			
-----		2	15,860,067	0	11,295,094		
0	68,782,010	3	5,314,696	1	44,148,967		
1	24,780,078	4	1,353,216	2	32,368,236		
2	21,154,655	5	329,196	3	15,495,082		
3	7,705,267	6	71,171	4	12,397,573		
		7	17,682	5	4,748,205		
C28		8	23,721	6	1,462,045		
-----		9	4,234	7	357,785		
0	23,086,756	10	1,170	8	88,223		
1	84,007,972	11	971	9	24,045		
2	93,430			10	29,173		
3	117,969	C33		11	5,362		
4	117,748	-----		12	1,222		
5	107,214	0	121,527,043	13	982		
6	137,362	1	650,994	14	9		
7	14,363,946	2	173,704	17	8		
8	389,613	3	68,463				
		4	568				
		5	1,237				

1997 STATISTICS OF INCOME PUBLIC USE TAX FILE

Weighted sum of the amounts in each amount field

3,615,138,348,578	F 1	658,593,852	F 49
170,655,075,884	F 2	730,823,801,194	F 50
48,994,363,107	F 3	726,805,214,548	F 51
119,537,373,601	F 4	29,723,503,654	F 52
14,020,895,811	F 5	4,003,163,342	F 53
4,804,044,881	F 6	106,888,542	F 54
187,226,999,120	F 7	27,826,177	F 55
354,111,091,198	F 8	2,335,789,704	F 56
(1,393,084,677)	F 10	761,720,431,699	F 57
55,180,744,221	F 11	582,194,350,966	F 58
383,019,728,126	F 12	161,814,968,871	F 59
259,805,452,396	F 13	234,987,472,243	F 60
198,662,065,672	F 14	3,767,991,133	F 61
(6,885,242,227)	F 15	2,224,955,829	F 62
17,230,210,552	F 16	24,395,670,333	F 63
139,961,530,277	F 17	37,779,250,222	F 64
61,559,666,542	F 18	1,399,660,335	F 65
8,662,628,359	F 22	101,325,966	F 66
1,847,638,995	F 24	52,183,711	F 67
14,860,902,281	F 25	783,342,368,163	F 68
3,869,268,594	F 26	(44,899,746,449)	F 69
10,234,926,475	F 27	20,075,503,994	F 70
234,196,674	F 28	1,079,565,976	F 71
4,611,540,870	F 29	44,695,127,847	F 72
4,968,569,824,342	F 33	29,292,652,455	F 73
1,069,841,750,389	F 34	136,691,666,814	F 74
627,824,711,007	F 35	75,029,775,297	F 75
3,427,352,989,048	F 36	250,229,311,820	F 82
738,253,661,796	F 37	72,255,025,138	F 83
776,559,229,500	F 38	27,428,359,105	F 84
738,916,612,359	F 39	98,630,873,902	F 86
3,135,389,776,632	F 40	37,434,813,291	F 87
1,720,105,349,351	F 41	39,336,824,415	F 88
674,048,288,915	F 42	3,004,142,632	F 89
12,111,383,084	F 43	55,370,352,707	F 90
2,463,995,168	F 44	1,037,507,793	F 91
41,280,584	F 45	23,152,672,972	F 94
4,049,993,453	F 46	3,827,112,126	F 95
809,384,892	F 47	861,792,839,074	F 96
320,140,436	F 48	332,573,727,777	F 97

1997 STATISTICS OF INCOME PUBLIC USE TAX FILE

38,761,662,540	F 100	8,891,898,474	F 143
11,023,670,934	F 101	739,715,886	F 144
28,500,591,329	F 102	3,525,362,355	F 145
13,231,837,277	F 103	177,409,474,553	F 146
4,468,569,002	F 104	26,099,019,227	F 147
6,041,153,826	F 105	12,824,850,610	F 148
9,201,586,478	F 106	58,165,468,966	F 149
21,843,989,321	F 107	12,662,105,840	F 150
57,419,812,172	F 108	53,551,625	F 151
358,334,735,093	F 109	14,791,954	F 152
20,607,630,254	F 111	5,265,422	F 153
80,732,569,213	F 114	124,386,345	F 154
69,425,647,522	F 115	561,149,812	F 155
44,976,489,184	F 116	6,310,514,756	F 156
330,464,815,937	F 117	13,585,929,111	F 157
6,545,839,109	F 118	1,334,092,548	F 158
166,289,081,138	F 120	59,704,496	F 159
8,621,831,686	F 121	57,326,634,257	F 160
43,312,299,563	F 122	20,273,431,051	F 161
4,890,072,950	F 123	71,369,294,682	F 163
826,541,648	F 124	701,796,700,005	F 164
33,628,317,422	F 125	3,092,113,885	F 165
11,281,536,869	F 126	49,545,843,131	F 166
6,477,207,525	F 127	28,330,752,508	F 167
29,102,559,384	F 128	23,783,545,520	F 168
51,373,710,092	F 130	2,681,824,249	F 171
32,643,814,182	F 131	11,535,981,090	F 181
26,886,095,401	F 132	267,865,229,629	F 182
70,325,606,048	F 133	1,827,781,291	F 183
11,298,929,468	F 134	35,795,293,140	F 184
18,570,317,040	F 135	1,240,635,271	F 185
1,273,818,580	F 136	25,259,110,185	F 186
19,833,263,219	F 137	121,620,243,563	F 187
122,127,494,071	F 138	4,790,229,515	F 188
3,347,457,877	F 139	175,529,628,168	F 189
31,692,479,153	F 140	706,264,860,277	F 190
168,235,082,161	F 141		
4,753,774,362	F 142		

1997 PUBLIC USE TAX FILE

1997 FEDERAL TAX FORMS (with element numbers referenced)

1997 STATE NON-PUBLIC USE TAX FILE

FIELD NUMBERS

Field Numbers presented on the tax forms and schedules lines can be used to cross reference to the Core Record Layout. An example of this is line 7 on the Form 1040 which has a field number of 1.

7 Wages, salaries, tips, etc.----- 1

On the Core Record Layout it would appear as "1" to the left of the Salaries and Wages line. See example below.

-- Record Layout --

- 1. SALARIES AND WAGES
- 2. TAXABLE INTEREST INCOME
- 3. TAX-EXEMPT INTEREST INCOME

Another example, Line 8a, Taxable Interest Income, on the Form 1040 (see below) has a field number of 2. This field number is cross referenced to the Taxable Interest Income line on the 1997 Core Record Layout, which contains the number 2 to the left of the line (see above).

8a Taxable Interest Income ----- 2

For the year Jan. 1–Dec. 31, 1997, or other tax year beginning , 1997, ending , 19 OMB No. 1545-0074

Label

(See instructions on page 10.)

Use the IRS label. Otherwise, please print or type.

Form with fields for name, address, and social security numbers.

Your social security number

Spouse's social security number

For help in finding line instructions, see pages 2 and 3 in the booklet.

Presidential Election Campaign

Do you want \$3 to go to this fund? If a joint return, does your spouse want \$3 to go to this fund?

Table with Yes/No columns and a note about checking 'Yes'.

Filing Status

- 1 Single
2 Married filing joint return
3 Married filing separate return
4 Head of household
5 Qualifying widow(er)

Check only one box.

Exemptions

Form for exemptions including sections 6a, b, c, and d.

No. of boxes checked on 6a and 6b. No. of your children on 6c who: lived with you, did not live with you due to divorce or separation.

If more than six dependents, see page 10.

Income

Attach Copy B of your Forms W-2, W-2G, and 1099-R here.

If you did not get a W-2, see page 12.

Enclose but do not attach any payment. Also, please use Form 1040-V.

Main income table with lines 7 through 22.

Adjusted Gross Income

If line 32 is under \$29,290 (under \$9,770 if a child did not live with you), see EIC inst. on page 21.

Adjusted Gross Income table with lines 23 through 32.

Tax Computation

33	Amount from line 32 (adjusted gross income)	33	
34a	Check if: <input type="checkbox"/> You were 65 or older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here	34a	
b	If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 18 and check here	34b	<input type="checkbox"/>
35	Enter the larger of your: { Itemized deductions from Schedule A, line 28, OR Standard deduction shown below for your filing status. But see page 18 if you checked any box on line 34a or 34b or someone can claim you as a dependent. • Single—\$4,150 • Married filing jointly or Qualifying widow(er)—\$6,900 • Head of household—\$6,050 • Married filing separately—\$3,450 }	35	
36	Subtract line 35 from line 33	36	
37	If line 33 is \$90,900 or less, multiply \$2,650 by the total number of exemptions claimed on line 6d. If line 33 is over \$90,900, see the worksheet on page 19 for the amount to enter	37	
38	Taxable income. Subtract line 37 from line 36. If line 37 is more than line 36, enter -0-	38	
39	Tax. See page 19. Check if any tax from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	39	

If you want the IRS to figure your tax, see page 18.

Credits

40	Credit for child and dependent care expenses. Attach Form 2441	40	
41	Credit for the elderly or the disabled. Attach Schedule R	41	
42	Adoption credit. Attach Form 8839	42	
43	Foreign tax credit. Attach Form 1116	43	
44	Other. Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form (specify) _____	44	
45	Add lines 40 through 44	45	
46	Subtract line 45 from line 39. If line 45 is more than line 39, enter -0-	46	

Other Taxes

47	Self-employment tax. Attach Schedule SE	47	
48	Alternative minimum tax. Attach Form 6251	48	
49	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	49	
50	Tax on qualified retirement plans (including IRAs) and MSAs. Attach Form 5329 if required	50	
51	Advance earned income credit payments from Form(s) W-2	51	
52	Household employment taxes. Attach Schedule H	52	
53	Add lines 46 through 52. This is your total tax	53	

Payments

Attach Forms W-2, W-2G, and 1099-R on the front.

