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Internal Revenue Service

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Credit for the Elderly or the Disabled

For use in preparing
2001 Returns



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Important Reminder

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling **1-800-THE-LOST (1-800-843-5678)** if you recognize a child.

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.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

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You can write to us at the following address:

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We respond to many letters by telephone. Therefore, it would be helpful if you would include your daytime phone number, including the area code, in your correspondence.

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 Tax Help*, near the end of this publication, for information about getting these publications and forms.

Can You Take the Credit?

You can take the credit for the elderly or the disabled if you meet **both** of the following requirements.

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

You can use *Figures A* and *B* 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.



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

Qualified Individual

You are a qualified individual for this credit if you are a U.S. citizen or resident, and either of the following applies.

- 1) You were age 65 or older at the end of 2001.
- 2) You were under age 65 at the end of 2001 and all three of the following statements are true.
 - a) You retired on permanent and total disability (explained later).
 - b) You received taxable disability income for 2001.

- c) On January 1, 2001, you had not reached mandatory retirement age (defined later under *Disability income*).

Age 65. You are considered to be age 65 on the day before your 65th birthday. Therefore, you are 65 at 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. You may be able to take the credit 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 and your spouse choose to treat you as a U.S. resident. If you make that choice, both you and your spouse are taxed on your worldwide incomes.

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 may be able to choose to be treated as a U.S. resident for the entire year. In that case, 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*.

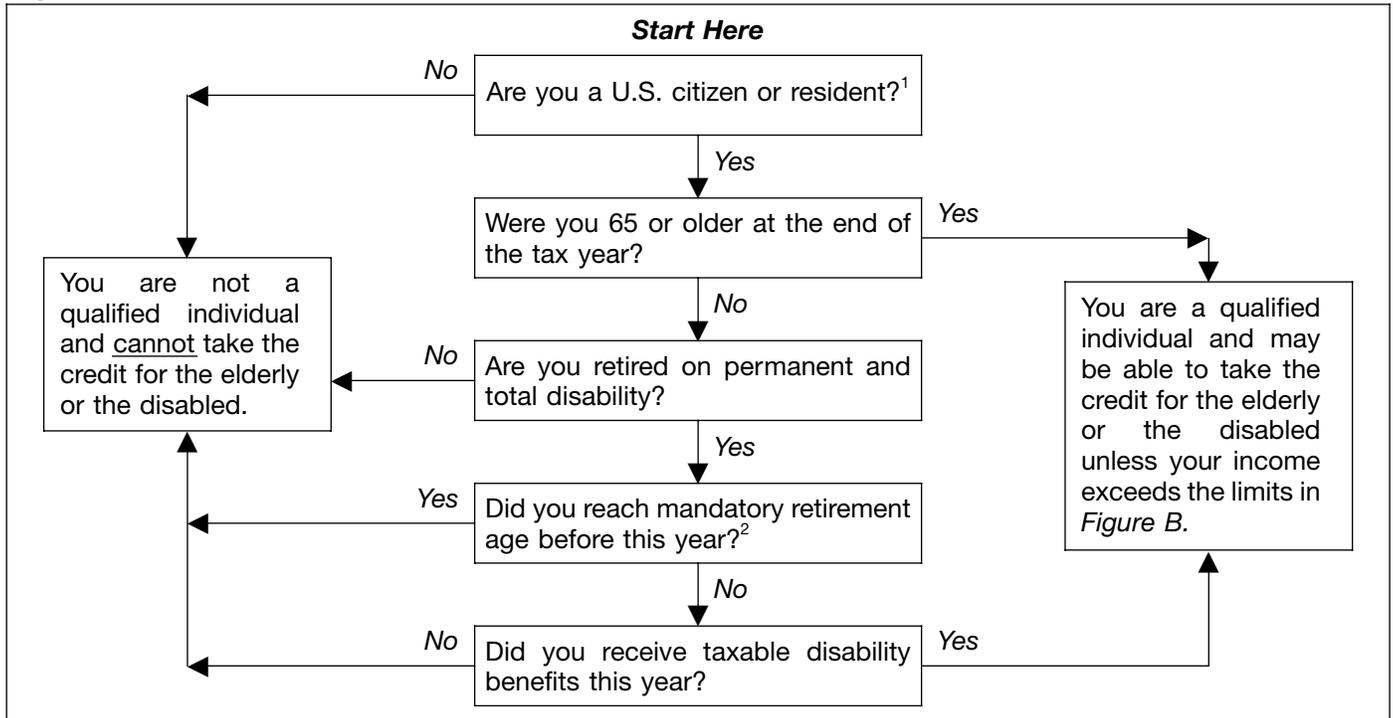
Married Persons

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. However, 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.

