



Department of the Treasury  
Internal Revenue Service

## Publication 918

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# Drafts of Worksheets in IRS Publications

For use in preparing

## 2002 Returns

(July 2002)

### **Caution: DRAFT WORKSHEETS**

This publication contains early release drafts of selected worksheets from IRS taxpayer information publications. The worksheets are subject to change before they are officially released. The drafts will appear only on the Internet.

If you have comments on any of the draft worksheets, you can submit the comments to us on our web site. Include the word DRAFT in your response and the "Proof as of" date. You may make comments anonymously, or you may include your name and e-mail address or phone number. We cannot respond to all comments due to the high volume we receive. However, we will consider each suggestion carefully.

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## Introduction

This publication contains draft worksheets from IRS taxpayer information publications (TIPs) for tax year 2002. We are making these drafts available to help you plan for the coming filing season. This publication is available only on the Internet.

The worksheet or table number shown on these worksheets relates to the publication that contains the worksheet. The status of the worksheet will be shown in the overlay. For example, the worksheet may show “PROOF AS OF JULY 25, 2002 (subject to change).”

A new version of a worksheet will be posted only if there is a change in the computation. When there is a final version of a worksheet, the draft version will be removed from this publication. To find the final version of a worksheet, see the publication containing the worksheet.

# Publication 503

## Worksheet 1. Worksheet for 2001 Expenses Paid in 2002

(Note: Use this worksheet to figure the credit you may claim for 2001 expenses paid in 2002)

1.	Enter your 2001 qualified expenses paid in 2001 . . . . .	1.	_____
2.	Enter your 2001 qualified expenses paid in 2002 . . . . .	2.	_____
3.	Add the amounts on lines 1 and 2 . . . . .	3.	_____
4.	Enter \$2,400 if care was for one qualifying person (\$4,800 if for two or more . . . . .	4.	_____
5.	Enter any dependent care benefits received for 2001 and excluded from your income (from line 18 of 2001 Form 2441 or Schedule 2 (Form 1040A)) . . . . .	5.	_____
6.	Subtract amount on line 5 from amount on line 4 and enter the result . . . . .	6.	_____
7.	Compare your earned income for 2001 and your spouse's earned income for 2001 and enter the smaller amount . . . . .	7.	_____
8.	Compare the amounts on lines 3, 6, and 7 and enter the smallest amount . . . . .	8.	_____
9.	Enter the amount on which you figured the credit for 2001 (from line 6 of 2001 Form 2441 or Schedule 2 (Form 1040A)) . . . . .	9.	_____
10.	Subtract amount on line 9 from amount on line 8 and enter the result. If zero or less, stop here. You cannot increase your credit by any previous year's expenses . . . . .	10.	_____
11.	Enter your 2001 adjusted gross income (from line 33 of your 2001 Form 1040 or line 19 of your 2001 Form 1040A) . . . . .	11.	_____
12.	Find your 2001 adjusted gross income in the table of percentages (shown earlier) and enter the corresponding decimal amount here . . . . .	12.	_____
13.	Multiply line 10 by line 12. Add this amount to your 2002 credit and enter the total on line 9 of your 2002 Form 2441 or Schedule 2 (Form 1040A). Above line 9, write "CPYE," the amount of this credit, and the name and taxpayer identification number of the person for whom you paid the prior year's expenses . . . . .	13.	_____

# Publication 523

## Worksheet 1. Adjusted Basis of Home Sold

**Caution:** See if any of the situations listed in Table 1 apply to you before you use this worksheet.

1. Enter the purchase price of the home sold. (If you filed Form 2119 when you originally acquired that home to postpone gain on the sale of a previous home before May 7, 1997, enter the adjusted basis of the new home from that Form 2119) ..... 1. \_\_\_\_\_
2. Seller-paid points, from home bought after 1990. (See *Seller-paid points* in this chapter). Do not include any seller paid points you already subtracted to arrive at the amount entered on line 1, above ..... 2. \_\_\_\_\_
3. Subtract line 2 from line 1 ..... 3. \_\_\_\_\_
4. Settlement fees or closing costs. See *Settlement fees or closing costs* in this chapter. If line 1 includes the adjusted basis of the new home from Form 2119, go to line 6 ..... 4. \_\_\_\_\_
  - a. Abstract and recording fees ..... a. \_\_\_\_\_
  - b. Legal fees (including title search and preparing document) ..... b. \_\_\_\_\_
  - c. Surveys ..... c. \_\_\_\_\_
  - d. Title insurance ..... d. \_\_\_\_\_
  - e. Transfer of stamp taxes ..... e. \_\_\_\_\_
  - f. Amounts the seller owed that you agreed to pay (back taxes or interest, recording or mortgage fees and sales commissions) ..... f. \_\_\_\_\_
  - g. Other ..... g. \_\_\_\_\_
5. Add lines 4a through 4g ..... 5. \_\_\_\_\_
6. Cost of additions and improvements. Do not include any additions and improvements included on line 1 above 10. .... 6. \_\_\_\_\_
7. Special tax assessments paid for local improvements, such as streets and sidewalks ..... 7. \_\_\_\_\_
8. Other increases to basis ..... 8. \_\_\_\_\_
9. Add lines 3, 5, 6, 7, and 8 ..... 9. \_\_\_\_\_
10. Depreciation, related to the business use or rental of the home, claimed (or allowable) ..... 10. \_\_\_\_\_
11. Other decreases to basis (see *Decreases to basis* in this chapter 15. .... 11. \_\_\_\_\_
12. Adjusted lines 10 and 11 ..... 12. \_\_\_\_\_
13. **ADJUSTED BASIS OF HOME SOLD.** Subtract line 12 from line 9. Enter here and on *Worksheet 2*, line 4 ..... 13. \_\_\_\_\_