54	Federal income tax withheld from Forms W-2 and 1099	54	
55	1997 estimated tax payments and amount applied from 1996 return	55	
56a	Earned income credit. Attach Schedule EIC if you have a qualifying child b Nontaxable earned income: amount <input type="text"/> and type <input type="text"/>	56a	
57	Amount paid with Form 4868 (request for extension)	57	
58	Excess social security and RRTA tax withheld (see page 27)	58	
59	Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136	59	
60	Add lines 54, 55, 56a, 57, 58, and 59. These are your total payments	60	

Refund

Have it directly deposited! See page 27 and fill in 62b, 62c, and 62d.

61	If line 60 is more than line 53, subtract line 53 from line 60. This is the amount you OVERPAID	61	
62a	Amount of line 61 you want REFUNDED TO YOU	62a	
b	Routing number <input type="text"/>	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number <input type="text"/>		
63	Amount of line 61 you want APPLIED TO YOUR 1998 ESTIMATED TAX	63	

Amount You Owe

64	If line 53 is more than line 60, subtract line 60 from line 53. This is the AMOUNT YOU OWE . For details on how to pay, see page 27	64	
65	Estimated tax penalty. Also include on line 64	65	

Sign Here

Keep a copy of this return for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation
Spouse's signature. If a joint return, BOTH must sign.	Date	Spouse's occupation
Preparer's signature	Date	Check if self-employed <input type="checkbox"/>
Firm's name (or yours if self-employed) and address		Preparer's social security no. EIN ZIP code

Paid Preparer's Use Only





Nontaxable Earned Income

Certain earned income is not taxable, but it must be included to see if you can take the earned income credit. It is also used to figure the credit. It includes anything of value (money, goods, or services) that is not taxable that you received from your employer for your work. Some examples are listed below.

- Basic quarters and subsistence allowances, the value of in-kind quarters and subsistence, and combat zone excluded pay received from the U.S. military. These amounts should be shown in box 13 of your 1997 W-2 form with code Q.

- Housing allowances or rental value of a parsonage for clergy members. But if you are filing **Schedule SE**, see **Clergy** below.

- Meals and lodging provided for the convenience of your employer.

- Voluntary salary deferrals. If you chose to have your employer contribute part of your pay to certain retirement plans (such as a 401(k) plan or the Federal Thrift Savings Plan) instead of having it paid to you, the "Deferred compensation" box in box 15 of your W-2 form should be checked. The amount deferred should be shown in box 13 of your W-2 form.

- Excludable dependent care benefits from **Form 2441**, line 18.

- Excludable employer-provided adoption benefits from **Form 8839**, line 22.

- Voluntary salary reductions, such as under a cafeteria plan, unless they are included in box 1 of your W-2 form(s). For details, see **Pub. 596**.



Nontaxable earned income does not include welfare benefits, such as those listed on this page.

Modified AGI (Adjusted Gross Income)

Modified AGI is the amount on Form 1040, line 32, increased by the amount of (1) any loss claimed on Form 1040, line 13, and (2) one-half of any losses on Form 1040, lines 12 and 18. But see **Pub. 596** to figure your modified AGI if you are filing **Schedule E** or you are claiming a loss from the rental of personal property not used in a trade or business.

Effect on Certain Welfare Benefits

Any refund you receive as a result of claiming the EIC will not be used to determine if you are eligible for the following programs, or how much you can receive from them.

- Temporary Assistance for Needy Families (formerly Aid to Families With Dependent Children (AFDC)).

- Medicaid and supplemental security income (SSI).

- Food stamps and low-income housing.

Line 5 of EIC Worksheet on Page 23

(keep for your records)

If filing a joint return and your spouse was also self-employed or reported income and expenses on Schedule C or C-EZ as a statutory employee, combine your spouse's amounts with yours to figure the amounts to enter below.

1. If you are filing Schedule SE:

- a. Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, whichever applies **1a.** _____
- b. Enter the amount, if any, from Schedule SE, Section B, line 4b **1b.** _____
- c. Add lines 1a and 1b **1c.** _____
- d. Enter the amount from Form 1040, line 26 . **1d.** _____
- e. Subtract line 1d from line 1c **1e.** _____

2. If you are NOT required to file Schedule SE (for example, because your net earnings from self-employment were less than \$400), complete lines 2a through 2c. But do not include on these lines any statutory employee income or any amount exempt from self-employment tax as the result of the filing and approval of **Form 4029** or **Form 4361**.

- a. Enter any net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a **2a.** _____
- b. Enter any net profit or (loss) from Schedule C, line 31, Schedule C-EZ, line 3, and Schedule K-1 (Form 1065), line 15a (other than farming) **2b.** _____
- c. Add lines 2a and 2b. Enter the total even if a loss **2c.** _____

3. If you are filing Schedule C or C-EZ as a statutory employee, enter the amount from line 1 of that Schedule C or C-EZ **3.** _____

- 4. Add lines 1e, 2c, and 3. Enter the total here and on line 5 of the worksheet on page 23 even if a loss. If the result is a loss, enter it in parentheses and read the **Caution** below **4.** _____

Caution: If line 5 of the *Earned Income Credit Worksheet* is a loss, subtract it from the total of lines 3 and 4 of that worksheet and enter the result on line 6 of that worksheet. If the result is zero or less, you **cannot** take the earned income credit.

Special Rules

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. See **Pub. 596** for the definition of extended active duty.

Clergy

If you are filing **Schedule SE** and the amount on line 2 of that schedule includes an amount that was also reported on Form 1040, line 7, follow these special rules. First, write "Clergy" directly to the right of line 56a. If you received a housing allowance or were provided housing, **do not** include the allowance or rental value of the parsonage as nontaxable earned income on line 4 of the worksheet on page 23 (or on line 56b of Form 1040) if it is required to be included on Schedule SE, line 2.

Then, if you are figuring the earned income credit yourself, determine how much of the income reported on Form 1040, line 7, was also reported on Schedule SE, line 2. Next, subtract that income from the amount on Form 1040, line 7. Then, enter only the result on line 1 of the worksheet on page 23. Last, be sure to complete the worksheet on this page.

Household Employees

If you were a household employee who did not receive a W-2 form because your employer paid you less than \$1,000 in 1997, be sure to include the amount you were paid on Form 1040, line 7. Enter "HSH" and the amount not reported on a W-2 form on the dotted line next to line 7.

Inmates

Amounts paid to inmates in penal institutions for their work are not earned income for purposes of the EIC. If the total on Form 1040, line 7, includes such income, subtract that income from the amount on line 7. Enter the result on line 1 of the worksheet on page 23. Also, enter "PRI" and the amount subtracted on the dotted line next to line 7.

Label (See page 14.) Use the IRS label. Otherwise, please print in ALL CAPITAL LETTERS.

OMB No. 1545-0085

L A B E L H E R E	Your first name	Init.	Last name	
	If a joint return, spouse's first name	Init.	Last name	
	Home address (number and street). If you have a P.O. box, see page 14.			Apt. no.
	City, town or post office. If you have a foreign address, see page 14.		State	ZIP code

Your social security number

--	--	--	--	--	--	--	--	--	--

Spouse's social security number

--	--	--	--	--	--	--	--	--	--

For Privacy Act and Paperwork Reduction Act Notice, see page 42.

Presidential Election Campaign Fund (See page 14.)

Do you want \$3 to go to this fund?	Yes	No
If a joint return, does your spouse want \$3 to go to this fund?		

Note: Checking "Yes" will not change your tax or reduce your refund.

- 1 Single
- 2 Married filing joint return (even if only one had income)
- 3 Married filing separate return. Enter spouse's social security number above and full name here. ► _____
- 4 Head of household (with qualifying person). (See page 15.) If the qualifying person is a child but not your dependent, enter this child's name here. ► _____
- 5 Qualifying widow(er) with dependent child (year spouse died ► 19 ____). (See page 16.)

