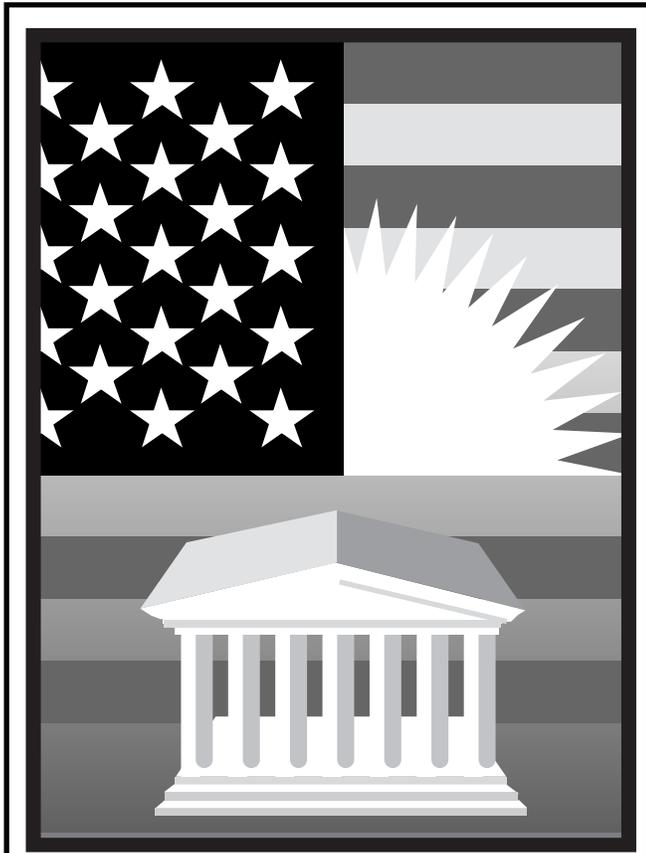




Department of the Treasury  
Internal Revenue Service

Publication 524  
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# Credit for the Elderly or the Disabled



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## Important Change

**Physician's statement.** Although you are no longer required to attach a physician's statement (certifying that you are permanently and totally disabled) to your return, the statement must be completed by a physician and kept for your records.

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## Introduction

If you qualify, the law provides a number of credits that can reduce the tax you owe for a year. One of these credits is the credit for the elderly or the disabled.

This publication explains:

- 1) Who qualifies for the credit for the elderly or the disabled, and
- 2) How to figure this credit.

The maximum credit available is \$1,125. You may be able to take this credit if you are age 65 or older, or if you retired on permanent and total disability.

## Useful Items

You may want to see:

### Publication

- 554** Older Americans' Tax Guide
- 967** The IRS Will Figure Your Tax

### Forms (and instructions)

- Schedule R (Form 1040)** Credit for the Elderly or the Disabled
- Schedule 3 (Form 1040A)** Credit for the Elderly or the Disabled for Form 1040A Filers

See *How To Get More Information*, near the end of this publication for information about getting these publications and forms.

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## Can You Take the Credit?

You can take the credit for the elderly or the disabled if:

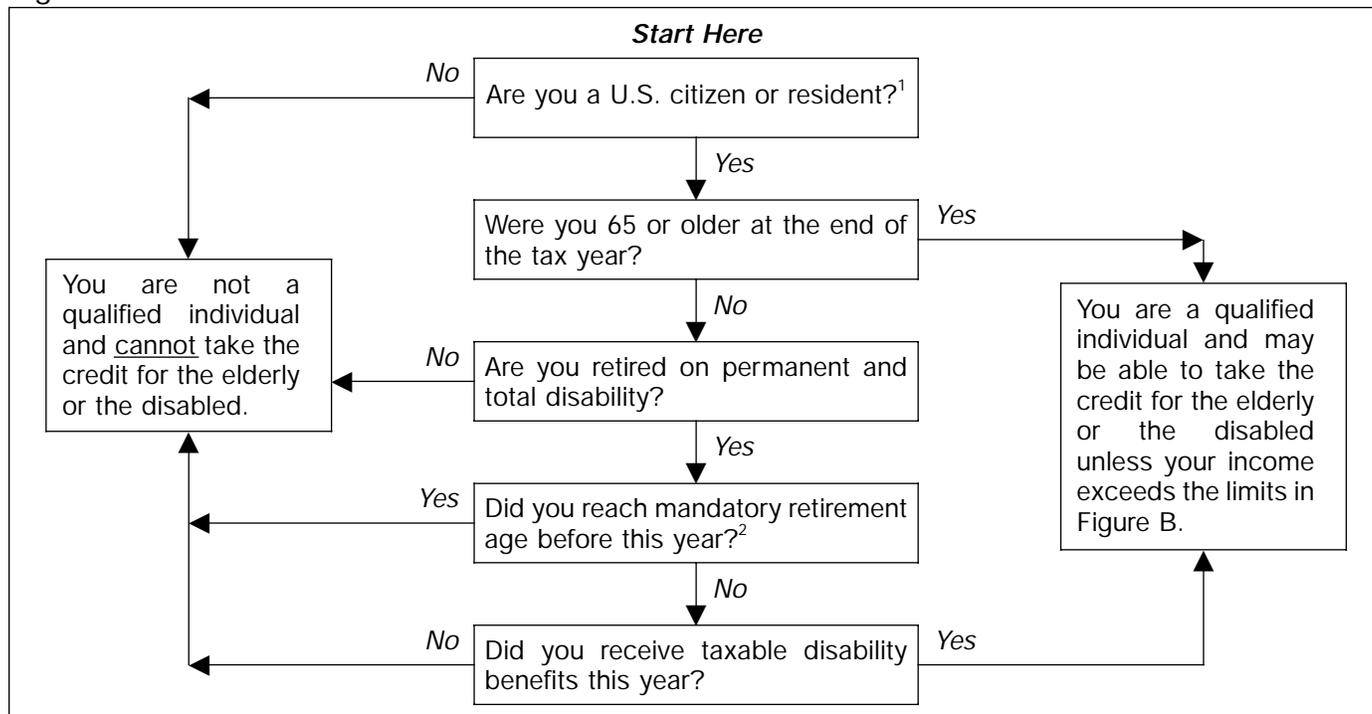
- 1) You are a **qualified individual**, and
- 2) Your income is not more than certain limits.