Head of household. 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 and the absence was not temporary. (See *Temporary absences* in Publication 501.)
- 4) Your home was the main home of your child, stepchild, or adopted child for more than half the year or was the main home of your foster child for the entire year.
- 5) You can claim an exemption for that child, or you can not claim the exemption only because:
 - a) You allowed your spouse (the noncustodial parent) to claim the exemption by your written dec-

Figure A. Are You a Qualified Individual?



¹If 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 choose to treat you as a U.S. resident, answer “yes” to this question.

²Mandatory 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

IF your filing status is...	THEN, even if you qualify (see <i>Figure A</i>), you CANNOT take the credit if...	
	Your adjusted gross income (AGI)* is equal to or more than...	OR the total of your nontaxable social security and 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 and both spouses qualify in <i>Figure A</i>	\$25,000	\$7,500
Married filing a joint return and only one spouse qualifies in <i>Figure A</i>	\$20,000	\$5,000
Married filing a separate return and 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 19, or Form 1040, line 34.

laration that you will not claim the exemption. (Form 8332, *Release of Claim to Exemption for Child of Divorced or Separated Parents*, may be used for making the declaration), or

- b) A decree or agreement went into effect after 1984 and states the noncustodial parent can claim the child as a dependent without regard to any condition, such as a payment of support, or
- c) Your spouse (the noncustodial parent) provided at least \$600 for the child's support during the year and is entitled to claim the exemption because of a decree or pre-1985 agreement.

For more information on head of household and other filing statuses, see Publication 501, *Exemptions, Standard Deduction, and Filing Information*.

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. 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.

If you retired on disability before 1977, and were not permanently and totally disabled at the time, you can qualify for the credit if you were permanently and totally disabled on January 1, 1976, or January 1, 1977.

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 a job as a bookkeeper, lives with her sister who manages several motel units. Joan helps 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 work. 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 qualified 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

Table 1. Initial Amounts

IF your filing status is...	THEN enter on line 10 of Schedule R (Form 1040) or Schedule 3 (Form 1040A)...
Single , head of household, or a qualifying widow(er) with dependent child and, by the end of 2001, you were	
• 65 or older	\$5,000
• under 65 and retired on permanent and total disability ¹	\$5,000
Married filing a joint return and by the end of 2001	
• both of you were 65 or older	\$7,500
• both of you were under 65 and one of you retired on permanent and total disability ¹	\$5,000
• both of you were under 65 and both of you retired on permanent and total disability ²	\$7,500
• one of you was 65 or older, and the other was under 65 and retired on permanent and total disability ³	\$7,500
• one of you was 65 or older, and the other was under 65 and not retired on permanent and total disability	\$5,000
Married filing a separate return and did not live with your spouse at any time during the year and, by the end of 2001, you were	
• 65 or older	\$3,750
• under 65 and retired on permanent and total disability ¹	\$3,750

¹Amount cannot be more than the taxable disability income.

²Amount cannot be more than your combined taxable disability income.

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

you retired. You can use the statement in the instructions for Schedule R (Form 1040) or Schedule 3 (Form 1040A).

You do not have to file this statement with your Form 1040 or Form 1040A, but you **must** keep it 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.

Physician's statement obtained in earlier year. If you got 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 2001, you may not need to get another physician's statement for 2001. For a detailed explanation of the conditions you must meet, see the instructions for Part II of Schedule R (Form 1040) or Schedule 3 (Form 1040A). If you meet the required conditions, 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 both of the following requirements.

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

Payments that are not disability income. 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 and other nontaxable pensions you received. The limits are shown in *Figure B*.

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



If either your AGI or your nontaxable pensions are equal to or more than the income limits, you cannot take the credit.

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.



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

- 1) Determine your **initial amount** (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 Initial Amount

To figure the credit, you must first determine your initial amount. See *Table 1*.