6a <input type="checkbox"/> Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.	No. of boxes checked on 6a and 6b	<input type="checkbox"/>			
b <input type="checkbox"/> Spouse					
c Dependents. If more than six dependents, see page 16.	No. of your children on 6c who: • lived with you <input type="checkbox"/> • did not live with you due to divorce or separation (see page 17) <input type="checkbox"/> Dependents on 6c not entered above <input type="checkbox"/> Add numbers entered in boxes above <input type="checkbox"/>				
(1) First name		Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) No. of months lived in your home in 1997

d Total number of exemptions claimed

	Dollars	Cents
7 Wages, salaries, tips, etc. Attach Form(s) W-2.	<input type="text"/>	<input type="text"/>
8a Taxable interest income. Attach Schedule 1 if required.	<input type="text"/>	<input type="text"/>
b Tax-exempt interest. DO NOT include on line 8a.	<input type="text"/>	<input type="text"/>
9 Dividends. Attach Schedule 1 if required.	<input type="text"/>	<input type="text"/>
10a Total IRA distributions.	<input type="text"/>	<input type="text"/>
10b Taxable amount (see page 19).	<input type="text"/>	<input type="text"/>
11a Total pensions and annuities.	<input type="text"/>	<input type="text"/>
11b Taxable amount (see page 19).	<input type="text"/>	<input type="text"/>
12 Unemployment compensation.	<input type="text"/>	<input type="text"/>
13a Social security benefits.	<input type="text"/>	<input type="text"/>
13b Taxable amount (see page 21).	<input type="text"/>	<input type="text"/>
14 Add lines 7 through 13b (far right column). This is your total income. ►	<input type="text"/>	<input type="text"/>
15 IRA deduction (see page 21).	<input type="text"/>	<input type="text"/>
16 Subtract line 15 from line 14. This is your adjusted gross income. If under \$29,290 (under \$9,770 if a child did not live with you), see the EIC instructions on page 27. ►	<input type="text"/>	<input type="text"/>



17 Enter the amount from line 16. 17

18a Check if: [] You were 65 or older [] Blind [] Spouse was 65 or older [] Blind Enter number of boxes checked 18a

b If you are married filing separately and your spouse itemizes deductions, see page 23 and check here 18b

19 Enter the standard deduction for your filing status. But see page 24 if you checked any box on line 18a or 18b OR someone can claim you as a dependent. 19

- Single—4,150 • Married filing jointly or Qualifying widow(er)—6,900 • Head of household—6,050 • Married filing separately—3,450

20 Subtract line 19 from line 17. If line 19 is more than line 17, enter 0. 20

21 Multiply \$2,650 by the total number of exemptions claimed on line 6d. 21

22 Subtract line 21 from line 20. If line 21 is more than line 20, enter 0. This is your taxable income. If you want the IRS to figure your tax, see page 24. 22

23 Find the tax on the amount on line 22 (see page 24). 23

24a Credit for child and dependent care expenses. Attach Schedule 2. 24a

b Credit for the elderly or the disabled. Attach Schedule 3. 24b

c Adoption credit. Attach Form 8839. 24c

d Add lines 24a, 24b, and 24c. These are your total credits. 24d

25 Subtract line 24d from line 23. If line 24d is more than line 23, enter 0. 25

26 Advance earned income credit payments from Form(s) W-2. 26

27 Household employment taxes. Attach Schedule H. 27

28 Add lines 25, 26, and 27. This is your total tax. 28

29a Total Federal income tax withheld from Forms W-2 and 1099. 29a

b 1997 estimated tax payments and amount applied from 1996 return. 29b

c Earned income credit. Attach Schedule EIC if you have a qualifying child. 29c

d Nontaxable earned income: amount and type 29e

e Add lines 29a, 29b, and 29c. These are your total payments. 29e

30 If line 29e is more than line 28, subtract line 28 from line 29e. This is the amount you overpaid. 30

31a Amount of line 30 you want refunded to you. If you want it directly deposited, see page 33 and fill in 31b, 31c, and 31d. 31a

b Routing number c Type: [] Checking [] Savings

d Account number

32 Amount of line 30 you want applied to your 1998 estimated tax. 32

33 If line 28 is more than line 29e, subtract line 29e from line 28. This is the amount you owe. For details on how to pay, see page 34. 33

34 Estimated tax penalty (see page 34). 34

Sign here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge. Your signature Date Your occupation Spouse's signature. If joint return, BOTH must sign. Date Spouse's occupation Preparer's signature Date Check if self-employed Preparer's SSN Firm's name (or yours if self-employed) and address EIN ZIP code



Use the IRS label here	Your first name and initial		Last name		
	If a joint return, spouse's first name and initial		Last name		
	Home address (number and street). If you have a P.O. box, see page 7.			Apt. no.	
	City, town or post office, state, and ZIP code. If you have a foreign address, see page 7.				

Your social security number

[][]	[][]	[][][][]
--------	--------	--------------

Spouse's social security number

[][]	[][]	[][][][]
--------	--------	--------------

Presidential Election Campaign (See page 7.)
Note: Checking "Yes" will not change your tax or reduce your refund.
 Do you want \$3 to go to this fund? Yes No
 If a joint return, does your spouse want \$3 to go to this fund? Yes No

Dollars **Cents**

[][]	[][][][]	[][]
[][]	[][][][]	[][]
[][]	[][][][]	[][]
[][]	[][][][]	[][]
[][]	[][][][]	[][]
[][]	[][][][]	[][]
[][]	[][][][]	[][]
[][]	[][][][]	[][]

Income
Attach Copy B of Form(s) W-2 here. Enclose but do not attach any payment with your return.
Note: You must check Yes or No.

1 Total wages, salaries, and tips. This should be shown in box 1 of your W-2 form(s). Attach your W-2 form(s). 1

2 Taxable interest income. If the total is over \$400, you cannot use Form 1040EZ. 2

3 Unemployment compensation (see page 9). 3

4 Add lines 1, 2, and 3. This is your **adjusted gross income**. If under \$9,770, see page 9 to find out if you can claim the earned income credit on line 8a. 4

5 Can your parents (or someone else) claim you on their return?
Yes. Enter amount from worksheet on back.
No. If **single**, enter 6,800.00. If **married**, enter 12,200.00. See back for explanation. 5

6 Subtract line 5 from line 4. If line 5 is larger than line 4, enter 0. This is your **taxable income**. 6

Payments and tax

7 Enter your Federal income tax withheld from box 2 of your W-2 form(s). 7

8a **Earned income credit** (see page 9).
 b Nontaxable earned income: enter type and amount below.
 Type \$ 8a

9 Add lines 7 and 8a. These are your **total payments**. 9

10 **Tax.** Use the amount on line 6 to find your tax in the tax table on pages 20–24 of the booklet. Then, enter the tax from the table on this line. 10

Refund
 Have it directly deposited! See page 13 and fill in 11b, 11c, and 11d.

11a If line 9 is larger than line 10, subtract line 10 from line 9. This is your **refund**. 11a

b Routing number

c Type: Checking Savings

d Account number

Amount you owe

12 If line 10 is larger than line 9, subtract line 9 from line 10. This is the **amount you owe**. See page 13 for details on how to pay. 12

I have read this return. Under penalties of perjury, I declare that to the best of my knowledge and belief, the return is true, correct, and accurately lists all amounts and sources of income I received during the tax year.

Sign here ▶

Your signature		Spouse's signature if joint return	
Date	Your occupation	Date	Spouse's occupation

For Official Use Only

[][]	[][]	[][]	[][]	[][]
[][]	[][]	[][]	[][]	[][]
6	7	8	9	10

Use this form if

- Your filing status is single or married filing jointly.
- You do not claim any dependents.
- You had **only** wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund dividends, and your taxable interest income was not over \$400. **But** if you earned tips, including allocated tips, that are not included in box 5 and box 7 of your W-2, you may not be able to use Form 1040EZ. See page 8.
- You did not receive any advance earned income credit payments.
- You (and your spouse if married) were under 65 on January 1, 1998, and not blind at the end of 1997.
- Your taxable income (line 6) is less than \$50,000.

If you are not sure about your filing status, see page 6. If you have questions about dependents, use TeleTax topic 354 (see page 18). If you **cannot use this form**, use TeleTax topic 352 (see page 18).

Filling in your return

For tips on how to avoid common mistakes, see page 3.

Because this form is read by a machine, please print your numbers inside the boxes like this:

9	8	7	6	5	4	3	2	1	0
---	---	---	---	---	---	---	---	---	---

Do not type your numbers. Do not use dollar signs.

If you received a scholarship or fellowship grant or tax-exempt interest income, such as on municipal bonds, see the booklet before filling in the form. Also, see the booklet if you received a Form 1099-INT showing Federal income tax withheld or if Federal income tax was withheld from your unemployment compensation or Alaska Permanent Fund dividends.

Remember, you must report all wages, salaries, and tips even if you do not get a W-2 form from your employer. You must also report all your taxable interest income, including interest from banks, savings and loans, credit unions, etc., even if you do not get a Form 1099-INT.

Worksheet for dependents who checked "Yes" on line 5

Use this worksheet to figure the amount to enter on line 5 if someone can claim you (or your spouse if married) as a dependent, even if that person chooses not to do so. To find out if someone can claim you as a dependent, use TeleTax topic 354 (see page 18).

- | | |
|--|------------------------|
| A. Enter the amount from line 1 on the front. | A. _____ |
| B. Minimum standard deduction. | B. _____ 650.00 |
| C. Enter the LARGER of line A or line B here. | C. _____ |
| D. Maximum standard deduction. If single, enter 4,150.00; if married, enter 6,900.00. | D. _____ |
| E. Enter the SMALLER of line C or line D here. This is your standard deduction. | E. _____ |
| F. Exemption amount. | F. _____ |
| • If single, enter 0. | |
| • If married and— | |
| —both you and your spouse can be claimed as dependents, enter 0. | |
| —only one of you can be claimed as a dependent, enter 2,650.00. | |
| G. Add lines E and F. Enter the total here and on line 5 on the front. | G. _____ |

If you checked "No" on line 5 because no one can claim you (or your spouse if married) as a dependent, enter on line 5 the amount shown below that applies to you.

- Single, enter 6,800.00. This is the total of your standard deduction (4,150.00) and your exemption (2,650.00).
- Married, enter 12,200.00. This is the total of your standard deduction (6,900.00), your exemption (2,650.00), and your spouse's exemption (2,650.00).