Figures A and B can be used as guides to see if you qualify. Use **Figure A** first to see if you are a qualified individual. If you are, go to **Figure B** to make sure your income is not too high to take the credit.



**TIP** You can take the credit only if you file Form 1040 or Form 1040A. You cannot take the credit if you file Form 1040EZ.

## Figure A. Are You a Qualified Individual?



<sup>1</sup>If you were a nonresident alien at any time during the tax year and were married to a U.S. citizen or resident at the end of the tax year, see *U.S. citizen or resident* under *Qualified individual*. If you and your spouse both choose to be treated as U.S. residents, answer yes to this question.

<sup>2</sup>Mandatory retirement age is the age set by your employer at which you would have been required to retire, had you not become disabled.

## Figure B. Income Limits

Even if you qualify (see Figure A), you CANNOT take the credit if:		
Your filing status is	AND your adjusted gross income (AGI)* is equal to or more than	OR your nontaxable social security or other nontaxable pension(s) is equal to or more than
Single, Head of household, or Qualifying widow(er) with dependent child	\$17,500	\$5,000
Married filing a joint return <b>and</b> both spouses qualify in <i>Figure A</i>	\$25,000	\$7,500
Married filing a joint return <b>and</b> only one spouse qualifies in <i>Figure A</i>	\$20,000	\$5,000
Married filing a separate return <b>and</b> you did not live with your spouse at any time during the year	\$12,500	\$3,750

\* AGI is the amount on Form 1040A, line 18, or Form 1040, line 33

## Qualified Individual

You are a qualified individual for this credit if you are a U.S. citizen or resident and, at the end of the tax year, you are:

- 1) Age 65 or older, or
- 2) Under age 65, retired on permanent and total disability, and
  - a) Received taxable disability income, and
  - b) Did not reach mandatory retirement age during the tax year.

**Age 65.** You are considered to be age 65 on the day before your 65th birthday. Therefore, you are 65 by the end of the year if your 65th birthday is on January 1 of the following year.

## U.S. Citizen or Resident

You must be a U.S. citizen or resident (or be treated as a resident) to take the credit. Generally, you cannot take the credit if you were a nonresident alien at any time during the tax year.

**Exceptions.** If you are a nonresident alien who is married to a U.S. citizen or resident at the end of the tax year and you both choose to be treated as U.S. residents and be taxed on your worldwide income, you may be able to take the credit.

If you were a nonresident alien at the beginning of the year and a resident at the end of the year, and you were married to a U.S. citizen or resident at the end of the year, you can both choose to be treated as U.S. residents for the entire year and you may be allowed to take the credit. For information on these choices, see chapter 1 of Publication 519, *U.S. Tax Guide for Aliens*.

## Married Persons

Generally, if you are married at the end of the tax year, you and your spouse must file a joint return to take the credit. If you and your spouse did not live in the same household at any time during the tax year, you can file either joint or separate returns and still take the credit.

You can file as head of household and qualify to take the credit, even if your spouse lived with you during the first 6 months of the year, if you meet **all** the following tests.

- 1) You file a separate return.
- 2) You paid more than half the cost of keeping up your home during the tax year.
- 3) Your spouse did not live in your home at any time during the last 6 months of the tax year.
- 4) Your home was, for more than half of the tax year, the main home of your child (including a stepchild, adopted child, or foster child).
- 5) You claimed that child as a dependent, or you did not claim that child only because:
  - a) You allowed your spouse (the noncustodial parent) to claim the child as a dependent by

your written declaration (Form 8332, *Release of Claim to Exemption for Child of Divorced or Separated Parents*, may be used for making the declaration), or

- b) Your spouse (the noncustodial parent) provided at least \$600 for the child's support and is entitled to claim the child as a dependent because of a qualified pre-1985 agreement.