# Publication 523

## Worksheet 2. Gain (or Loss), Exclusion, and Taxable Gain

<b>Part 1 – Gain (or Loss) on Sale</b>	
1. Selling price of home . . . . .	1. _____
2. Selling expenses . . . . .	2. _____
3. Subtract line 2 from line 1 . . . . .	3. _____
4. Adjusted basis of home sold (from <i>Worksheet 1</i> , line 13) . . . . .	4. _____
5. Subtract line 4 from line 3. This is the <b>gain (or loss)</b> on the sale. If this is a loss, stop here . . . . .	5. _____
<b>Part 2 – Exclusion and Taxable Gain</b>	
6. Enter any depreciation allowed or allowable on the property for periods after May 6, 1997. If none, enter zero . . . . .	6. _____
7. Subtract line 6 from line 5. (If the result is less than zero, enter zero) . . . . .	7. _____
8. If you qualify to exclude gain on the sale, enter your maximum exclusion. (See <i>Maximum Amount of Exclusion</i> in this chapter.) If you do not qualify to exclude gain, enter -0- . . . . .	8. _____
9. Enter the smaller of line 7 or line 8. This is your exclusion . . . . .	9. _____
10. Subtract line 9 from line 5. This is your taxable gain. Report it as described under <i>Reporting the Gain</i> on page 16. If the amount on this line is zero, do not report the sale or exclusion on your tax return. <b>If the amount on line 6 is more than zero, complete line 11</b> . . . . .	10. _____
11. Enter the smaller of line 6 or line 10. Enter this amount on line 12 on the <i>Unrecaptured Section 1250 Gain Worksheet</i> in the instructions for Schedule D (Form 1040) . . . . .	11. _____

# Publication 523

## Worksheet 3. Reduced Maximum Exclusion

		(A)	(B)
		You	Your Spouse
<b>1.</b>	Maximum amount . . . . .	<b>1.</b> \$250,000.00	\$250,000.00
<b>2a.</b>	Enter the number of days that you used the property as a main home during the 5-year period ending on the date of sale. (If married filing jointly, fill in columns (A) and (B)) . .	<b>2a.</b> _____	_____
<b>b.</b>	Enter the number of days that you owned the property during the 5-year period ending on the date of sale. (If married filing jointly and one spouse owned the property longer than the other spouse, both spouses are treated as owning the property for the longer period). . . . .	<b>b.</b> _____	_____
<b>c.</b>	Enter the smaller of line 2a or 2b . . . . .	<b>c.</b> _____	_____
<b>3.</b>	Have you (or your spouse if filing jointly) excluded gain from the sale of another home during the 2-year period ending on the date of this sale? <b>NO.</b> Skip line 3 and enter the number of days from line 2c on line 4. <b>YES.</b> Enter the number of days between the date of the most recent sale of another home on which you excluded gain and the date of sale of this home . . . . .	<b>3.</b> _____	_____
<b>4.</b>	Enter the smaller of line 2c or 3 . . . . .	<b>4.</b> _____	_____
<b>5.</b>	Divide the amount on line 4 by 730 days. Enter the result as a decimal (rounded to at least 3 places). But do not enter an amount greater than 1.000 . . . . .	<b>5.</b> _____	_____
<b>6.</b>	Multiply the amount on line 1 by the decimal amount on line 5 . . . . .	<b>6.</b> _____	_____
<b>7.</b>	Add the amounts in columns (A) and (B) of line 6. This is your <b>reduced maximum exclusion</b> . Enter it here and on <i>Worksheet 2</i> , line 8 . . . . .	<b>7.</b> _____	_____



# Publication 535

## Worksheet 7–A. Self-Employed Health Insurance Deduction Worksheet

(Keep for your records.)

1. Enter total payments made during the year for health insurance coverage established under your business for you, your spouse, and your dependents. ( <b>Do not include</b> payments for any month you were eligible to participate in a health plan subsidized by your or your spouse's employer. Also, do not include payments for qualified long-term care insurance.) . . . . .	1.	_____
2. For coverage under a qualified long-term care insurance contract, enter for each person covered the <b>smaller</b> of the following amounts. a) Total payments made for that person during the year. b) The amount shown below. (Use the person's age at the end of the year.) \$240—if that person is age 40 or younger \$450—if age 41 to 50 \$900—if age 51 to 60 \$2,390—if age 61 to 70 \$2,990—if age 71 or older  ( <b>Do not include</b> payments for any month you were eligible to participate in a long-term care insurance plan subsidized by your or your spouse's employer.) If more than one person is covered, figure separately the amount to enter for each person. Then enter the total of those amounts . . . . .	2.	_____
3. Add the total of lines 1 and 2 . . . . .	3.	_____
4. Percentage used to figure deduction for 2002 . . . . .	4.	_____ .70
5. Multiply line 3 by the percentage on line 4 . . . . .	5.	_____
6. Enter your net profit and any other earned income* from the trade or business under which the insurance plan is established. (If the business is an S corporation, skip to line 13.) . . . . .	6.	_____
7. Enter the total of all net profits from: line 31, Schedule C (Form 1040); line 3, Schedule C–EZ (Form 1040); line 36, Schedule F (Form 1040); or line 15a, Schedule K–1 (Form 1065); plus any other income allocable to the profitable businesses. See the instructions for Schedule SE (Form 1040). ( <b>Do not include</b> any net losses shown on these schedules.) . . . . .	7.	_____
8. Divide line 6 by line 7 . . . . .	8.	_____
9. Multiply Form 1040, line 27, by the percentage on line 8 . . . . .	9.	_____
10. Subtract line 9 from line 6 . . . . .	10.	_____
11. Enter the amount, if any, from Form 1040, line 29, attributable to the same trade or business in which the insurance plan is established . . . . .	11.	_____
12. Subtract line 11 from line 10 . . . . .	12.	_____
13. Enter your wages from an S corporation in which you are a more-than-2% shareholder and in which the insurance plan is established . . . . .	13.	_____
14. Enter the amount from Form 2555, line 43, attributable to the amount entered on line 6 or 13 above, or the amount from Form 2555–EZ, line 18, attributable to the amount entered on line 13 above . . . . .	14.	_____
15. Subtract line 14 from line 12 or 13, whichever applies . . . . .	15.	_____
16. Compare the amounts on lines 5 and 15 above. Enter the <b>smaller</b> of the two amounts here and on Form 1040, line 28. ( <b>Do not include</b> this amount when figuring a medical expense deduction on Schedule A (Form 1040).) . . . . .	16.	_____

\* **Earned income** includes net earnings and gains from the sale, transfer, or licensing of property you created. It does not include capital gain income.

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# Publication 560

**Rate worksheet for self-employed.** If your plan's contribution rate is not a whole percentage (for example, 10½%), you cannot use the *Rate Table for Self-Employed*. Use the following worksheet instead.