Mailing your return

Mail your return by **April 15, 1998**. Use the envelope that came with your booklet. If you do not have that envelope, see page 28 for the address to use.

Paid preparer's use only

See page 14.

Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income received during the tax year. This declaration is based on all information of which I have any knowledge.

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN : : :
Firm's name (or yours if self-employed) and address	EIN : :		ZIP code



SCHEDULES A&B
(Form 1040)

Schedule A—Itemized Deductions

OMB No. 1545-0074

1997

Attachment
Sequence No. **07**

Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedules A and B (Form 1040).**

Name(s) shown on Form 1040

Your social security number

Medical and Dental Expenses	1	Caution: Do not include expenses reimbursed or paid by others. Medical and dental expenses (see page A-1)	1			
	2	Enter amount from Form 1040, line 33, 2				
	3	Multiply line 2 above by 7.5% (.075)	3			
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-				4
Taxes You Paid (See page A-2.)	5	State and local income taxes	5			
	6	Real estate taxes (see page A-2)	6			
	7	Personal property taxes	7			
	8	Other taxes. List type and amount ▶	8			
	9	Add lines 5 through 8				9
Interest You Paid (See page A-2.)	10	Home mortgage interest and points reported to you on Form 1098	10			
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address ▶	11			
	12	Points not reported to you on Form 1098. See page A-3 for special rules	12			
	13	Investment interest. Attach Form 4952 if required. (See page A-3.)	13			
Note: Personal interest is not deductible.	14	Add lines 10 through 13				14
Gifts to Charity If you made a gift and got a benefit for it, see page A-3.	15	Gifts by cash or check. If you made any gift of \$250 or more, see page A-3	15			
	16	Other than by cash or check. If any gift of \$250 or more, see page A-3. You MUST attach Form 8283 if over \$500	16			
	17	Carryover from prior year	17			
	18	Add lines 15 through 17				18
Casualty and Theft Losses	19	Casualty or theft loss(es). Attach Form 4684. (See page A-4.)				19
Job Expenses and Most Other Miscellaneous Deductions (See page A-5 for expenses to deduct here.)	20	Unreimbursed employee expenses—job travel, union dues, job education, etc. You MUST attach Form 2106 or 2106-EZ if required. (See page A-4.) ▶	20			
	21	Tax preparation fees	21			
	22	Other expenses—investment, safe deposit box, etc. List type and amount ▶	22			
	23	Add lines 20 through 22	23			
	24	Enter amount from Form 1040, line 33, 24				
	25	Multiply line 24 above by 2% (.02)	25			
	26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-				26
Other Miscellaneous Deductions	27	Other—from list on page A-5. List type and amount ▶				27
Total Itemized Deductions	28	Is Form 1040, line 33, over \$121,200 (over \$60,600 if married filing separately)? NO. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter on Form 1040, line 35, the larger of this amount or your standard deduction. YES. Your deduction may be limited. See page A-5 for the amount to enter.				28

- Certain educational expenses. For details, use TeleTax topic 513 (see page 34) or see **Pub. 508**.

Line 21

Tax Preparation Fees

Enter the fees you paid for preparation of your tax return, including fees paid for filing your return electronically.

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**.
- Deduction for repayment of amounts under a claim of right if \$3,000 or less.

Other Miscellaneous Deductions

Line 27

Only the expenses listed below 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.
- 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. See **Pub. 529** for details.

- Impairment-related work expenses of a disabled person.

For more details on these expenses, see **Pub. 529**.

Total Itemized Deductions

Line 28

If the amount on Form 1040, line 33, is over \$121,200 (over \$60,600 if married filing separately), use the worksheet on this page to figure the amount to enter on line 28.

Itemized Deductions Worksheet—Line 28 (keep for your records)



1. Add the amounts on Schedule A, lines 4, 9, 14, 18, 19, 26, and 27	1. _____
2. Add the amounts on Schedule A, lines 4, 13, and 19, plus any gambling losses included on line 27	2. _____
Caution: Be sure your total gambling losses are clearly identified on the dotted line next to line 27.	
3. Subtract line 2 from line 1. If the result is zero, stop here ; enter the amount from line 1 above on Schedule A, line 28, and see the Note below	3. _____
4. Multiply line 3 above by 80% (.80)	4. _____
5. Enter the amount from Form 1040, line 33	5. _____
6. Enter \$121,200 (\$60,600 if married filing separately)	6. _____
7. Subtract line 6 from line 5. If the result is zero or less, stop here ; enter the amount from line 1 above on Schedule A, line 28, and see the Note below	7. _____
8. Multiply line 7 above by 3% (.03)	8. _____
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 Schedule A, line 28, and see the Note below	10. _____
Note: Also enter on Form 1040, line 35, the larger of the amount you enter on Schedule A, line 28, or your standard deduction.	

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

Your social security number

Schedule B—Interest and Dividend Income

Attachment Sequence No. 08

Part I Interest Income

(See pages 12 and B-1.)

Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

Note: If you had over \$400 in taxable interest income, you must also complete Part III.

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address

Form with 10 rows of dotted lines for listing interest income payers.

Table with 2 columns: Amount, and 10 rows for interest income entries.

2 Add the amounts on line 1
3 Excludable interest on series EE U.S. savings bonds issued after 1989 from Form 8815, line 14. You MUST attach Form 8815 to Form 1040
4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a

Summary table for interest income with rows 2, 3, and 4.

Part II Dividend Income

(See pages 12 and B-1.)

Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total dividends shown on that form.

Note: If you had over \$400 in gross dividends and/or other distributions on stock, you must also complete Part III.

5 List name of payer. Include gross dividends and/or other distributions on stock here. Any capital gain distributions and nontaxable distributions will be deducted on lines 7 and 8

Form with 10 rows of dotted lines for listing dividend income payers.

Table with 2 columns: Amount, and 10 rows for dividend income entries.

6 Add the amounts on line 5
7 Capital gain distributions. Enter here and on Schedule D
8 Nontaxable distributions. (See the inst. for Form 1040, line 9.)
9 Add lines 7 and 8
10 Subtract line 9 from line 6. Enter the result here and on Form 1040, line 9

Small table for lines 7 and 8 with columns for amounts.

Summary table for dividend income with rows 6, 7, 8, 9, and 10.

Part III Foreign Accounts and Trusts

(See page B-2.)

You must complete this part if you (a) had over \$400 of interest or dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

11a At any time during 1997, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1
b If "Yes," enter the name of the foreign country
12 During 1997, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520 or 926. See page B-2

Table with 2 columns: Yes, No, and 3 rows for questions 11a, 11b, and 12.



**SCHEDULE C
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business
(Sole Proprietorship)

► Partnerships, joint ventures, etc., must file Form 1065.

► Attach to Form 1040 or Form 1041. ► See Instructions for Schedule C (Form 1040).

OMB No. 1545-0074

1997

Attachment
Sequence No. **09**

Name of proprietor	Social security number (SSN)
A Principal business or profession, including product or service (see page C-1)	B Enter principal business code (see page C-6) ►
C Business name. If no separate business name, leave blank.	D Employer ID number (EIN), if any
E Business address (including suite or room no.) ► City, town or post office, state, and ZIP code	
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ►	
G Did you "materially participate" in the operation of this business during 1997? If "No," see page C-2 for limit on losses. <input type="checkbox"/> Yes <input type="checkbox"/> No	
H If you started or acquired this business during 1997, check here <input type="checkbox"/>	

Part I Income

1 Gross receipts or sales. Caution: If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-2 and check here <input type="checkbox"/>	1		
2 Returns and allowances	2		
3 Subtract line 2 from line 1	3		
4 Cost of goods sold (from line 42 on page 2)	4		
5 Gross profit. Subtract line 4 from line 3	5		
6 Other income, including Federal and state gasoline or fuel tax credit or refund (see page C-2)	6		
7 Gross income. Add lines 5 and 6	7		

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8 Advertising	8			19 Pension and profit-sharing plans	19		
9 Bad debts from sales or services (see page C-3)	9			20 Rent or lease (see page C-4):			
10 Car and truck expenses (see page C-3)	10			a Vehicles, machinery, and equipment	20a		
11 Commissions and fees	11			b Other business property	20b		
12 Depletion	12			21 Repairs and maintenance	21		
13 Depreciation and section 179 expense deduction (not included in Part III) (see page C-3)	13			22 Supplies (not included in Part III)	22		
14 Employee benefit programs (other than on line 19)	14			23 Taxes and licenses	23		
15 Insurance (other than health)	15			24 Travel, meals, and entertainment:			
16 Interest:				a Travel	24a		
a Mortgage (paid to banks, etc.)	16a			b Meals and entertainment			
b Other	16b			c Enter 50% of line 24b subject to limitations (see page C-4)			
17 Legal and professional services	17			d Subtract line 24c from line 24b	24d		
18 Office expense	18			25 Utilities	25		
28 Total expenses before expenses for business use of home. Add lines 8 through 27 in columns				26 Wages (less employment credits)	26		
29 Tentative profit (loss). Subtract line 28 from line 7				27 Other expenses (from line 48 on page 2)	27		
30 Expenses for business use of your home. Attach Form 8829				28	28		
31 Net profit or (loss). Subtract line 30 from line 29.				29	29		
• If a profit, enter on Form 1040, line 12 , and ALSO on Schedule SE, line 2 (statutory employees, see page C-5). Estates and trusts, enter on Form 1041, line 3.				30	30		
• If a loss, you MUST go on to line 32.				31	31		
32 If you have a loss, check the box that describes your investment in this activity (see page C-5).							
• If you checked 32a, enter the loss on Form 1040, line 12 , and ALSO on Schedule SE, line 2 (statutory employees, see page C-5). Estates and trusts, enter on Form 1041, line 3.						32a <input type="checkbox"/>	All investment is at risk.
• If you checked 32b, you MUST attach Form 6198 .						32b <input type="checkbox"/>	Some investment is not at risk.