## Under Age 65

If you are under age 65, you can qualify for the credit only if you are retired on permanent and total disability. After January 1, 1977, you are retired on permanent and total disability if:

- 1) You were permanently and totally disabled when you retired, and
- 2) You retired on disability before the close of the tax year.

Even if you do not retire formally, you are considered retired on disability when you have stopped working because of your disability.

**Permanent and total disability.** You are permanently and totally disabled if you cannot engage in any substantial gainful activity because of your physical or mental condition. A physician must certify that the condition has lasted or can be expected to last continuously for 12 months or more, or that the condition can be expected to result in death. See *Physician's statement*, later.

**Substantial gainful activity.** Substantial gainful activity is the performance of significant duties over a reasonable period of time while working for pay or profit, or in work generally done for pay or profit. Full-time work (or part-time work done at your employer's convenience) in a competitive work situation for at least the minimum wage conclusively shows that you are able to engage in substantial gainful activity.

Substantial gainful activity is not work you do to take care of yourself or your home. It is not unpaid work on hobbies, institutional therapy or training, school attendance, clubs, social programs, and similar activities. However, doing this kind of work may show that you are able to engage in substantial gainful activity.

The fact that you have not worked for some time is not, of itself, conclusive evidence that you cannot engage in substantial gainful activity.

The following examples illustrate the tests of substantial gainful activity.

**Example 1.** Trisha, a sales clerk, retired on disability. She is 53 years old and now works as a full-time babysitter for the minimum wage. Even though Trisha is doing different work, she is able to do the duties of her new job in a full-time competitive work situation for the minimum wage. She cannot take the credit because she is able to engage in substantial gainful activity.

**Example 2.** Tom, a bookkeeper, retired on disability. He is 59 years old and now drives a truck for a charitable organization. He sets his own hours and is not paid. Duties of this nature generally are performed for

pay or profit. Some weeks he works 10 hours, and some weeks he works 40 hours. Over the year he averages 20 hours a week. The kind of work and his average hours a week conclusively show that Tom is able to engage in substantial gainful activity. This is true even though Tom is not paid and he sets his own hours. He cannot take the credit.

**Example 3.** John, who retired on disability, took a job with a former employer on a trial basis. The purpose of the job was to see if John could do the work. The trial period lasted for 6 months during which John was paid the minimum wage. Because of John's disability, he was assigned only light duties of a nonproductive "make-work" nature. The activity was gainful because John was paid at least the minimum wage. But the activity was not substantial because his duties were nonproductive. These facts do not, by themselves, show that John is able to engage in substantial gainful activity.

**Example 4.** Joan, who retired on disability from employment as a bookkeeper, lives with her sister who manages several motel units. Joan assists her sister for 1 or 2 hours a day by performing duties such as washing dishes, answering phones, registering guests, and bookkeeping. Joan can select the time of day when she feels most fit to perform the tasks undertaken. Work of this nature, performed off and on during the day at Joan's convenience, is not activity of a "substantial and gainful" nature even if she is paid for the work. The performance of these duties does not, of itself, show that Joan is able to engage in substantial gainful activity.

**Sheltered employment.** Certain work offered at qualified locations to physically or mentally impaired persons is considered sheltered employment. These locations are in sheltered workshops, hospitals and similar institutions, homebound programs, and Department of Veterans Affairs (VA) sponsored homes. Compared to commercial employment, pay is lower for sheltered employment. Therefore, one usually does not look for sheltered employment if he or she can get other employment. The fact that one has accepted sheltered employment is not proof of the person's ability to engage in substantial gainful activity.

**Physician's statement.** If you are under age 65, you must have your physician complete a statement certifying that you were permanently and totally disabled on the date you retired.

Beginning in 1998, you do not have to file this statement with your Form 1040 or Form 1040A, but you **must** keep it for your records. The instructions for Part II of either Schedule R (Form 1040) or Schedule 3 (Form 1040A) include a statement your physician can complete and that you can keep for your records.

**Veterans.** If the Department of Veterans Affairs (VA) certifies that you are permanently and totally disabled, you can substitute VA Form 21-0172, *Certification of Permanent and Total Disability*, for the physician's statement you are required to keep. VA Form 21-0172 must be signed by a person authorized by the VA to do so. You can get this form from your local VA regional office.

**Statement of permanent and total disability.** If you filed a physician's statement in an earlier year **and** due to your continued disabled condition, you were unable to engage in any substantial gainful activity during the tax year, you must check the box on line 2 of Part II of Schedule R (Form 1040) or Schedule 3 (Form 1040A).

If you checked box 4, 5, or 6 in Part I of either Schedule R or Schedule 3, print in the space above the box on line 2 in Part II, the first name(s) of the spouse(s) for whom the box is checked.