Initial amounts for persons under age 65. If you are a qualified individual under age 65, your initial amount cannot be more than your taxable disability income.

Step 2. Total Certain Nontaxable Pensions and Benefits

Step 2 is to figure the total amount of nontaxable social security and certain other nontaxable payments you received 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 bene-

fits, before deducting any amounts withheld to pay premiums on supplementary Medicare insurance, and before any reduction because of receipt of a benefit under workers' 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, *Payments by the Railroad Retirement Board*.
- 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 initial amount.



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 initial amount 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 (line 34 of Form 1040 or line 20 of Form 1040A) 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 you figured 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 *Limit 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) Initial amount	\$5,000
2) Subtract the total of:	
a) Nontaxable social security and other nontaxable pensions	\$3,200
b) Excess adjusted gross income [(\$14,630 - \$10,000) ÷ 2]	2,315
3) Balance (Not less than -0-)	<u>-0-</u>
4) Credit	<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.

Limit on Credit

The amount of credit you can claim may be limited. Use one of the following worksheets (or the worksheet in the instructions for Schedule 3, Form 1040A, or Schedule R, Form 1040, whichever applies) to determine the amount of credit you can claim if any of the following apply.

- You file Form 1040A and the credit you figured on line 20 of Schedule 3 is more than the tax on Form 1040A, line 26.
- You file Form 1040 and the credit you figured on line 20 of Schedule R is more than the amount on Form 1040, line 42 (regular tax plus any alternative minimum tax), minus any foreign tax credit on Form 1040, line 43.

3) You are claiming the credit for child and dependent care expenses on:

- Form 1040A, line 27, or
- Form 1040, line 44.

If (1), (2), and (3) above do not apply, you do not need to use a worksheet to figure a limit on your credit. Claim the full amount of the credit you figured on Schedule 3 (Form 1040A) or Schedule R (Form 1040).

Credit Limit Worksheet (Form 1040)

- Enter the amount from Form 1040, line 42, minus any amount on Form 1040, line 43 . . . _____
- Enter the amount, if any, from Form 1040, line 44 _____
- Subtract line 2 from line 1 _____
- Enter the credit you first figured on Schedule R, line 20 _____
- Credit.** Enter the smaller of line 3 or line 4 here and on Form 1040, line 45. If line 3 is the smaller amount, also replace the amount on Schedule R, line 20, with that amount _____

Credit Limit Worksheet (Form 1040A)

- Enter the amount from Form 1040A, line 26 _____
- Enter the amount, if any, from Form 1040A, line 27 _____
- Subtract line 2 from line 1 _____
- Enter the credit you first figured on Schedule 3, line 20 _____
- Credit.** Enter the smaller of line 3 or line 4 here and on Form 1040A, line 28. If line 3 is the smaller amount, also replace the amount on Schedule 3, line 20, with that amount _____

Credit Figured for You

If you choose to have the Internal Revenue Service (IRS) figure the credit for you, read the following discussion for the form you will file (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 45 of Form 1040. Check the box in Part I of Schedule R for your filing status and age. Fill in Part II and lines 11 and 13 of Part III if they apply to you.

Form 1040A. If you want the IRS to figure your credit, attach **Schedule 3** to your return and print "CFE" next to line 28 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 initial amounts are taken from *Table 1*.

Example 1. James Davis is 58 years old and single, and files Form 1040A. In 1998 he retired on permanent and total disability, and he is still permanently and totally disabled. He got the required physician's statement in 1998 and kept it with his tax records. His physician signed on line B of the statement. This year James checks the box in Part II of Schedule 3. He does not need to get another statement for 2001.

He received the following income for the year:

Nontaxable social security	\$2,500
Interest (taxable)	100
Taxable disability pension	9,400

James' adjusted gross income is \$9,500 (\$9,400 + \$100). He figures the credit on Schedule 3 as follows:

1) Initial amount	\$5,000
2) Taxable disability pension	<u>\$9,400</u>
3) Smaller of (1) or (2)	<u>\$5,000</u>
4) Subtract the total of:	
a) Nontaxable disability benefits (social security)	\$2,500
b) Excess adjusted gross income [(\$9,500 - \$7,500) ÷ 2]	<u>1,000</u> <u>3,500</u>
5) Balance (Not less than -0-)	<u>\$1,500</u>
6) Credit (15% of \$1,500)	<u>\$ 225</u>

His credit is \$225. He enters \$225 on line 28 of Form 1040A. The Schedule 3 for James Davis is not shown.