**SCHEDULE D
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedule D (Form 1040).**
▶ **Use Schedule D-1 for more space to list transactions for lines 1 and 8.**

OMB No. 1545-0074

1997

Attachment
Sequence No. **12**

Name(s) shown on Form 1040

Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-3)	(e) Cost or other basis (see page D-4)	(f) GAIN or (LOSS) FOR ENTIRE YEAR. Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2					
3 Total short-term sales price amounts. Add column (d) of lines 1 and 2					
4 Short-term gain from Forms 2119 and 6252, and short-term gain or (loss) from Forms 4684, 6781, and 8824					4
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1					5
6 Short-term capital loss carryover. Enter the amount, if any, from line 9 of your 1996 Capital Loss Carryover Worksheet					6 ()
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f). ▶					7

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-3)	(e) Cost or other basis (see page D-4)	(f) GAIN or (LOSS) FOR ENTIRE YEAR. Subtract (e) from (d)	(g) 28% RATE GAIN or (LOSS) * (see instr. below)
8						
9 Enter your long-term totals, if any, from Schedule D-1, line 9						
10 Total long-term sales price amounts. Add column (d) of lines 8 and 9						
11 Gain from Form 4797, Part I; long-term gain from Forms 2119, 2439, and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824						
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1						
13 Capital gain distributions						
14 Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 14 of your 1996 Capital Loss Carryover Worksheet					14 () ()	
15 Combine lines 8 through 14 in column (g)						
16 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). ▶						

* **28% Rate Gain or Loss** includes all gains and losses in Part II, column (f) from sales, exchanges, or conversions (including installment payments received) **either:** • **Before May 7, 1997, or**
• **After July 28, 1997, for assets held more than 1 year but not more than 18 months.**

It also includes **ALL** "collectibles gains and losses" (as defined on page D-4).

Part III Summary of Parts I and II

<p>17 Combine lines 7 and 16. If a loss, go to line 18. If a gain, enter the gain on Form 1040, line 13 Next: Complete Form 1040 through line 38. Then, go to Part IV to figure your tax if:</p> <ul style="list-style-type: none"> ● Both lines 16 and 17 are gains, and ● Form 1040, line 38, is more than zero. 	17	
<p>18 If line 17 is a loss, enter here and as a (loss) on Form 1040, line 13, the smaller of these losses:</p> <ul style="list-style-type: none"> ● The loss on line 17; or ● (\$3,000) or, if married filing separately, (\$1,500) <p>Next: Complete Form 1040 through line 36. Then, complete the Capital Loss Carryover Worksheet on page D-4 if:</p> <ul style="list-style-type: none"> ● The loss on line 17 exceeds the loss on line 18, or ● Form 1040, line 36, is a loss. 	18 ()	

Part IV Tax Computation Using Maximum Capital Gains Rates

<p>19 Enter your taxable income from Form 1040, line 38</p>	19	
<p>20 Enter the smaller of line 16 or line 17</p>	20	
<p>21 If you are filing Form 4952, enter the amount from Form 4952, line 4e</p>	21	
<p>22 Subtract line 21 from line 20. If zero or less, enter -0-</p>	22	
<p>23 Combine lines 7 and 15. If zero or less, enter -0-</p>	23	
<p>24 Enter the smaller of line 15 or line 23, but not less than zero</p>	24	
<p>25 Enter your unrecaptured section 1250 gain, if any (see page D-4)</p>	25	
<p>26 Add lines 24 and 25</p>	26	
<p>27 Subtract line 26 from line 22. If zero or less, enter -0-</p>	27	
<p>28 Subtract line 27 from line 19. If zero or less, enter -0-</p>	28	
<p>29 Enter the smaller of line 19 or \$41,200 (\$24,650 if single; \$20,600 if married filing separately; \$33,050 if head of household)</p>	29	
<p>30 Enter the smaller of line 28 or line 29</p>	30	
<p>31 Subtract line 22 from line 19. If zero or less, enter -0-</p>	31	
<p>32 Enter the larger of line 30 or line 31</p>	32	
<p>33 Figure the tax on the amount on line 32. Use the Tax Table or Tax Rate Schedules, whichever applies ▶</p>	33	
<p>34 Enter the amount from line 29</p>	34	
<p>35 Enter the amount from line 28</p>	35	
<p>36 Subtract line 35 from line 34. If zero or less, enter -0-</p>	36	
<p>37 Multiply line 36 by 10% (.10) ▶</p>	37	
<p>38 Enter the smaller of line 19 or line 27</p>	38	
<p>39 Enter the amount from line 36</p>	39	
<p>40 Subtract line 39 from line 38. If zero or less, enter -0-</p>	40	
<p>41 Multiply line 40 by 20% (.20) ▶</p>	41	
<p>42 Enter the smaller of line 22 or line 25</p>	42	
<p>43 Add lines 22 and 32</p>	43	
<p>44 Enter the amount from line 19</p>	44	
<p>45 Subtract line 44 from line 43. If zero or less, enter -0-</p>	45	
<p>46 Subtract line 45 from line 42. If zero or less, enter -0-</p>	46	
<p>47 Multiply line 46 by 25% (.25) ▶</p>	47	
<p>48 Enter the amount from line 19</p>	48	
<p>49 Add lines 32, 36, 40, and 46</p>	49	
<p>50 Subtract line 49 from line 48</p>	50	
<p>51 Multiply line 50 by 28% (.28) ▶</p>	51	
<p>52 Add lines 33, 37, 41, 47, and 51</p>	52	
<p>53 Figure the tax on the amount on line 19. Use the Tax Table or Tax Rate Schedules, whichever applies</p>	53	
<p>54 Tax. Enter the smaller of line 52 or line 53 here and on Form 1040, line 39 ▶</p>	54	



**SCHEDULE E
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Supplemental Income and Loss
(From rental real estate, royalties, partnerships,
S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

1997

Attachment
Sequence No. **13**

▶ **Attach to Form 1040 or Form 1041.** ▶ **See Instructions for Schedule E (Form 1040).**

Name(s) shown on return

Your social security number

Part I **Income or Loss From Rental Real Estate and Royalties** *Note: Report income and expenses from your business of renting personal property on Schedule C or C-EZ (see page E-1). Report farm rental income or loss from Form 4835 on page 2, line 39.*

1 Show the kind and location of each rental real estate property :	2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of: • 14 days, or • 10% of the total days rented at fair rental value? (See page E-1.)	Yes	No
A		A	
B		B	
C		C	

Income:	Properties			Totals (Add columns A, B, and C.)
	A	B	C	
3 Rents received	3			3
4 Royalties received	4			4
Expenses:				
5 Advertising	5			
6 Auto and travel (see page E-2)	6			
7 Cleaning and maintenance	7			
8 Commissions	8			
9 Insurance	9			
10 Legal and other professional fees	10			
11 Management fees	11			
12 Mortgage interest paid to banks, etc. (see page E-2)	12			12
13 Other interest	13			
14 Repairs	14			
15 Supplies	15			
16 Taxes	16			
17 Utilities	17			
18 Other (list) ▶	18			
.....				
.....				
19 Add lines 5 through 18	19			19
20 Depreciation expense or depletion (see page E-2)	20			20
21 Total expenses. Add lines 19 and 20	21			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-3 to find out if you must file Form 6198	22			
23 Deductible rental real estate loss. Caution: Your rental real estate loss on line 22 may be limited. See page E-3 to find out if you must file Form 8582 . Real estate professionals must complete line 42 on page 2	23	()	()	()
24 Income. Add positive amounts shown on line 22. Do not include any losses	24			
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here	25	()		()
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 39 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 40 on page 2	26			

Name(s) shown on return. Do not enter name and social security number if shown on other side.

Your social security number

Note: If you report amounts from farming or fishing on Schedule E, you must enter your gross income from those activities on line 41 below. Real estate professionals must complete line 42 below.

Part II Income or Loss From Partnerships and S Corporations Note: If you report a loss from an at-risk activity, you MUST check either column (e) or (f) on line 27 to describe your investment in the activity. See page E-4. If you check column (f), you must attach Form 6198.

Table with 5 columns: (a) Name, (b) Enter P for partnership; S for S corporation, (c) Check if foreign partnership, (d) Employer identification number, and Investment At Risk? (e) All is at risk, (f) Some is not at risk. Rows A-E.

Table with 5 columns: (g) Passive loss allowed, (h) Passive income from Schedule K-1, (i) Nonpassive loss from Schedule K-1, (j) Section 179 expense deduction from Form 4562, and (k) Nonpassive income from Schedule K-1. Includes rows 28a, 28b, 29, 30, 31.

Part III Income or Loss From Estates and Trusts

Table with 2 columns: (a) Name and (b) Employer identification number. Rows A, B.

Table with 4 columns: (c) Passive deduction or loss allowed, (d) Passive income from Schedule K-1, (e) Deduction or loss from Schedule K-1, and (f) Other income from Schedule K-1. Includes rows 33a, 33b, 34, 35, 36.