**Disability income.** If you are under age 65, you can qualify for the credit only if you have taxable disability income. Disability income must meet the following two requirements:

- 1) The income must be paid under your employer's accident or health plan or pension plan, and
- 2) The income must be wages (or payments in lieu of wages) for the time you are absent from work because of permanent and total disability.

Any payment you receive from a plan that does not provide for disability retirement is not disability income. Any lump-sum payment for accrued annual leave that you receive when you retire on disability is a salary payment and is not disability income.

For purposes of the credit for the elderly or the disabled, disability income does **not** include amounts you receive after you reach mandatory retirement age. Mandatory retirement age is the age set by your employer at which you would have had to retire, had you not become disabled.

## Income Limits

To determine if you can claim the credit, you must consider two income limits. The first limit is the amount of your adjusted gross income (AGI). The second limit is the amount of nontaxable social security or other nontaxable pensions you received. The limits are shown in *Figure B*.

If the amount of your AGI and nontaxable pensions are less than the income limits, you may be able to claim the credit. See *Figuring the Credit*, next.



*If the amount of your AGI or nontaxable pensions is equal to or more than the income limits, you cannot take the credit.*

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## Figuring the Credit

You can figure the credit yourself (see the explanation that follows), or the IRS will figure it for you. See *Credit Figured for You*, later.

**Figuring the credit yourself.** If you figure the credit yourself, fill out the front of either Schedule R (if you are filing Form 1040) or Schedule 3 (if you are filing Form 1040A). Next, fill out Part III of either Schedule R or Schedule 3.

Table 1. Overall Income Limits

If your filing status is:	Enter on line 10:
<b>Single</b> , head of household, or a qualifying widow(er) with dependent child and	
• 65 or older . . . . .	\$5,000
• under 65 and retired on permanent and total disability <sup>1</sup> . . . . .	\$5,000
<b>Married filing a joint return</b> and	
• both of you are 65 or older . . . . .	\$7,500
• both of you are under 65 and one of you retired on permanent and total disability <sup>1</sup> . . . . .	\$5,000
• both of you are under 65 and both of you retired on permanent and total disability <sup>2</sup> . . . . .	\$7,500
• one of you is 65 or older, and the other is under 65 and retired on permanent and total disability <sup>3</sup> . . . . .	\$7,500
• one of you is 65 or older, and the other is under 65 and <b>not</b> retired on permanent and total disability . . . . .	\$5,000
<b>Married filing a separate return</b> and did not live with your spouse at any time during the year and	
• 65 or older . . . . .	\$3,750
• under 65 and retired on permanent and total disability <sup>1</sup> . . . . .	\$3,750

<sup>1</sup>Amount cannot be more than the taxable disability income.

<sup>2</sup>Amount cannot be more than your combined taxable disability income.

<sup>3</sup>Amount is \$5,000 plus the taxable disability income of the spouse under age 65, but not more than \$7,500.



There are four steps in Part III to determine the amount of your credit:

- 1) Determine your **overall income limit** (lines 10–12).
- 2) Total any **nontaxable social security** and certain other nontaxable pensions and benefits you received (lines 13a, 13b, and 13c).
- 3) Determine your **excess adjusted gross income** (lines 14–17).
- 4) Determine your credit (lines 18–20).

These steps are discussed in more detail next.

### Step 1. Determine Overall Income Limit

To figure the credit, you must first determine your overall income limit. See *Table 1. Overall Income Limits*.

**Overall income limits for persons under age 65.** If you are a qualified individual under age 65, your overall income limit cannot be more than your taxable disability income. This limit affects you **only if one of the following applies:**

- 1) Your filing status is single, head of household, or qualifying widow(er) with dependent child and your taxable disability income is less than \$5,000,
- 2) Your filing status is married filing a joint return and:

- a) Your spouse is also a qualified individual under age 65 and your combined taxable disability income is less than \$7,500,
  - b) Your spouse is under age 65 and **not** a qualified individual and your taxable disability income is less than \$5,000, or
  - c) Your spouse is age 65 or older and your taxable disability income is less than \$2,500, or
- 3) Your filing status is married filing separately and your taxable disability income is less than \$3,750.

### Step 2. Total Certain Nontaxable Pensions and Benefits

You must reduce your overall income limit by the total amount of nontaxable social security and certain other nontaxable payments you receive during the year.

Enter these nontaxable payments on lines 13a or 13b and total them on line 13c. If you are married filing a joint return, you must enter the combined amount of nontaxable payments both you and your spouse receive.



*Worksheets are provided in the instructions for Forms 1040 and 1040A to help you determine if any part of your social security benefits (or equivalent railroad retirement benefits) is taxable.*

Include the following nontaxable payments in the amounts you enter on lines 13a and 13b.