## Rate Worksheet for Self-Employed

1) Plan contribution rate as a decimal (for example, 10½% = 0.105) . . . . .	_____
2) Rate in line 1 plus 1 (for example, 0.105 + 1 = 1.105) . . . . .	_____
3) Self-employed rate as a decimal rounded to at least 3 decimal places (line 1 ÷ line 2) . . . . .	=====

# Publication 560

**Rate table for self-employed.** If your plan's contribution rate is a whole percentage (for example, 12% rather than 12½%), you can use the following table to find your reduced contribution rate. Otherwise, use the rate worksheet provided later.

First, find your plan contribution rate (the contribution rate stated in your plan) in *Column A* of the table. Then read across to the rate under *Column B*. Enter the rate from *Column B* in step 1 of the *Deduction Worksheet for Self-Employed*.

## Rate Table for Self-Employed

Column A If the plan contribution rate is: (shown as %)	Column B Your rate is: (shown as decimal)
1	.009901
2	.019608
3	.029126
4	.038462
5	.047619
6	.056604
7	.065421
8	.074074
9	.082569
10	.090909
11	.099099
12	.107143
13	.115044
14	.122807
15	.130435
16	.137931
17	.145299
18	.152542
19	.159664
20	.166667
21	.173554
22	.180328
23	.186992
24	.193548
25*	.200000*

\*The deduction for annual employer contributions (other than elective deferrals) to a SEP plan, a profit-sharing plan, or a money purchase plan, cannot be more than 20% of your net earnings (figured without deducting contributions for yourself) from the business that has the plan.

# Publication 560

## Deduction Worksheet for Self-Employed

**Step 1**  
Enter your rate from the *Rate Table for Self-Employed* or *Rate Worksheet for Self-Employed* . . . . . \_\_\_\_\_

**Step 2**  
Enter your net earnings (net profit) from line 31, Schedule C (Form 1040); line 3, Schedule C–EZ (Form 1040); line 36, Schedule F (Form 1040); or line 15a, Schedule K–1 (Form 1065)  
**Note:** General partners should reduce this amount by the same additional expenses that were subtracted from line 15a to determine the amount shown on line 1 or 2 of Schedule SE. . . . . \_\_\_\_\_

**Step 3**  
Enter your deduction for self-employment tax from line 29, Form 1040 . . . . . \_\_\_\_\_

**Step 4**  
Subtract step 3 from step 2 . . . . . \_\_\_\_\_

**Step 5**  
Multiply step 4 by step 1 . . . . . \_\_\_\_\_

**Step 6**  
Multiply \$200,000 by your plan contribution rate. Enter the result, but not more than \$40,000 . . . . . \_\_\_\_\_

**Step 7**  
Enter the lesser of step 5 or step 6  

- If you made elective deferrals, go to step 8.
- If you did not make any elective deferrals, skip steps 8–13 and enter this amount on step 14.

**Step 8**  
Subtract step 7 from step 4 . . . . . \_\_\_\_\_

**Step 9**  
Enter the lesser of step 8 or \$40,000 . . . . . \_\_\_\_\_

**Step 10**  
Enter your elective deferrals (other than any catch-up contributions). Do **not** enter more than \$11,000 . . . . . \_\_\_\_\_

**Step 11**  
Add steps 7 and 10 . . . . . \_\_\_\_\_

**Step 12**  
Enter the lesser of step 9 or step 11 . . . . . \_\_\_\_\_

**Step 13**  
Enter your catch-up contributions (if any). Do **not** enter more than \$1,000 . . . . . \_\_\_\_\_

**Step 14**  
Add steps 12 and 13. This is your **maximum deductible contribution**. Enter your deduction on line 31, Form 1040 . . . . . \_\_\_\_\_

# Publication 571

## Worksheet A. Includible Compensation for Your Most Recent Year of Service\*

**Note.** Use this worksheet to figure includible compensation for your most recent year of service.

1.	Enter your includible wages from the employer maintaining your 403(b) account for your most recent year of service . . . . .	1.	_____
2.	Enter elective deferrals for your most recent year of service . . . . .	2.	_____
3.	Enter amounts contributed or deferred by your employer under a cafeteria plan for your most recent year of service . . . . .	3.	_____
4.	Enter amounts contributed or deferred by your employer to your 457 account for your most recent year of service . . . . .	4.	_____
5.	Enter the value of qualified transportation fringe benefits you received from your employer . . . . .	5.	_____
6.	Enter your foreign earned income exclusion for your most recent year of service . . . . .	6.	_____
7.	Add lines 1, 2, 3, 4, 5, and 6 . . . . .	7.	_____
8.	Enter the cost of incidental life insurance that is part of your annuity contract for your most recent year of service . . . . .	8.	_____
9.	Enter compensation that was <b>both</b> : <ul style="list-style-type: none"> <li>• Earned during your most recent year of service, and</li> <li>• Earned while your employer was not qualified to maintain a 403(b) plan . . . . .</li> </ul>	9.	_____
10.	Add lines 8 and 9 . . . . .	10.	_____
11.	Subtract line 10 from line 7. This is your <b>includible compensation for your most recent year of service</b> . . . . .	11.	_____

\* Use estimated amounts if figuring includible compensation before the end of the year.

# Publication 571

## Worksheet B. Cost of Life Insurance

**Note.** Use this worksheet to figure the cost of incidental life insurance included in your annuity contract. This amount will be used to figure includible compensation for your most recent year of service.

1.	Enter the value of the contract (amount payable upon your death) . . . . .	1.	_____
2.	Enter the cash value in the contract at the end of the year . . . . .	2.	_____
3.	Subtract line 2 from line 1. This is the value of your current life insurance protection . . . . .	3.	_____
4.	Enter your age on your birthday nearest the beginning of the policy year . . . . .	4.	_____
5.	Enter the 1-year term premium for \$1,000 of life insurance based on your age. ( From Figure 3-1) . . . . .	5.	_____
6.	Divide line 3 by \$1,000 . . . . .	6.	_____
7.	Multiply line 6 by line 5. This is the <b>cost of your incidental life insurance</b> . . . . .	7.	_____

# Publication 571

## Worksheet C. Limit on Annual Additions

**Note.** Use this worksheet to figure your limit on annual additions.

1.	Enter your includible compensation for your most recent year of service (From Worksheet A) .....	1.	_____
2.	<b>Maximum</b> .....	2.	\$40,000
3.	Enter the lesser of line 1 or line 2. This is <b>your limit on annual additions</b> .....	3.	_____