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)—Residual Holder

Table with 5 columns: (a) Name, (b) Employer identification number, (c) Excess inclusion from Schedules Q, line 2c, (d) Taxable income (net loss) from Schedules Q, line 1b, and (e) Income from Schedules Q, line 3b. Includes row 38.

Part V Summary

Table with 4 columns: Description, (a) Name, (b) Employer identification number, and Amount. Includes rows 39, 40, 41, 42.



SCHEDULE SE
(Form 1040)

Self-Employment Tax

OMB No. 1545-0074

1997

Attachment
Sequence No. **17**

Department of the Treasury
Internal Revenue Service (99)

▶ See Instructions for Schedule SE (Form 1040).

▶ Attach to Form 1040.

Name of person with self-employment income (as shown on Form 1040)	Social security number of person with self-employment income ▶
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Who Must File Schedule SE

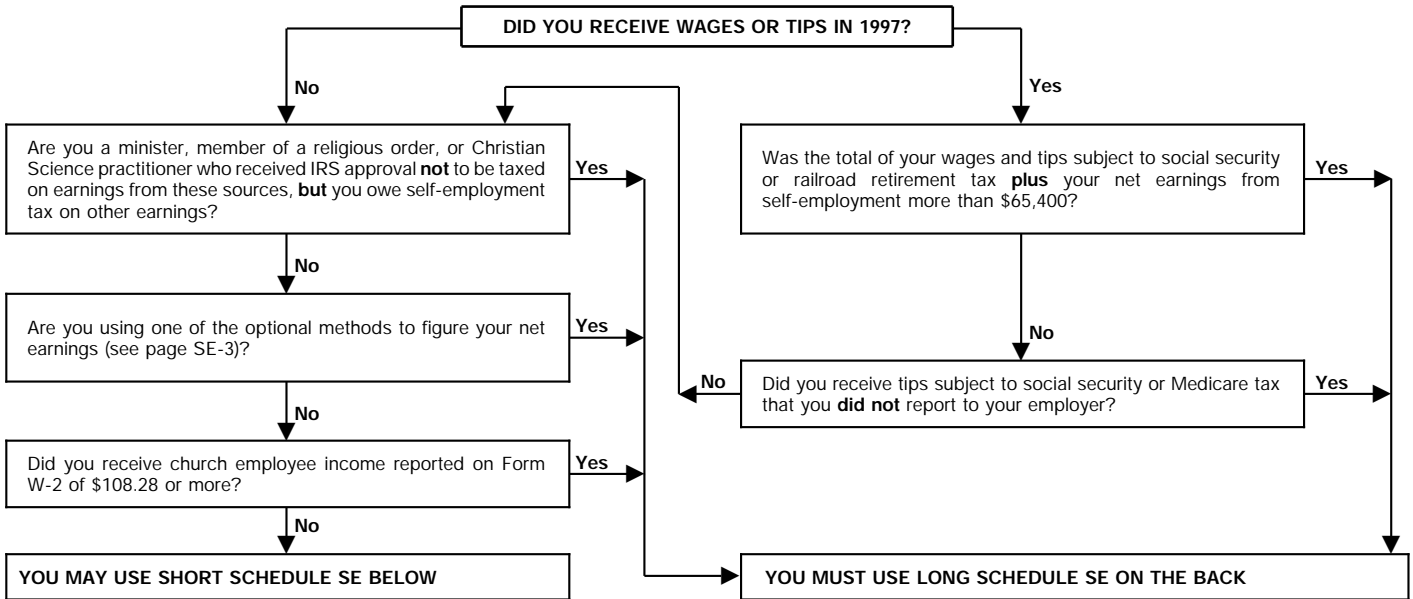
You must file Schedule SE if:

- You had net earnings from self-employment from **other than** church employee income (line 4 of Short Schedule SE or line 4c of Long Schedule SE) of \$400 or more, **OR**
- You had church employee income of \$108.28 or more. Income from services you performed as a minister or a member of a religious order **is not** church employee income. See page SE-1.

Note: Even if you had a loss or a small amount of income from self-employment, it may be to your benefit to file Schedule SE and use either "optional method" in Part II of Long Schedule SE. See page SE-3.

Exception. If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361 and received IRS approval not to be taxed on those earnings, **do not** file Schedule SE. Instead, write "Exempt-Form 4361" on Form 1040, line 47.

May I Use Short Schedule SE or MUST I Use Long Schedule SE?



Section A—Short Schedule SE. Caution: Read above to see if you can use Short Schedule SE.

1 Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a	1		
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; and Schedule K-1 (Form 1065), line 15a (other than farming). Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report	2		
3 Combine lines 1 and 2	3		
4 Net earnings from self-employment. Multiply line 3 by 92.35% (.9235). If less than \$400, do not file this schedule; you do not owe self-employment tax ▶	4		
5 Self-employment tax. If the amount on line 4 is: <ul style="list-style-type: none"> • \$65,400 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 47. • More than \$65,400, multiply line 4 by 2.9% (.029). Then, add \$8,109.60 to the result. Enter the total here and on Form 1040, line 47. 	5		
6 Deduction for one-half of self-employment tax. Multiply line 5 by 50% (.5). Enter the result here and on Form 1040, line 26	6		

Name of person with self-employment income (as shown on Form 1040)	Social security number of person with self-employment income ▶
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Section B—Long Schedule SE

Part I Self-Employment Tax

Note: If your only income subject to self-employment tax is **church employee income**, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is **not** church employee income. See page SE-1.

A If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I. <input type="checkbox"/>			
1 Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a. Note: Skip this line if you use the farm optional method. See page SE-3	1		
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; and Schedule K-1 (Form 1065), line 15a (other than farming). Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report. Note: Skip this line if you use the nonfarm optional method. See page SE-3.	2		
3 Combine lines 1 and 2	3		
4a If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3	4a		
b If you elected one or both of the optional methods, enter the total of lines 15 and 17 here	4b		
c Combine lines 4a and 4b. If less than \$400, do not file this schedule; you do not owe self-employment tax. Exception. If less than \$400 and you had church employee income , enter -0- and continue ▶	4c		
5a Enter your church employee income from Form W-2. Caution: See page SE-1 for definition of church employee income	5a		
b Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-	5b		
6 Net earnings from self-employment. Add lines 4c and 5b	6		
7 Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 1997	7	65,400	00
8a Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation	8a		
b Unreported tips subject to social security tax (from Form 4137, line 9)	8b		
c Add lines 8a and 8b	8c		
9 Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 . ▶	9		
10 Multiply the smaller of line 6 or line 9 by 12.4% (.124)	10		
11 Multiply line 6 by 2.9% (.029).	11		
12 Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 47	12		
13 Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 26	13		

Part II Optional Methods To Figure Net Earnings (See page SE-3.)

Farm Optional Method. You may use this method only if: <ul style="list-style-type: none"> • Your gross farm income¹ was not more than \$2,400, or • Your gross farm income¹ was more than \$2,400 and your net farm profits² were less than \$1,733. 			
14 Maximum income for optional methods	14	1,600	00
15 Enter the smaller of: two-thirds (2/3) of gross farm income ¹ (not less than zero) or \$1,600. Also, include this amount on line 4b above	15		
Nonfarm Optional Method. You may use this method only if: <ul style="list-style-type: none"> • Your net nonfarm profits³ were less than \$1,733 and also less than 72.189% of your gross nonfarm income,⁴ and • You had net earnings from self-employment of at least \$400 in 2 of the prior 3 years. Caution: You may use this method no more than five times.			
16 Subtract line 15 from line 14	16		
17 Enter the smaller of: two-thirds (2/3) of gross nonfarm income ⁴ (not less than zero) or the amount on line 16. Also, include this amount on line 4b above	17		

¹From Schedule F, line 11, and Schedule K-1 (Form 1065), line 15b. ³From Schedule C, line 31; Schedule C-EZ, line 3; and Schedule K-1 (Form 1065), line 15a.
²From Schedule F, line 36, and Schedule K-1 (Form 1065), line 15a. ⁴From Schedule C, line 7; Schedule C-EZ, line 1; and Schedule K-1 (Form 1065), line 15c.



Child and Dependent Care Expenses

▶ Attach to Form 1040.
 ▶ See separate instructions.

Name(s) shown on Form 1040

Your social security number

Before you begin, you need to understand the following terms. See **Definitions** on page 1 of the instructions.

- **Dependent Care Benefits**
- **Qualifying Person(s)**
- **Qualified Expenses**
- **Earned Income**

Part I **Persons or Organizations Who Provided the Care**—You must complete this part.
 (If you need more space, use the bottom of page 2.)

1	(a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)

Did you receive dependent care benefits?	NO	YES	Complete only Part II below. Complete Part III on the back next.
--	----	-----	---

Caution: If the care was provided in your home, you may owe employment taxes. See the instructions for Form 1040, line 52.