- Nontaxable social security payments. This is the nontaxable part of the amount of benefits shown in box 5 of Form SSA-1099, which includes disability benefits, before deducting any amounts withheld to pay premiums on supplementary Medicare insurance, and before any reduction because of receipt of a benefit under worker's compensation.  
Do not include a lump-sum death benefit payment you may receive as a surviving spouse, or a surviving child's insurance benefit payments you may receive as a guardian.
- Social security equivalent part of tier 1 railroad retirement pension payments that are not taxed. This is the nontaxable part of the amount of benefits shown in box 5 of Form RRB-1099.
- Nontaxable pension or annuity payments or disability benefits that are paid under a law administered by the Department of Veterans Affairs (VA).  
Do not include amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country or in the National Oceanic and Atmospheric Administration or the Public Health Service, or as a disability annuity under section 808 of the Foreign Service Act of 1980.
- Pension or annuity payments or disability benefits that are excluded from income under any provision of federal law other than the Internal Revenue Code.  
Do not include amounts that are a return of your cost of a pension or annuity. These amounts do not reduce your overall income limit.



You should be sure to take into account all of the nontaxable amounts you receive. These amounts are verified by the IRS through information supplied by other government agencies.

### Step 3. Determine Excess Adjusted Gross Income

You also must reduce your overall income limit by your excess adjusted gross income. Figure your excess adjusted gross income on lines 14 through 17.

You figure your excess adjusted gross income as follows:

- 1) Subtract from your adjusted gross income the amount shown for your filing status in the following list.
  - a) **\$7,500** if you are single, a head of household, or a qualifying widow(er) with a dependent child,
  - b) **\$10,000** if you are married filing a joint return, or
  - c) **\$5,000** if you are married filing a separate return and you and your spouse did not live in the same household at any time during the tax year.
- 2) Divide the result of (1) by 2.

### Step 4. Determine Your Credit

To determine if you can take the credit, you must add the amounts in Step 2 and Step 3.

IF the total of Steps 2 and 3 is:	THEN
Equal to or more than the amount in Step 1	You cannot take the credit
Less than the amount in Step 1	You can take the credit

**Figuring the credit.** If you can take the credit, subtract the total of Step 2 and Step 3 from the amount in Step 1 and multiply the result by 15%. This is your credit.

In certain cases, the amount of your credit may be limited. See *Limits on Credit*, later.

**Example.** You are 66 years old and your spouse is 64. Your spouse is not disabled. You file a joint return on Form 1040. Your adjusted gross income is \$14,630. Together you received \$3,200 from social security, which was nontaxable. You figure the credit as follows:

1) Overall income limit .....	\$5,000
2) Subtract the total of:	
a) Social security and other nontaxable pensions .....	\$3,200
b) Excess adjusted gross income [((\$14,630 - \$10,000) ÷ 2)] .....	<u>2,315</u> <u>5,515</u>
3) Balance (Not less than -0-) .....	<u>-0-</u>
4) <b>Credit</b> .....	<u>-0-</u>

You cannot take the credit since your nontaxable social security (line 2a) plus your excess adjusted gross income (line 2b) is more than your amount on line 1.

### Limits on Credit

The amount of your credit may be limited if:

- 1) The amount of your credit is more than your tax liability, or
- 2) You file Form 2441, *Child and Dependent Care Expenses*.

Be sure to read the form instructions before claiming your credit.

**Tax credit not refundable.** Your credit for the elderly or the disabled cannot be more than the amount of your tax liability. Therefore, you cannot get a refund for any part of the credit that is more than your tax.

### Credit Figured for You

If you choose to have the Internal Revenue Service (IRS) figure the credit for you, read the following discussions for filing Form 1040 or Form 1040A. If you want the IRS to figure your tax, see Publication 967.

**Form 1040.** If you want the IRS to figure your credit, attach **Schedule R** to your return and enter "CFE" on the dotted line next to line 42 of Form 1040. Check the box on Schedule R for your filing status and age, and fill in lines 11 and 13, if applicable. Also, fill in Part II, if applicable.

**Form 1040A.** If you want the IRS to figure your credit, attach **Schedule 3** to your return and print "CFE" next to line 27 of Form 1040A. Check the box in Part I of Schedule 3 for your filing status and age. Fill in Part II and lines 11 and 13 of Part III, if they apply to you.

## Examples

The following examples illustrate the credit for the elderly or the disabled. The overall income limits are taken from *Table 1*.

**Example 1.** Jerry Ash is 68 years old and single, and files Form 1040A. He received the following income for the year:

Nontaxable social security .....	\$3,120
Interest (taxable) .....	215
Pension (all taxable) .....	3,600
Wages from a part-time job .....	4,245

Jerry's adjusted gross income is \$8,060 (\$4,245 + \$3,600 + \$215). Jerry figures the credit on Schedule 3 (Form 1040A) as follows:

1) Overall income limit .....	\$5,000
2) Subtract the total of:	
a) Social security and other nontaxable pensions .....	\$3,120
b) Excess adjusted gross income [(\$8,060 - \$7,500) ÷ 2] .....	280 3,400
3) Balance (Not less than -0-) .....	\$1,600
4) <b>Credit</b> (15% of \$1,600) .....	<u>\$ 240</u>

Jerry's credit is \$240. He files Schedule 3 (Form 1040A) and shows this amount on line 27 of Form 1040A. See the filled-in Schedule 3 for Jerry Ash, later.