# Publication 571

## Worksheet D. Limit on Elective Deferrals

**Note.** Use this worksheet to figure your limit on elective deferrals.

1.	<b>Maximum contribution</b> <ul style="list-style-type: none"> <li>• For 2002, enter \$11,000</li> <li>• For 2003, enter 12,000 .....</li> </ul>	1.	_____
<p><b>Note:</b> If you have at least 15 year of service with a qualifying organization, complete lines 2 through 12; if not, enter zero (-0-) on line 11 and go to line 12.</p>			
2.	Amount per year of service .....	2.	\$ 5,000
3.	Enter your years of service. ....	3.	_____
4.	Multiply line 2 by line 3 .....	4.	_____
5.	Enter the total of all elective deferrals made by your employer on your behalf for earlier years .....	5.	_____
6.	Subtract line 5 from line 4; if zero or less, enter zero (-0-) .....	6.	_____
7.	Maximum increase in limit for long service .....	7.	\$15,000
8.	Enter all prior year increases to the general limit for long service .....	8.	_____
9.	Subtract line 8 from line 7 .....	9.	_____
10.	<b>Maximum additional contributions</b> .....	10.	\$3,000
11.	Enter the least of lines 6, 9, or 10. This is the <b>increase in limit for long service</b> ...	11.	_____
12.	Add lines 1 and 11. This is your <b>limit on elective deferrals</b> .....	12.	_____

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# Publication 571

## Worksheet E. Catch-Up Contributions

**Note.** *If you are age 50 or older, use this worksheet to figure your catch-up contributions.*

1.	Maximum catch-up contributions . . . . .	1.	_____ \$ 1,000
2.	Enter your <b>includible compensation for your most recent year of service</b> . . . . .	2.	_____
3.	Enter your elective deferrals . . . . .	3.	_____
4.	Subtract line 3 from line 2 . . . . .	4.	_____
5.	Enter the lesser of line 1 or line 4. This is your <b>catch-up contribution</b> . . . . .	5.	_____

# Publication 587

## Worksheet To Figure the Deduction for Business Use of Your Home

Use this worksheet if you file Schedule F (Form 1040) or you are an employee or a partner.

### PART 1—Part of Your Home Used for Business:

- |   |            |
|---|------------|
| 1) Area of home used for business . . . . .   | 1) _____   |
| 2) Total area of home . . . . .   | 2) _____   |
| 3) Percentage of home used for business (divide line 1 by line 2 and show result as percentage) . . . . . | 3) _____ % |

### PART 2—Figure Your Allowable Deduction

- |   |           |                           |                             |
|---|-----------|---------------------------|-----------------------------|
| 4) Gross income from business (see instructions) . . . . .  | 4) _____  |                           |                             |
|   |           | (a)<br>Direct<br>Expenses | (b)<br>Indirect<br>Expenses |
| 5) Casualty losses . . . . .  | 5) _____  | _____                     | _____                       |
| 6) Deductible mortgage interest . . . . .   | 6) _____  | _____                     | _____                       |
| 7) Real estate taxes . . . . .  | 7) _____  | _____                     | _____                       |
| 8) Total of lines 5 through 7 . . . . .   | 8) _____  | _____                     | _____                       |
| 9) Multiply line 8, column (b), by line 3 . . . . .   |           |                           | 9) _____                    |
| 10) Add line 8, column (a), and line 9 . . . . .  |           |                           | 10) _____                   |
| 11) Business expenses not from business use of home (see instructions) . . . . .  |           |                           | 11) _____                   |
| 12) Add lines 10 and 11 . . . . .   |           |                           | 12) _____                   |
| 13) Deduction limit. Subtract line 12 from line 4 . . . . .   |           |                           | 13) _____                   |
| 14) Excess mortgage interest . . . . .  | 14) _____ | _____                     |                             |
| 15) Insurance . . . . .   | 15) _____ | _____                     |                             |
| 16) Repairs and maintenance . . . . .   | 16) _____ | _____                     |                             |
| 17) Utilities . . . . .   | 17) _____ | _____                     |                             |
| 18) Other expenses . . . . .  | 18) _____ | _____                     |                             |
| 19) Add lines 14 through 18 . . . . .   | 19) _____ | _____                     |                             |
| 20) Multiply line 19, column (b) by line 3 . . . . .  |           |                           | 20) _____                   |
| 21) Carryover of operating expenses from prior year (see instructions) . . . . .  |           |                           | 21) _____                   |
| 22) Add line 19, column (a), line 20, and line 21 . . . . .   |           |                           | 22) _____                   |
| 23) Allowable operating expenses. Enter the <b>smaller</b> of line 13 or line 22 . . . . .  |           |                           | 23) _____                   |
| 24) Limit on excess casualty losses and depreciation. Subtract line 23 from line 13 . . . . .   |           |                           | 24) _____                   |
| 25) Excess casualty losses (see instructions) . . . . .   |           |                           | 25) _____                   |
| 26) Depreciation of your home from line 38 below . . . . .  |           |                           | 26) _____                   |
| 27) Carryover of excess casualty losses and depreciation from prior year (see instructions) . . . . .   |           |                           | 27) _____                   |
| 28) Add lines 25 through 27 . . . . .   |           |                           | 28) _____                   |
| 29) Allowable excess casualty losses and depreciation. Enter the <b>smaller</b> of line 24 or line 28 . . . . .                                     |           |                           | 29) _____                   |
| 30) Add lines 10, 23, and 29 . . . . .  |           |                           | 30) _____                   |
| 31) Casualty losses included on lines 10 and 29 (see instructions) . . . . .  |           |                           | 31) _____                   |
| 32) Allowable expenses for business use of your home. (Subtract line 31 from line 30.) See instructions for where to enter on your return . . . . . |           |                           | 32) _____                   |

### PART 3—Depreciation of Your Home

- |   |           |
|---|-----------|
| 33) Smaller of adjusted basis or fair market value of home (see instructions) . . . . . | 33) _____ |
| 34) Basis of land . . . . .   | 34) _____ |
| 35) Basis of building (subtract line 34 from line 33) . . . . .                         | 35) _____ |
| 36) Business basis of building (multiply line 35 by line 3) . . . . .                   | 36) _____ |
| 37) Depreciation percentage (from applicable table or method) . . . . .                 | 37) _____ |
| 38) Depreciation allowable (multiply line 36 by line 37) . . . . .                      | 38) _____ |

### PART 4—Carryover of Unallowed Expenses to Next Year

- |  |           |
|--|-----------|
| 39) Operating expenses. Subtract line 23 from line 22. If less than zero, enter -0- . . . . .                      | 39) _____ |
| 40) Excess casualty losses and depreciation. Subtract line 29 from line 28. If less than zero, enter -0- . . . . . | 40) _____ |

# Publication 590 Worksheets 1–2 and 1–3

**Both contributions for 2002 and distributions in 2002.** If all three of the following occurred, any IRA distributions you received in 2002 may be partly tax free and partly taxable.