Part II **Credit for Child and Dependent Care Expenses**

2 Information about your **qualifying person(s)**. If you have more than two qualifying persons, see the instructions.

2	(a) Qualifying person's name First Last	(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 1997 for the person listed in column (a)

3 Add the amounts in column (c) of line 2. DO NOT enter more than \$2,400 for one qualifying person or \$4,800 for two or more persons. If you completed Part III, enter the amount from line 24

4 Enter YOUR **earned income**

5 If married filing a joint return, enter YOUR SPOUSE'S earned income (if student or disabled, see the instructions); **all others**, enter the amount from line 4

6 Enter the **smallest** of line 3, 4, or 5

7 Enter the amount from Form 1040, line 33 **7**

8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7

If line 7 is—	Decimal amount is	If line 7 is—	Decimal amount is
Over	But not over	Over	But not over
\$0—10,000	.30	\$20,000—22,000	.24
10,000—12,000	.29	22,000—24,000	.23
12,000—14,000	.28	24,000—26,000	.22
14,000—16,000	.27	26,000—28,000	.21
16,000—18,000	.26	28,000—No limit	.20
18,000—20,000	.25		

9 Multiply **line 6** by the decimal amount on line 8. Enter the result. Then, see the instructions for the amount of credit to enter on Form 1040, line 40

Part III Dependent Care Benefits

10	Enter the total amount of dependent care benefits you received for 1997. This amount should be shown in box 10 of your W-2 form(s). DO NOT include amounts that were reported to you as wages in box 1 of Form(s) W-2				10		
11	Enter the amount forfeited, if any. See the instructions				11		
12	Subtract line 11 from line 10				12		
13	Enter the total amount of qualified expenses incurred in 1997 for the care of the qualifying person(s)	13					
14	Enter the smaller of line 12 or 13	14					
15	Enter YOUR earned income	15					
16	If married filing a joint return, enter YOUR SPOUSE'S earned income (if student or disabled, see the line 5 instructions); if married filing a separate return, see the instructions for the amount to enter; all others , enter the amount from line 15	16					
17	Enter the smallest of line 14, 15, or 16	17					
18	Excluded benefits. Enter here the smaller of the following: <ul style="list-style-type: none"> • The amount from line 17, or • \$5,000 (\$2,500 if married filing a separate return and you were required to enter your spouse's earned income on line 16). 				18		
19	Taxable benefits. Subtract line 18 from line 12. Also, include this amount on Form 1040, line 7. On the dotted line next to line 7, write "DCB"				19		

To claim the child and dependent care credit, complete lines 20-24 below.

20	Enter \$2,400 (\$4,800 if two or more qualifying persons)				20		
21	Enter the amount from line 18				21		
22	Subtract line 21 from line 20. If zero or less, STOP . You cannot take the credit. Exception. If you paid 1996 expenses in 1997, see the line 9 instructions				22		
23	Complete line 2 on the front of this form. DO NOT include in column (c) any excluded benefits shown on line 18 above. Then, add the amounts in column (c) and enter the total here				23		
24	Enter the smaller of line 22 or 23. Also, enter this amount on line 3 on the front of this form and complete lines 4-9				24		



▶ **Attach to your tax return.**
▶ **See separate instructions.**

Name(s) shown on return	Identifying number
-------------------------	--------------------

Part I Tentative Credit

1a Current year investment credit (Form 3468, Part I)	1a	
b Current year work opportunity credit (Form 5884, Part I)	1b	
c Current year welfare-to-work credit (Form 8861, Part I)	1c	
d Current year credit for alcohol used as fuel (Form 6478)	1d	
e Current year credit for increasing research activities (Form 6765, Part I)	1e	
f Current year low-income housing credit (Form 8586, Part I)	1f	
g Current year enhanced oil recovery credit (Form 8830, Part I)	1g	
h Current year disabled access credit (Form 8826, Part I)	1h	
i Current year renewable electricity production credit (Form 8835, Part I)	1i	
j Current year Indian employment credit (Form 8845, Part I)	1j	
k Current year credit for employer social security and Medicare taxes paid on certain employee tips (Form 8846, Part I)	1k	
l Current year orphan drug credit (Form 8820, Part I)	1l	
m Current year credit for contributions to selected community development corporations (Form 8847, Part I)	1m	
n Current year trans-Alaska pipeline liability fund credit (see instructions)	1n	
2 Current year general business credit. Add lines 1a through 1n	2	
3 Passive activity credits included on line 2 (see instructions)	3	
4 Subtract line 3 from line 2	4	
5 Passive activity credits allowed for 1997 (see instructions)	5	
6 Carryforward of general business, WIN, or ESOP credit to 1997 (see instructions for the schedule to attach)	6	
7 Carryback of general business credit to 1997 (see instructions)	7	
8 Tentative general business credit. Add lines 4 through 7	8	

Part II General Business Credit Limitation Based on Amount of Tax

9 Regular tax before credits: • Individuals. Enter amount from Form 1040, line 39 • Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1) • Other filers. Enter regular tax before credits from your return	9	
10a Credit for child and dependent care expenses (Form 2441, line 9)	10a	
b Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	10b	
c Mortgage interest credit (Form 8396, line 11)	10c	
d Adoption credit (Form 8839, line 10)	10d	
e District of Columbia first-time homebuyer credit (Form 8859)	10e	
f Foreign tax credit (Form 1116, line 32, or Form 1118, Sch. B, line 12)	10f	
g Possessions tax credit (Form 5735)	10g	
h Credit for fuel from a nonconventional source	10h	
i Qualified electric vehicle credit (Form 8834, line 19)	10i	
j Add lines 10a through 10i	10j	
11 Net regular tax. Subtract line 10j from line 9	11	
12 Alternative minimum tax: • Individuals. Enter amount from Form 6251, line 28 • Corporations. Enter amount from Form 4626, line 15 • Estates and trusts. Enter amount from Form 1041, Schedule I, line 42	12	
13 Net income tax. Add lines 11 and 12	13	
14 Tentative minimum tax (see instructions)	14	
15 If line 11 is more than \$25,000, enter 25% (.25) of the excess (see instructions)	15	
16 Enter the greater of line 14 or line 15	16	
17 Subtract line 16 from line 13. If zero or less, enter -0-	17	
18 General business credit allowed for current year. Enter the smaller of line 8 or line 17 here and on Form 1040, line 44; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return. Individuals, estates, and trusts: See instructions if the credit for increasing research activities is claimed. C corporations: See instructions for Schedule A if any regular investment credit carryforward is claimed. See the instructions if the corporation has had a post-1986 "ownership change"	18	

Investment Interest Expense Deduction

▶ Attach to your tax return.

Name(s) shown on return	Identifying number
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Part I Total Investment Interest Expense		
1 Investment interest expense paid or accrued in 1997. See instructions.	1	
2 Disallowed investment interest expense from 1996 Form 4952, line 7	2	
3 Total investment interest expense. Add lines 1 and 2	3	

Part II Net Investment Income		
4a Gross income from property held for investment (excluding any net gain from the disposition of property held for investment)	4a	
b Net gain from the disposition of property held for investment	4b	
c Net capital gain from the disposition of property held for investment	4c	
d Subtract line 4c from line 4b. If zero or less, enter -0-	4d	
e Enter all or part of the amount on line 4c that you elect to include in investment income. Do not enter more than the amount on line 4b. See instructions ▶	4e	
f Investment income. Add lines 4a, 4d, and 4e. See instructions	4f	
5 Investment expenses. See instructions	5	
6 Net investment income. Subtract line 5 from line 4f. If zero or less, enter -0-	6	

Part III Investment Interest Expense Deduction		
7 Disallowed investment interest expense to be carried forward to 1998. Subtract line 6 from line 3. If zero or less, enter -0-	7	
8 Investment interest expense deduction. Enter the smaller of line 3 or 6. See instructions	8	

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Interest expense paid by an individual, estate, or trust on a loan allocable to property held for investment may not be fully deductible in the current year. Use Form 4952 to figure the amount of investment interest expense deductible for the current year and the amount, if any, to carry forward to future years.

For more details, see **Pub. 550**, Investment Income and Expenses.

Who Must File

If you are an individual, estate, or a trust, and you claim a deduction for investment interest expense, you must complete and attach Form 4952 to your tax return, unless **all** the following apply.

- Your only investment income was from interest or dividends.
- You have no other deductible expenses connected with the production of interest or dividends.
- Your investment interest expense is not more than your investment income.

- You have no disallowed investment interest expense from 1996.

Allocation of Interest Expense Under Temporary Regulations Section 1.163-8T

If you paid or accrued interest on a loan and used the loan proceeds for more than one purpose, you may have to allocate the interest. This is necessary because different rules apply to investment interest, personal interest, trade or business interest, home mortgage interest, and passive activity interest. See **Pub. 535**, Business Expenses.

Specific Instructions

Part I—Total Investment Interest Expense

Line 1

Enter the investment interest paid or accrued during the tax year, regardless of when you incurred the indebtedness. Investment interest is interest paid or accrued on a loan (or part of a loan) that is allocable to property held for investment (as defined later).

Include investment interest expense reported to you on Schedule K-1 from a

partnership or an S corporation. Include amortization of bond premium on taxable bonds purchased after October 22, 1986, but before January 1, 1988, unless you elected to offset amortizable bond premium against the interest payments on the bond. A taxable bond is a bond on which the interest is includible in gross income.

Investment interest expense **does not** include the following:

- Home mortgage interest.
- Interest expense that is properly allocable to a passive activity. Generally, a passive activity is any business activity in which you **do not** materially participate and any rental activity. See the separate instructions for **Form 8582**, Passive Activity Loss Limitations, for more details.
- Any interest expense that is capitalized, such as construction interest subject to section 263A.
- Interest expense related to tax-exempt interest income under section 265.
- Interest expense, disallowed under section 264, on indebtedness with respect to life insurance, endowment, or annuity contracts issued after June 8, 1997, even if the proceeds were used to purchase any property held for investment.