**Example 2.** James Davis is 58 years old and single, and files Form 1040A. Two years ago he retired on permanent and total disability, and he is still permanently and totally disabled. He filed the required physician's statement with his return for the year he retired on disability, so this year he checks the box in Part II of Schedule 3.

He received the following income for the year:

Nontaxable social security .....	\$3,000
Interest (taxable) .....	100
Taxable disability pension .....	8,400

James' adjusted gross income is \$8,500 (\$8,400 + \$100). He figures the credit on Schedule 3 as follows:

1) Overall income limit .....	\$5,000
2) Taxable disability pension .....	\$8,400
3) Smaller of (1) or (2) .....	\$5,000
4) Subtract the total of:	
a) Nontaxable disability benefits (social security) .....	\$3,000
b) Excess adjusted gross income [(\$8,500 - \$7,500) ÷ 2] .....	500 3,500
5) Balance (Not less than -0-) .....	\$1,500
6) <b>Credit</b> (15% of \$1,500) .....	<u>\$ 225</u>

His credit is \$225. He enters \$225 on line 27 of Form 1040A.

**Example 3.** William White is 53. His wife Helen is 49. William had a stroke 10 years ago and retired on permanent and total disability. He is still permanently and totally disabled because of the stroke. In November of last year, Helen was injured in an accident at work and retired on permanent and total disability.

William received nontaxable social security disability benefits of \$3,000 during the year and a taxable disability pension of \$6,000. Helen earned \$9,200 from her job and received a taxable disability pension of \$1,000. Their joint return on Form 1040 shows adjusted gross income of \$16,200 (\$6,000 + \$9,200 + \$1,000).

Helen got her doctor to complete the physician's statement in the instructions for Schedule R. Helen is not required to include the statement with their return for the year, but she must keep it for her records.

William had filed a physician's statement with their return for the year he had the stroke. His doctor had signed on line B of that physician's statement to certify that William was permanently and totally disabled. William must fill out Part II of Schedule R. He checks the box in Part II and writes his first name in the space above line 2.

William and Helen use Schedule R to figure their \$135 credit for the elderly or the disabled. They attach Schedule R to the joint return and enter \$135 on line 42 of Form 1040. See their filled-in Schedule R and Helen's filled in physician's statement, later.

**Schedule 3**  
**(Form 1040A)**

Department of the Treasury—Internal Revenue Service  
**Credit for the Elderly or the Disabled**  
**for Form 1040A Filers**

**1998**

OMB No. 1545-0085

Name(s) shown on Form 1040A

Jerry A.

Ash

Your social security number

1 2 3 0 0 1 2 3 4

You may be able to take this credit and reduce your tax if by the end of 1998:

- You were age 65 or older, **OR**
- You were under age 65, you retired on **permanent and total** disability, and you received taxable disability income.

But you must also meet other tests. See the separate instructions for Schedule 3.

**TIP:** In most cases, the IRS can figure the credit for you. See the instructions.

Part I	If your filing status is:	And by the end of 1998:	Check only one box:
<b>Check the box for your filing status and age</b>	Single, Head of household, or Qualifying widow(er) with dependent child	1 You were 65 or older . . . . .	1 <input checked="" type="checkbox"/>
		2 You were under 65 and you retired on permanent and total disability . . . . .	2 <input type="checkbox"/>
		3 Both spouses were 65 or older . . . . .	3 <input type="checkbox"/>
	Married filing a joint return	4 Both spouses were under 65, but only one spouse retired on permanent and total disability . . . . .	4 <input type="checkbox"/>
		5 Both spouses were under 65, and both retired on permanent and total disability . . . . .	5 <input type="checkbox"/>
		6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability . . . . .	6 <input type="checkbox"/>
		7 One spouse was 65 or older, and the other spouse was under 65 and <b>NOT</b> retired on permanent and total disability . . . . .	7 <input type="checkbox"/>
	Married filing a separate return	8 You were 65 or older and you lived apart from your spouse for all of 1998 . . . . .	8 <input type="checkbox"/>
		9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 1998 . . . . .	9 <input type="checkbox"/>

<b>Did you check box 1, 3, 7, or 8?</b>	Yes	▶	Skip Part II and complete Part III on the back.
	No	▶	Complete Parts II and III.

**Part II** **Statement of permanent and total disability**

**IF:** 1 You filed a physician's statement for this disability for 1983 or an earlier year, or you filed a statement for tax years after 1983 and your physician signed line B on the statement, **AND**

2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 1998, check this box

- If you checked this box, you do not have to get another statement for 1998.
- If you **did not** check this box, have your physician complete the statement on page 4 of the instructions. You **must** keep the statement for your records.

Complete this part **only** if you checked box 2, 4, 5, 6, or 9 above.