- You received distributions in 2002 from one or more traditional IRAs, **and**
- You made contributions to a traditional IRA for 2002, **and**
- Some of those contributions may be nondeductible contributions depending on whether your IRA deduction for 2002 is reduced.

If all three of the above occurred, you must figure the taxable part of the traditional IRA distribution before you can figure your modified AGI. To do this, you can use *Worksheet 1–3, Figuring the Taxable Part of Your IRA Distribution*.

If at least one of the above did not occur, figure your modified AGI using *Worksheet 1–2*.

## Worksheet 1–2. Figuring Your Reduced IRA Deduction for 2002

(Use only if you or your spouse is covered by an employer plan and your modified AGI is within the phaseout range shown on the table below.)

**Note.** If you were married and both you and your spouse contributed to IRAs, figure your deduction and your spouse's deduction separately.

If you ...	AND your filing status is ...	And your modified AGI is over ...	Then enter on line 1 below...
Are <b>covered</b> by an employer plan . . . . .	Single or Head of household	\$34,000	\$44,000
	Married filing jointly or Qualifying widow(er)	\$54,000	\$64,000
	Married filing separately	\$0	\$10,000
Are <b>not covered</b> by an employer plan, but your spouse is <b>covered</b> . . . . .	Married filing jointly	\$150,000	\$160,000
	Married filing separately	\$0	\$10,000

1. Enter applicable amount from table above . . . . . \$ \_\_\_\_\_

2. Enter your **modified AGI** (that of both spouses, if married filing jointly) . . . . . \$ \_\_\_\_\_

**Note.** If line 2 is equal to or more than the amount on line 1, **STOP HERE.** Your IRA contributions are not deductible. See *Nondeductible Contributions*.

3. Subtract line 2 from 1. **If line 3 is \$10,000 or more, STOP HERE.** You can take a full IRA deduction for contributions of up to \$3,000 (\$3,500 if 50 or older) or 100% of your (and if married filing jointly, your spouse's) compensation, whichever is less . . . . . \$ \_\_\_\_\_

4. Multiply line 3 by 30% (.30) (by 35% (.35) if age 50 or older at the end of 2002). If the result is not a multiple of \$10, round it to the next highest multiple of \$10. (For example, \$611.40 is rounded to \$620.) However, if the result is less than \$200, enter \$200 . . . . . \$ \_\_\_\_\_

5. Enter your compensation. If you are filing a joint return and your compensation is less than your spouse's, include your spouse's compensation reduced by his or her traditional IRA and Roth IRA contributions for this year. If you file Form 1040, do not reduce your compensation by any losses from self-employment . . . . . \$ \_\_\_\_\_

6. Enter contributions made, or to be made, to your IRA for 2002, but **do not** enter more than \$3,000 (\$3,500 if 50 or older). If contributions are more than \$3,000 (\$3,500 if 50 or older), see *Excess Contributions*, later. . . . . \$ \_\_\_\_\_

7. **IRA deduction.** Compare lines 4, 5, and 6. Enter the smallest amount (or a smaller amount if you choose) here and on the Form 1040 or 1040A line for your IRA, whichever applies. If line 6 is more than line 7 and you want to make a nondeductible contribution, go to line 8 . . . . . \$ \_\_\_\_\_

8. **Nondeductible contribution.** Subtract line 7 from line 5 or 6, whichever is smaller. Enter the result here and on line 1 of your Form 8606 . . . . . \$ \_\_\_\_\_

## Worksheet 1–3. Figuring the Taxable Part of Your IRA Distribution

Use only if you made contributions to a traditional IRA for 2002 and have to figure the taxable part of your 2002 distributions to determine your modified AGI. See *Limit If Covered By Employer Plan*. Form 8606 and the related instructions will be needed when using this worksheet.

**Note.** When used in this worksheet, the term **outstanding rollover** refers to an amount distributed from a traditional IRA as part of a rollover that, as of December 31, 2002, had not yet been reinvested in another traditional IRA, but was still eligible to be rolled over tax free.

1. Enter the basis in your traditional IRA(s) as of 12/31/01 . . . . .	\$ _____
2. Enter the total of all contributions made to your traditional IRAs during 2002 and all contributions made during 2003 that were for 2002, <b>whether or not deductible</b> . Do not include rollover contributions properly rolled over into IRAs. Also, do not include certain returned contributions described in the instructions for line 7, Part I, of Form 8606. . . . .	\$ _____
3. Add lines 1 and 2 . . . . .	\$ _____
4. Enter the value of All your traditional IRA(s) as of 12/31/02 (include any outstanding rollovers from traditional IRAs to other traditional IRAs) . . . . .	\$ _____
5. Enter the total distributions from traditional IRAs (including amounts converted to Roth IRAs that will be shown on line 16 of Form 8606) received in 2002. (Do not include outstanding rollovers included on line 4 or any rollovers between traditional IRAs completed by 12/31/02. Also, do not include certain returned contributions described in the instructions for line 7, Part I, of Form 8606.) . . . . .	\$ _____
6. Add lines 4 and 5 . . . . .	\$ _____
7. Divide line 3 by line 6. Enter the result as a decimal (to at least two places). Do not enter more than 1.00 . . . . .	_____
<b>8. Nontaxable portion of the distribution.</b> Multiply line 5 by line 7. Enter the result here and on line 13 of Form 8606 . . . . .	\$ _____
<b>9. Taxable portion of the distribution (before adjustment for conversions).</b> Subtract line 8 from line 5. Enter the result here and if there are no amounts converted to Roth IRAs, <b>STOP HERE</b> and enter the result on line 15 of Form 8606 . . . . .	\$ _____
<b>10.</b> Enter the amount included on line 9 that is allocable to amounts converted to Roth IRAs by 12/31/02. (See <i>Note</i> at the end of this worksheet.) Enter here and on line 18 of Form 8606 . . . . .	\$ _____
<b>11. Taxable portion of the distribution (after adjustments for conversions).</b> Subtract line 10 from line 9. Enter the result here and on line 15 of Form 8606 . . . . .	\$ _____

**Note.** If the amount on line 5 of this worksheet includes an amount converted to a Roth IRA by 12/31/02, you must determine the percentage of the distribution allocable to the conversion. To figure the percentage, divide the amount converted (from line 16 of Form 8606) by the total distributions shown on line 5. To figure the amounts to include on line 10 of this worksheet and on line 18, Part II of Form 8606, multiply line 9 of the worksheet by the percentage you figured.