See separate instructions.

Attach to Form 1040 or Form 1040NR.

Name(s) shown on Form 1040

Your social security number

Part I Adjustments and Preferences

Table with 15 rows for adjustments and preferences, including items like medical and dental, taxes, interest, depreciation, and total adjustments.

Part II Alternative Minimum Taxable Income

Table with 6 rows for alternative minimum taxable income calculations, including net operating loss deduction and alternative minimum taxable income.

Part III Exemption Amount and Alternative Minimum Tax

Table with 13 rows for exemption amount and alternative minimum tax calculations, including exemption amount table and final tax calculations.

Part IV Line 24 Computation Using Maximum Capital Gains Rates

29	Enter the amount from line 23			29		
30	Enter the amount from Schedule D (Form 1040), line 27 (as refigured for the AMT, if necessary)	30				
31	Enter the amount from Schedule D (Form 1040), line 25 (as refigured for the AMT, if necessary)	31				
32	Add lines 30 and 31	32				
33	Enter the amount from Schedule D (Form 1040), line 22 (as refigured for the AMT, if necessary)	33				
34	Enter the smaller of line 32 or line 33			34		
35	Subtract line 34 from line 29. If zero or less, enter -0-			35		
36	If line 35 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 35 by 26% (.26). Otherwise, multiply line 35 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result			36		
37	Enter the amount from Schedule D (Form 1040), line 36 (as figured for the regular tax)			37		
38	Enter the smallest of line 29, line 30, or line 37			38		
39	Multiply line 38 by 10% (.10)			39		
40	Enter the smaller of line 29 or line 30			40		
41	Enter the amount from line 38			41		
42	Subtract line 41 from line 40. If zero or less, enter -0-			42		
43	Multiply line 42 by 20% (.20)			43		
44	Enter the amount from line 29			44		
45	Add lines 35, 38, and 42			45		
46	Subtract line 45 from line 44			46		
47	Multiply line 46 by 25% (.25)			47		
48	Add lines 36, 39, 43, and 47			48		
49	If line 29 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 29 by 26% (.26). Otherwise, multiply line 29 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result			49		
50	Enter the smaller of line 48 or line 49 here and on line 24			50		



Name(s) shown on return

Identifying number

Part I 1997 Passive Activity Loss

Caution: See the instructions for Worksheets 1 and 2 on page 7 before completing Part I.

Rental Real Estate Activities With Active Participation (For the definition of active participation see **Active Participation in a Rental Real Estate Activity** on page 3 of the instructions.)

1a Activities with net income (enter the amount from Worksheet 1, column (a)).	1a		
b Activities with net loss (enter the amount from Worksheet 1, column (b)).	1b	()
c Prior years unallowed losses (enter the amount from Worksheet 1, column (c)).	1c	()
d Combine lines 1a, 1b, and 1c	1d		

All Other Passive Activities

2a Activities with net income (enter the amount from Worksheet 2, column (a)).	2a		
b Activities with net loss (enter the amount from Worksheet 2, column (b)).	2b	()
c Prior years unallowed losses (enter the amount from Worksheet 2, column (c)).	2c	()
d Combine lines 2a, 2b, and 2c	2d		

3 Combine lines 1d and 2d. If the result is net income or zero, all losses are allowed, including any prior year unallowed losses entered on line 1c or 2c. **Do not** complete Form 8582. Take the losses to the form or schedule you normally report them on.
If this line and line 1d are losses, go to line 4. Otherwise, enter -0- on line 9 and go to line 10

Part II Special Allowance for Rental Real Estate With Active Participation

Note: Enter all numbers in Part II as positive amounts. See page 7 of the instructions for examples.

4 Enter the smaller of the loss on line 1d or the loss on line 3	4		
5 Enter \$150,000. If married filing separately, see page 7 of the instructions	5		
6 Enter modified adjusted gross income, but not less than zero (see page 7 of the instructions) Note: If line 6 is equal to or greater than line 5, skip lines 7 and 8, enter -0- on line 9, and then go to line 10. Otherwise, go to line 7.	6		
7 Subtract line 6 from line 5	7		
8 Multiply line 7 by 50% (.5). Do not enter more than \$25,000. If married filing separately, see page 9 of the instructions	8		
9 Enter the smaller of line 4 or line 8	9		

Part III Total Losses Allowed

10 Add the income, if any, on lines 1a and 2a and enter the total	10		
11 Total losses allowed from all passive activities for 1997. Add lines 9 and 10. See page 9 of the instructions to find out how to report the losses on your tax return	11		

Credit For Prior Year Minimum Tax— Individuals, Estates, and Trusts

Department of the Treasury
Internal Revenue Service

▶ **Attach to your tax return.**

Name(s) shown on return

Identifying number

Part I Net Minimum Tax on Exclusion Items

1 Combine lines 16 through 18 of your 1996 Form 6251. Estates and trusts, see instructions	1	
2 Enter adjustments and preferences treated as exclusion items. See instructions	2	
3 Minimum tax credit net operating loss deduction. See instructions	3	()
4 Combine lines 1, 2, and 3. If zero or less, enter -0- here and on line 15 and go to Part II. If more than \$165,000 and you were married filing separately for 1996, see instructions	4	
5 Enter \$45,000 (\$33,750 if single or head of household for 1996, \$22,500 if married filing separately for 1996). Estates and trusts, enter \$22,500	5	
6 Enter \$150,000 (\$112,500 if single or head of household for 1996, \$75,000 if married filing separately for 1996). Estates and trusts, enter \$75,000	6	
7 Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9	7	
8 Multiply line 7 by 25% (.25)	8	
9 Subtract line 8 from line 5. If zero or less, enter -0-. If this form is for a child under age 14, see instructions	9	
10 Subtract line 9 from line 4. If zero or less, enter -0- here and on line 15, and go to Part II. Form 1040NR filers, see instructions	10	
11 If line 10 is \$175,000 or less (\$87,500 or less if married filing separately for 1996), multiply line 10 by 26% (.26). Otherwise, multiply line 10 by 28% (.28), and subtract \$3,500 (\$1,750 if married filing separately for 1996) from the result. Caution: For a fiscal year taxpayer with a prior tax year that includes May 7, 1997, the amount on this line cannot exceed the amount figured under section 55(b)(3) (maximum rate of tax on net capital gain).	11	
12 Minimum tax foreign tax credit on exclusion items. See instructions	12	
13 Tentative minimum tax on exclusion items. Subtract line 12 from line 11	13	
14 Enter the amount from your 1996 Form 6251, line 27, or Form 1041, Schedule I, line 40	14	
15 Net minimum tax on exclusion items. Subtract line 14 from line 13. If zero or less, enter -0-	15	

Part II Minimum Tax Credit and Carryforward to 1998

16 Enter the amount from your 1996 Form 6251, line 28, or Form 1041, Schedule I, line 41	16	
17 Enter the amount from line 15 above	17	
18 Subtract line 17 from line 16. If less than zero, enter as a negative amount	18	
19 1996 minimum tax credit carryforward. Enter the amount from your 1996 Form 8801, line 26	19	
20 Enter the total of your 1996 unallowed nonconventional source fuel credit and 1996 unallowed qualified electric vehicle credit. See instructions.	20	
21 Combine lines 18, 19, and 20. If zero or less, stop here and see instructions	21	
22 Enter your 1997 regular income tax liability minus allowable credits. See instructions	22	
23 Enter the amount from your 1997 Form 6251, line 26, or 1997 Form 1041, Schedule I, line 38.	23	
24 Subtract line 23 from line 22. If zero or less, enter -0-	24	
25 Minimum tax credit. Enter the smaller of line 21 or line 24. Also enter this amount on the appropriate line of your 1997 tax return. See instructions	25	
26 Minimum tax credit carryforward to 1998. Subtract line 25 from line 21. See instructions	26	

General Instructions

Section references are to the Internal Revenue Code.

Purpose of Form

Form 8801 is used by individuals, estates, and trusts to figure the minimum tax credit, if any, for alternative minimum tax (AMT) incurred in prior tax years after 1986. The form is also used to figure any minimum tax credit carryforward.

Who Should File

Form 8801 should be completed by individuals, estates, and trusts that had:

- An AMT liability in 1996 and adjustments or preferences (other than exclusion items) in 1996,
- A minimum tax credit carryforward from 1996 to 1997, or
- A nonconventional source fuel credit or a qualified electric vehicle credit not allowed for 1996 (see the instructions for line 20).

File Form 8801 only if line 21 is more than zero.

Specific Instructions

The AMT is attributable to two types of adjustments and preferences—deferral items and exclusion items. **Deferral items** generally do not cause a permanent

difference in taxable income over time (e.g., depreciation). **Exclusion items**, on the other hand, do cause a permanent difference (e.g., the standard deduction). The minimum tax credit is allowed only on the AMT attributable to deferral items.

Line 1. Estates and trusts. Skip lines 1 through 3 of Form 8801. Complete Parts I and II of another 1996 Form 1041, Schedule I. For Part I of Schedule I, take into account only exclusion items (the amounts included on lines 4a through 4d, 4p, and 4q of Schedule I) and any other adjustments related to exclusion items included on line 4u of Schedule I. On line 7 of Schedule I, use the minimum tax credit net operating loss deduction (MTCNOLD).