**Part III**  
**Figure your credit**

<b>10</b>	<b>If you checked (in Part I):</b>	<b>Enter:</b>		
	Box 1, 2, 4, or 7 . . . . .	\$5,000		
	Box 3, 5, or 6 . . . . .	\$7,500		
	Box 8 or 9 . . . . .	\$3,750	10	5,000

<b>Did you check box 2, 4, 5, 6, or 9 in Part I?</b>	Yes →	You <b>must</b> complete line 11.
	No →	Enter the amount from line 10 on line 12 and go to line 13.

**11**

- If you checked box 6 in Part I, add \$5,000 to the taxable disability income of the spouse who was under age 65. Enter the total.
- If you checked box 2, 4, or 9 in Part I, enter your taxable disability income.
- If you checked box 5 in Part I, add your taxable disability income to your spouse's taxable disability income. Enter the total.

**TIP:** For more details on what to include on line 11, see the instructions.

			11	5,000
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**12** If you completed line 11, enter the **smaller** of line 10 or line 11; **all others**, enter the amount from line 10.

			12	5,000
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**13** Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 1998.

**a** Nontaxable part of social security benefits, and  
Nontaxable part of railroad retirement benefits treated as social security. See instructions.

	13a	3,120	
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**b** Nontaxable veterans' pensions and any other pension, annuity, or disability benefit that is excluded from income under any other provision of law. See instructions.

	13b		
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**c** Add lines 13a and 13b. (Even though these income items are not taxable, they **must** be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c.

	13c	3,120	
--	-----	-------	--

**14** Enter the amount from Form 1040A, line 19.

	14	8,060	
--	----	-------	--

**15** **If you checked (in Part I):**

	<b>Enter:</b>		
	Box 1 or 2 . . . . .	\$7,500	
	Box 3, 4, 5, 6, or 7 . . . . .	\$10,000	
	Box 8 or 9 . . . . .	\$5,000	15
			7,500

**16** Subtract line 15 from line 14. If zero or less, enter -0-.

	16	560	
--	----	-----	--

**17** Enter one-half of line 16.

	17	280	
--	----	-----	--

**18** Add lines 13c and 17.

	18	3,400	
--	----	-------	--

**19** Subtract line 18 from line 12. If zero or less, **stop**; you **cannot** take the credit. Otherwise, go to line 20.

	19	1,600	
--	----	-------	--

**20** Multiply line 19 by 15% (.15). Enter the result here and on Form 1040A, line 27.

	20	240	
--	----	-----	--

**Schedule R  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service

**Credit for the Elderly or the Disabled**

▶ **Attach to Form 1040.** ▶ **See separate instructions for Schedule R.**

OMB No. 1545-0074

**1998**

Attachment  
Sequence No. **16**

Name(s) shown on Form 1040

William M. White and Helen A. White

Your social security number

2 2 0 : 0 0 : 3 3 3 3

You may be able to take this credit and reduce your tax if by the end of 1998:

- You were age 65 or older, **OR** • You were under age 65, you retired on **permanent and total** disability, and you received taxable disability income.

But you must also meet other tests. See the separate instructions for Schedule R.

**TIP:** In most cases, the IRS can figure the credit for you. See the instructions.

**Part I Check the Box for Your Filing Status and Age**

If your filing status is:	And by the end of 1998:	Check only one box:
Single, Head of household, or Qualifying widow(er) with dependent child	1 You were 65 or older . . . . .	1 <input type="checkbox"/>
	2 You were under 65 and you retired on permanent and total disability	2 <input type="checkbox"/>
	3 Both spouses were 65 or older . . . . .	3 <input type="checkbox"/>
	4 Both spouses were under 65, but only one spouse retired on permanent and total disability . . . . .	4 <input type="checkbox"/>
Married filing a joint return	5 Both spouses were under 65, and both retired on permanent and total disability . . . . .	5 <input checked="" type="checkbox"/>
	6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability . . . . .	6 <input type="checkbox"/>
	7 One spouse was 65 or older, and the other spouse was under 65 and <b>NOT</b> retired on permanent and total disability . . . . .	7 <input type="checkbox"/>
Married filing a separate return	8 You were 65 or older and you lived apart from your spouse for all of 1998 . . . . .	8 <input type="checkbox"/>
	9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 1998 . . . . .	9 <input type="checkbox"/>

**Did you check box 1, 3, 7, or 8?** — Yes —▶ Skip Part II and complete Part III on back.  
 — No —▶ Complete Parts II and III.

**Part II Statement of Permanent and Total Disability** (Complete **only** if you checked box 2, 4, 5, 6, or 9 above.)

**IF: 1** You filed a physician's statement for this disability for 1983 or an earlier year, or you filed a statement for tax years after 1983 and your physician signed line B on the statement, **AND**

2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 1998, check this box . . . . . ▶  William

- If you checked this box, you do not have to get another statement for 1998.
- If you **did not** check this box, have your physician complete the statement on page 4 of the instructions. You **must** keep the statement for your records.