# Publication 590 APPENDIX B

## Worksheets 1, 2, and 3

### APPENDIX B. Worksheets for Social Security Recipients Who Contribute to a Traditional IRA

If you receive social security benefits, have taxable compensation, contribute to your traditional IRA, and you or your spouse are covered by an employer retirement plan, complete the following worksheets. (See *Are You Covered by an Employer Plan?* in chapter 1.) Use Worksheet 1 to figure your modified adjusted gross income. This amount is needed in the computation of your IRA deduction, if any, which is figured using Worksheet 2. The IRA deduction figured using Worksheet 2 is entered on your tax return.

#### Worksheet 1

#### Computation of Modified AGI

(For use only by taxpayers who receive social security benefits)

**Filing Status** — Check only one box:

- A.** Married filing a joint return
- B.** Single, Head of Household, Qualifying Widow(er), or Married filing separately and *lived apart* from your spouse during the **entire year**
- C.** Married filing separately and *lived with* your spouse at **any time** during the year

1. Adjusted gross income (AGI) from Form 1040 or Form 1040A (not taking into account any social security benefits from Form SSA-1099 or RRB-1099, any deduction for contributions to a traditional IRA, any student loan interest deduction, any tuition and fees deduction, or any exclusion of interest from savings bonds to be reported on Form 8815) . . . . .	_____
2. Enter the amount in box 5 of all Forms SSA-1099 and Forms RRB-1099 . . . . .	_____
3. Enter one half of line 2 . . . . .	_____
4. Enter the amount of any foreign earned income exclusion, foreign housing exclusion, U.S. possessions income exclusion, exclusion of income from Puerto Rico you claimed as a bona fide resident of Puerto Rico, or exclusion of employer-paid adoption expenses . . . . .	_____
5. Enter the amount of any tax-exempt interest reported on line 8b of Form 1040 or 1040A . . . . .	_____
6. Add lines 1, 3, 4, and 5 . . . . .	_____
7. Enter the amount listed below for your filing status . . . . .	_____
• <b>\$32,000</b> if you checked box <b>A</b> above	
• <b>\$25,000</b> if you checked box <b>B</b> above	
• <b>\$0</b> if you checked box <b>C</b> above. . . . .	_____
8. Subtract line 7 from line 6. If zero or less, enter 0 on this line . . . . .	_____
9. If line 8 is zero, <b>STOP HERE</b> . None of your social security benefits are taxable. If line 8 is more than 0, enter the amount listed below for your filing status . . . . .	_____
• <b>\$12,000</b> if you checked box <b>A</b> above.	
• <b>\$9,000</b> if you checked box <b>B</b> above.	
• <b>\$0</b> if you checked box <b>C</b> above. . . . .	_____
10. Subtract line 9 from line 8. If zero or less, enter 0 . . . . .	_____
11. Enter the smaller of line 8 or line 9 . . . . .	_____
12. Enter one half of line 11 . . . . .	_____
13. Enter the smaller of line 3 or line 12 . . . . .	_____
14. Multiply line 10 by .85. If line 10 is zero, enter 0 . . . . .	_____
15. Add lines 13 and 14 . . . . .	_____
16. Multiply line 2 by .85 . . . . .	_____
17. <b>Taxable benefits</b> to be included in <b>Modified AGI</b> for traditional IRA deduction purposes. Enter the smaller of line 15 or line 16 . . . . .	_____
18. Enter the amount of any employer-paid adoption expenses exclusion and any foreign earned income exclusion and foreign housing exclusion or deduction that you claimed . . . . .	_____
19. <b>Modified AGI</b> for determining your reduced traditional IRA deduction — add lines 1, 17, and 18. Enter here and on line 2 of Worksheet 2, next . . . . .	_____

**APPENDIX B. (Continued)**

Worksheet 2		
Computation of Traditional IRA Deduction		
(For use only by taxpayers who receive social security benefits)		
IF your filing status is ...	AND your modified AGI is over ...	THEN enter on line 1 below ...
Married-joint return or qualifying widower	\$54,000*	\$64,000
Married-joint return (You are not covered by an employer plan but your spouse is)	\$150,000*	\$160,000
Single, or Head of household	\$34,000*	\$44,000
Married-separate return**	\$ 0*	\$10,000
<p>*If your modified AGI is <u>not</u> over this amount, you can take an IRA deduction for your contributions of up to the lesser of \$3,000 (\$3,500 if you are 50 or older) or your taxable compensation. Skip this worksheet and proceed to Worksheet 3.</p> <p>**If you did <u>not</u> live with your spouse <u>at any time</u> during the year, consider your filing status as single.</p> <p><b>Note:</b> If you were married and you or your spouse worked and you both contributed to IRAs, figure the deduction for each of your separately.</p>		
1. Enter the applicable amount from above	.....	_____
2. Enter your <b>modified AGI</b> from Worksheet 1, line 19	.....	_____
<p><b>Note:</b> If line 2 is equal to or more than the amount on line 1, <b>stop here</b>; your traditional IRA contributions are not deductible. Proceed to Worksheet 3.</p>		
3. Subtract line 2 from line 1	.....	_____
4. Multiply line 3 by 30% (.30) (by 35% (.35) if age 50 or older at the end of 2002). If the result is not a multiple of \$10, round it to the next highest multiple of \$10. (For example, \$611.40 is rounded to \$620.) However, if the result is less than \$200, enter \$200.	.....	_____
5. Enter your compensation. (If you are the lower income spouse, include your spouse's compensation reduced by his or her traditional IRA and Roth IRA contributions for this year.)	.....	_____
6. Enter contributions you made, or plan to make, to your traditional IRA for 2002, but do not enter more than \$3,000 (\$3,500 if 50 or older).	.....	_____
7. <b>Deduction.</b> Compare lines 4, 5, and 6. Enter the smallest amount here (or a smaller amount if you choose). Enter this amount on the Form 1040 or 1040A line for your IRA. (If the amount on line 6 is more than the amount on line 7, complete line 8.)	.....	_____
8. <b>Nondeductible contributions.</b> Subtract line 7 from line 5 or 6, whichever is smaller. Enter the result here and on line 1 of your Form 8606, <i>Nondeductible IRAs</i> .	.....	_____