Example 2. William White is 53. His wife Helen is 49. William had a stroke 3 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 got a physician's statement 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 has kept the physician's statement with his records. He checks the box in Part II of Schedule R 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 45 of Form 1040. See their filled-in Schedule R and Helen's filled-in physician's statement, later.

Example 3. Jerry Ash is 68 years old and single, and files Form 1040A. He received the following income for the year:

Nontaxable social security	\$2,120
Interest (taxable)	215
Pension (all taxable)	5,600
Wages from a part-time job	4,245

Jerry's adjusted gross income is \$10,060 (\$4,245 + \$5,600 + \$215). Jerry figures the credit on Schedule 3 (Form 1040A) as follows:

1) Initial amount	\$5,000
2) Subtract the total of:	
a) Nontaxable social security and other nontaxable pensions	\$2,120
b) Excess adjusted gross income [(\$10,060 - \$7,500) ÷ 2]	<u>1,280</u> <u>3,400</u>
3) Balance (Not less than -0-)	<u>\$1,600</u>
4) Credit (15% of \$1,600)	<u>\$ 240</u>

Jerry's credit is \$240. He files Schedule 3 (Form 1040A) and shows this amount on line 28 of Form 1040A. See the filled-in Schedule 3 for Jerry Ash, later.

**Schedule R
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Credit for the Elderly or the Disabled

OMB No. 1545-0074

2001

Attachment
Sequence No. **16**

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedule R (Form 1040).**

Name(s) shown on Form 1040

William M. White and Helen A. White

Your social security number

220 00 3333

You may be able to take this credit and reduce your tax if by the end of 2001:

- 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 page R-1.

TIP In most cases, the IRS can figure the credit for you. See page R-1.

Part I Check the Box for Your Filing Status and Age

If your filing status is:	And by the end of 2001:	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 not 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 2001	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 2001	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 or got a statement for tax years after 1983 and your physician signed line B on the statement, **and**

William

2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 2001, check this box ▶

- If you checked this box, you do not have to get another statement for 2001.
- If you **did not** check this box, have your physician complete the statement on page R-4. You **must** keep the statement for your records.

Part III Figure Your Credit

10 If you checked (in Part I):		Enter:		
Box 1, 2, 4, or 7	.....	\$5,000	}	10
Box 3, 5, or 6	.....	\$7,500		
Box 8 or 9	.....	\$3,750		
				7,500
Did you check box 2, 4, 5, 6, or 9 in Part I?		Yes →	You must complete line 11.	
		No →	Enter the amount from line 10 on line 12 and go to line 13.	
11 If you checked:				
<ul style="list-style-type: none"> Box 6 in Part I, add \$5,000 to the taxable disability income of the spouse who was under age 65. Enter the total. Box 2, 4, or 9 in Part I, enter your taxable disability income. Box 5 in Part I, add your taxable disability income to your spouse's taxable disability income. Enter the total. 			}	11
				7,000
TIP	For more details on what to include on line 11, see page R-3.			
12	If you completed line 11, enter the smaller of line 10 or line 11; all others , enter the amount from line 10			12
				7,000
13	Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 2001:			
a	Nontaxable part of social security benefits and Nontaxable part of railroad retirement benefits treated as social security. See page R-3.		13a	3,000
b	Nontaxable veterans' pensions and Any other pension, annuity, or disability benefit that is excluded from income under any other provision of law. See page R-3.		13b	
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	3,000
14	Enter the amount from Form 1040, line 34		14	16,200
15	If you checked (in Part I):			
	Box 1 or 2	..... \$7,500	}	15
	Box 3, 4, 5, 6, or 7	..... \$10,000		
	Box 8 or 9	..... \$5,000		
				10,000
16	Subtract line 15 from line 14. If zero or less, enter -0-		16	6,200
17	Enter one-half of line 16		17	3,100
18	Add lines 13c and 17		18	6,100
19	Subtract line 18 from line 12. If zero or less, stop ; you cannot take the credit. Otherwise, go to line 20		19	900
20	Multiply line 19 by 15% (.15). Enter the result here and on Form 1040, line 45. But if this amount is more than the amount on Form 1040, line 42, minus any amount on line 43, or you are filing Form 2441, see page R-3 for the amount of credit you may take		20	135

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.