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## Instructions for Physician's Statement

### Taxpayer

If you retired after 1976, enter the date you retired in the space provided on the statement below.

### Physician

A person is permanently and totally disabled if **both** of the following apply:

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition, and

2. A physician determines that the disability has lasted or can be expected to last continuously for at least a year or can lead to death.

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### Physician's Statement (keep for your records)

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I certify that Helen A. White

Name of disabled person

was permanently and totally disabled on January 1, 1976, or January 1, 1977, **OR** was permanently and totally disabled on the date he or she retired. If retired after 1976, enter the date retired. ► November 30, 1998

**Physician:** Sign your name on **either** line A or B below.

**A** The disability has lasted or can be expected to last continuously for at least a year . . .

Physician's signature

Date

**B** There is no reasonable probability that the disabled condition will ever improve . . .

*Juanita D Doctor*

*2/7/99*

Physician's signature

Date

Physician's name

Physician's address

Juanita D. Doctor

1900 Green St., Hometown, MD 20000

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## How To Get More Information

You can order free publications and forms, ask tax questions, and get more information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

**Free tax services.** To find out what services are available, get Publication 910, *Guide to Free Tax Services*. It contains a list of free tax publications and an index of tax topics. It also describes other free tax information services, including tax education and assistance programs and a list of TeleTax topics.



**Personal computer.** With your personal computer and modem, you can access the IRS on the Internet at [www.irs.ustreas.gov](http://www.irs.ustreas.gov). While visiting our Web Site, you can select:

- *Frequently Asked Tax Questions* to find answers to questions you may have.
- *Fill-in Forms* to complete tax forms on-line.
- *Forms and Publications* to download forms and publications or search publications by topic or keyword.
- *Comments & Help* to e-mail us with comments about the site or with tax questions.
- *Digital Dispatch* and *IRS Local News Net* to receive our electronic newsletters on hot tax issues and news.

You can also reach us with your computer using any of the following.

- Telnet at [iris.irs.ustreas.gov](http://iris.irs.ustreas.gov)
- File Transfer Protocol at [ftp.irs.ustreas.gov](http://ftp.irs.ustreas.gov)
- Direct dial (by modem) **703-321-8020**



**TaxFax Service.** Using the phone attached to your fax machine, you can receive forms, instructions, and tax information by calling **703-368-9694**. Follow the directions from the prompts. When you order forms, enter the catalog number for the form you need. The items you request will be faxed to you.



**Phone.** Many services are available by phone.

- *Ordering forms, instructions, and publications.* Call **1-800-829-3676** to order current and prior year forms, instructions, and publications.
- *Asking tax questions.* Call the IRS with your tax questions at **1-800-829-1040**.

- *TTY/TDD equipment.* If you have access to TTY/TDD equipment, call **1-800-829-4059** to ask tax questions or to order forms and publications.
- *TeleTax topics.* Call **1-800-829-4477** to listen to pre-recorded messages covering various tax topics.

**Evaluating the quality of our telephone services.** To ensure that IRS representatives give accurate, courteous, and professional answers, we evaluate the quality of our telephone services in several ways.

- A second IRS representative sometimes monitors live telephone calls. That person only evaluates the IRS assistor and does not keep a record of any taxpayer's name or tax identification number.
- We sometimes record telephone calls to evaluate IRS assistors objectively. We hold these recordings no longer than one week and use them only to measure the quality of assistance.
- We value our customers' opinions. Throughout this year, we will be surveying our customers for their opinions on our service.



**Walk-in.** You can pick up certain forms, instructions, and publications at many post offices, libraries, and IRS offices. Some libraries and IRS offices have an extensive collection of products available to print from a CD-ROM or photocopy from reproducible proofs.



**Mail.** You can send your order for forms, instructions, and publications to the Distribution Center nearest to you and receive a response 7 to 15 workdays after your request is received. Find the address that applies to your part of the country.

- **Western part of U.S.:**  
Western Area Distribution Center  
Rancho Cordova, CA 95743-0001
- **Central part of U.S.:**  
Central Area Distribution Center  
P.O. Box 8903  
Bloomington, IL 61702-8903
- **Eastern part of U.S. and foreign addresses:**  
Eastern Area Distribution Center  
P.O. Box 85074  
Richmond, VA 23261-5074



**CD-ROM.** You can order IRS Publication 1796, *Federal Tax Products on CD-ROM*, and obtain:

- Current tax forms, instructions, and publications.
- Prior-year tax forms, instructions, and publications.

- Popular tax forms which may be filled-in electronically, printed out for submission, and saved for recordkeeping.
- Internal Revenue Bulletins.

The CD-ROM can be purchased from National Technical Information Service (NTIS) for \$25.00 by calling 1-877-233-6767 or for \$18.00 on the Internet at **[www.irs.ustreas.gov/cdorders](http://www.irs.ustreas.gov/cdorders)**. The first release is available in mid-December and the final release is available in late January.

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