**APPENDIX B. (Continued)**

<b>Worksheet 3</b> <b>Computation of Taxable Social Security Benefits</b> <b>(For use by taxpayers who receive social security benefits and take a traditional IRA deduction)</b>	
<p><b>Filing Status</b> — Check only one box</p> <p><input type="checkbox"/> <b>A.</b> Married filing a joint return</p> <p><input type="checkbox"/> <b>B.</b> Single, Head of Household, Qualifying Widow(er), or Married filing separately and <i>lived apart</i> from your spouse during the <b>entire year</b></p> <p><input type="checkbox"/> <b>C.</b> Married filing separately and <i>lived with</i> your spouse at <b>any time</b> during the year</p>	
1.	Adjusted gross income (AGI) from Form 1040 or Form 1040A ( <i>not taking into account</i> any IRA deduction, any student loan interest deduction, any tuition and fees deduction, any social security benefits from Form SSA-1099 or RRB-1099, or any exclusion of interest from savings bonds to be reported on Form 8815) . . . _____
2.	Deduction(s) from line 7 of Worksheet(s) 2 . . . . . _____
3.	Subtract line 2 from line 1 . . . . . _____
4.	Enter amount in box 5 of all Forms SSA-1099 and Forms RRB-1099 . . . . . _____
5.	Enter one half of line 4 . . . . . _____
6.	Enter the amount of any foreign earned income exclusion, foreign housing exclusion, exclusion of income from U.S. possessions, exclusion of income from Puerto Rico you claimed as a bona fide resident of Puerto Rico, or exclusion of employer-paid adoption expenses . . . . . _____
7.	Enter the amount of any tax-exempt interest reported on line 8b of Form 1040 or 1040A . . . . . _____
8.	Add lines 3, 5, 6 and 7 . . . . . _____
9.	Enter the amount listed below for your filing status <ul style="list-style-type: none"> <li>• <b>\$32,000</b> if you checked box <b>A</b> above.</li> <li>• <b>\$25,000</b> if you checked box <b>B</b> above.</li> <li>• <b>\$0</b> if you checked box <b>C</b> above. . . . . _____</li> </ul>
10.	Subtract line 9 from line 8. If zero or less, enter 0 on this line. . . . . _____
11.	If line 10 is zero, <b>STOP HERE</b> . None of your social security benefits are taxable. If line 10 is more than 0, enter the amount listed below for your filing status <ul style="list-style-type: none"> <li>• <b>\$12,000</b> if you checked box <b>A</b> above.</li> <li>• <b>\$9,000</b> if you checked box <b>B</b> above.</li> <li>• <b>\$0</b> if you checked box <b>C</b> above. . . . . _____</li> </ul>
12.	Subtract line 11 from line 10. If zero or less, enter 0 . . . . . _____
13.	Enter the smaller of line 10 or line 11 . . . . . _____
14.	Enter one half of line 13 . . . . . _____
15.	Enter the smaller of line 5 or line 14 . . . . . _____
16.	Multiply line 12 by .85. If line 12 is zero, enter 0 . . . . . _____
17.	Add lines 15 and 16 . . . . . _____
18.	Multiply line 4 by .85 . . . . . _____
19.	<b>Taxable social security benefits.</b> Enter the smaller of line 17 or line 18 . . . . . _____

# Publication 596

## Worksheet 1. Investment Income If You Are Filing Form 1040

### Interest and Dividends

- |    |  |    |       |
|----|--|----|-------|
| 1. | Enter any amount from Form 1040, line 8a.  | 1. | _____ |
| 2. | Enter any amount from Form 1040, line 8b, plus any amount on Form 8814, line 1b.   | 2. | _____ |
| 3. | Enter any amount from Form 1040, line 9.   | 3. | _____ |
| 4. | Enter the amount from Form 1040, line 21, that is from Form 8814 if you are filing that form to report your child's interest and dividend income on your return. (See instructions below for line 4 if your child received an Alaska Permanent Fund dividend.) | 4. | _____ |

### Capital Gain Net Income

- |    |  |    |       |
|----|--|----|-------|
| 5. | Enter the amount from Form 1040, line 13. If the amount on that line is a loss, enter zero.  | 5. | _____ |
| 6. | Enter any gain from Form 4797, <i>Sales of Business Property</i> , line 7. If the amount on that line is a loss, enter zero. (But, if you completed lines 8 and 9 of Form 4797, enter the amount from line 9 instead.) | 6. | _____ |
| 7. | Subtract line 6 of this worksheet from line 5 of this worksheet. (If the result is less than zero, enter zero.)  | 7. | _____ |

### Royalties and Rental Income from Personal Property

- |     |  |     |       |
|-----|--|-----|-------|
| 8.  | Enter any royalty income from Schedule E, line 4, plus any income from the rental of personal property shown on Form 1040, line 21.                            | 8.  | _____ |
| 9.  | Enter any expenses from Schedule E, line 21, related to royalty income, plus any expenses from the rental of personal property deducted on Form 1040, line 34. | 9.  | _____ |
| 10. | Subtract the amount on line 9 of this worksheet from the amount on line 8. (If the result is less than zero, enter zero.)                                      | 10. | _____ |

### Passive Activities

- |     |   |     |       |
|-----|---|-----|-------|
| 11. | Enter the total of any net income from passive activities (included on Schedule E, lines 26, 28a (col. (h)), 33a (col. (d)), and 39). (See instructions below for lines 11 and 12.) | 11. | _____ |
| 12. | Enter the total of any losses from passive activities (included on Schedule E, lines 26, 28b (col. (g)), 33b (col. (c)), and 39). (See instructions below for lines 11 and 12.)     | 12. | _____ |
| 13. | Combine the amounts on lines 11 and 12 of this worksheet. (If the result is less than zero, enter zero.)  | 13. | _____ |
| 14. | Add the amounts on lines 1, 2, 3, 4, 7, 10, and 13. Enter the total. <b>This is your Investment Income.</b>   | 14. | _____ |

**Instructions for line 4.** To figure the amount to enter on line 4, start with the amount on line 6 of Form 8814. Multiply that amount by a percentage that is equal to any Alaska Permanent Fund dividends divided by the total amount of interest and dividend income on lines 1a and 2 of Form 8814. Subtract the result from the amount on line 6 of Form 8814.