Physician's Statement (keep for your records)

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, 2001

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

2/7/02

Physician's signature

Date

Physician's name

Juanita D. Doctor

Physician's address

1900 Green St., Hometown, MD 20000

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 2001:

- 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 2001:

Check only one box:

Check the box for your filing status and age

Single, Head of household, or Qualifying widow(er) with dependent child

- 1 You were 65 or older 1
- 2 You were under 65 and you retired on permanent and total disability 2

Married filing a joint return

- 3 Both spouses were 65 or older 3
- 4 Both spouses were under 65, but only one spouse retired on permanent and total disability 4
- 5 Both spouses were under 65, and both retired on permanent and total disability. 5
- 6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability 6
- 7 One spouse was 65 or older, and the other spouse was under 65 and **not** retired on permanent and total disability 7

Married filing a separate return

- 8 You were 65 or older and you lived apart from your spouse for all of 2001. 8
- 9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 2001 9

Did you check box 1, 3, 7, or 8?

- 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

Complete this part **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 or got 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 2001, check this box
 - If you checked this box, you do not have to get another statement for 2001.
 - 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.

Part III
Figure your credit

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

Did you check box 2, 4, 5, 6, or 9 in Part I?

Yes → You **must** 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.



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

11

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

13 Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 2001.

a Nontaxable part of social security benefits and
Nontaxable part of railroad retirement benefits treated as social security. See instructions. 13a 2,120

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

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 2,120

14 Enter the amount from Form 1040A, line 20.	14	10,060
--	----	--------

15 If you checked (in Part I):	Enter:		
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	2,560
--	----	-------

17 Enter one-half of line 16.	17	1,280
--------------------------------------	----	-------

18 Add lines 13c and 17.	18	3,400
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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 28. But if this amount is more than the amount on Form 1040A, line 26, or you are filing Schedule 2 (Form 1040A), see the instructions for the amount of credit you may take.	20	240
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How To Get Tax Help

You can get help with unresolved tax issues, 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.

Contacting your Taxpayer Advocate. If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels. While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

To contact your Taxpayer Advocate:

- Call the Taxpayer Advocate at **1-877-777-4778**.
- Call the IRS at **1-800-829-1040**.
- Call, write, or fax the Taxpayer Advocate office in your area.
- Call **1-800-829-4059** if you are a TTY/TDD user.

For more information, see Publication 1546, *The Taxpayer Advocate Service of the IRS*.

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.gov**. While visiting our web site, you can:

- Find answers to questions you may have.
- Download forms and publications or search for forms and publications by topic or keyword.
- View forms that may be filled in electronically, print the completed form, and then save the form for recordkeeping.
- View Internal Revenue Bulletins published in the last few years.
- Search regulations and the Internal Revenue Code.
- Receive our electronic newsletters on hot tax issues and news.
- Get information on starting and operating a small business.

You can also reach us with your computer using File Transfer Protocol at **ftp.irs.gov**.



TaxFax Service. Using the phone attached to your fax machine, you can receive forms and instructions 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.

For help with transmission problems, call the FedWorld Help Desk at **703-487-4608**.



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 walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Some IRS offices, libraries, grocery stores, copy centers, city and county governments, credit unions, and office supply stores have an extensive collection of products available to print from a CD-ROM or photocopy from reproducible proofs. Also, some IRS offices and libraries have the Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.



Mail. You can send your order for forms, instructions, and publications to the Distribution Center nearest to you and receive a response within 10 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 and instructions.
- Popular tax forms that may be filled in electronically, printed out for submission, and saved for record-keeping.
- Internal Revenue Bulletins.

The CD-ROM can be purchased from National Technical Information Service (NTIS) by calling **1–877–233–6767** or on the Internet at **www.irs.gov**. The first release is available in mid-December and the final release is available in late January.

IRS Publication 3207, *Small Business Resource Guide*, is an interactive CD-ROM that contains information important to small businesses. It is available in mid-February. You can get one free copy by calling **1–800–829–3676** or visiting the IRS web site at **www.irs.gov**.

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