**Example.** Your 10-year-old child has taxable interest income of \$500 and an Alaska Permanent Fund dividend of \$2,000. You choose to report this income on your return. You enter \$500 on line 1a of Form 8814, \$2,000 on line 2, and \$2,500 on line 4. You enter \$1,000 on line 6 of Form 8814 and line 21 of Form 1040. You figure the amount to enter on line 4 of this worksheet as follows:

$$\$1,000 - (\$1,000 \times (\$2,000 \div \$2,500)) = \$200$$

**Instructions for lines 11 and 12.** In figuring the amount to enter on lines 11 and 12, do not take into account any royalty income (or loss) included on line 26 of Schedule E or any amount included in your earned income. To find out if the income on line 26 or line 39 of Schedule E is from a passive activity, see the Schedule E instructions. If any of the rental real estate income (or loss) included on Schedule E, line 26, is not from a passive activity, print "NPA" and the amount of that income (or loss) on the dotted line next to line 26.

# Publication 596

## EIC Worksheet **A**—Earned Income Credit (EIC)

Keep for Your Records

### Part 1

#### All Filers Using EIC Worksheet A

Do not use this worksheet if you are self-employed or a church employee filing Schedule SE or you are filing Schedule C or C-EZ as a statutory employee. Instead, use EIC Worksheet B.

1. Enter your earned income from Worksheet 2.

1

2. Look up the amount on line 1 above in the EIC Table in the Appendix to find the credit. Use the correct column for your filing status. Enter the credit here.

2

If line 2 is zero,  You cannot take the credit. Put "No" directly to the right of line 64 (Form 1040); or line 41 (Form 1040A); or on line 8 (Form 1040EZ).

3. Enter your adjusted gross income (line 36 of Form 1040; line 22 of Form 1040A; or line 4 of Form 1040EZ).

3

4. Are the amounts on lines 1 and 3 the same?

**Yes.** Skip line 5; enter the amount from line 2 on line 6.

**No.** Go to line 5.

### Part 2

#### Filers Who Answered "No" On Line 4

5. Is the amount on line 3 less than:

- \$6,150 (\$7,150 for married filing jointly) if you do not have a qualifying child, **or**
- \$13,550 (\$14,550 for married filing jointly) if you have one or more qualifying children?

**Yes.** Leave line 5 blank; enter the amount from line 2 on line 6.

**No.** Look up the amount on line 3 in the EIC Table in the Appendix to find the credit. Use the correct column for your filing status. Enter the credit here.

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

5

### Part 3

#### Your Earned Income Credit

6. This is your earned income credit.

6

**Reminder—**

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



Enter this amount on line 64 (Form 1040); or line 41 (Form 1040A); or line 8 (Form 1040EZ)



If your EIC was reduced or disallowed for any year after 1996, see chapter 5 to find out if you must file Form 8862 to take the credit for 2002.

# EIC Worksheet **B**—Earned Income Credit (EIC)

Keep for Your Records

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

TIP: You can tear this worksheet from the booklet before you begin 

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

<b>Part 1</b>  <b>Self-Employed and People With Church Employee Income Filing Schedule SE</b>	1a. Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, whichever applies.	1a	
	b. Enter any amount from Schedule SE, Section B, line 4b and line 5a.	+ 1b	
	c. Add lines 1a and 1b.	= 1c	
	d. Enter the amount from Schedule SE, Section A, line 6, or Section B, line 13, whichever applies.	– 1d	
	e. Subtract line 1d from 1c.	= 1e	

<b>Part 2</b>  <b>Self-Employed NOT Filing Schedule SE</b>  <small>For example, your net earnings from self-employment were less than \$400.</small>	2. Do not include on these lines any statutory employee income or any amount exempt from self-employment tax as the result of the filing and approval of Form 4029 or Form 4361.		
	a. Enter any net farm profit (or loss) from Schedule F, line 36, and from farm partnerships, Schedule K-1 (Form 1065), line 15a.*	2a	
	b. Enter any net profit (or loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9.*	2b	
	c. Combine lines 2a and 2b.  *Also enter any Schedule K-1 amounts on the appropriate line(s) of Schedule SE, Section A. Put your name and social security number on Schedule SE and attach it to your return.	= 2c	

<b>Part 3</b>  <b>Statutory Employees Filing Schedule C or C-EZ</b>	3. Enter the amount from Schedule C, line 1, or Schedule C-EZ, line 1, that you are filing as a statutory employee.	3	
---	---	---	--

<b>Part 4</b>  <b>All Filers Using EIC Worksheet B</b>  <small>If line 4b includes income on which you should have paid self-employment tax but did not, the IRS may reduce your credit by the amount of self-employment tax not paid.</small>	4a. Enter your earned income from Worksheet 2, line 8.	+ 4a	
	b. Combine lines 1e, 2c, 3, and 4a. <b>This is your total earned income.</b>	= 4b	
	If line 4b is zero or less,  you cannot take the credit.		
	5. Is the amount on line 4b less than: <ul style="list-style-type: none"> <li>• \$11,060 (\$12,060 for married filing jointly) if you do not have a qualifying child,</li> <li>• \$29,201 (\$30,201 for married filing jointly) if you have one qualifying child, <b>or</b></li> <li>• \$33,178 (\$34,178 for married filing jointly) if you have two or more qualifying children?</li> </ul>		
	<input type="checkbox"/> <b>Yes.</b> If you want the IRS to figure your credit, see page 25. If you want to figure the credit yourself, enter the amount from line 4b on line 6 (page 31). <input type="checkbox"/> <b>No.</b>  You cannot take the credit. Put "No" directly to the right of line 64 (Form 1040); or line 41 (Form 1040A); or on line 8 (Form 1040EZ).		

**Part 5**

**All Filers Using  
EIC Worksheet B**

6. Enter your total earned income from Part 4, line 4b, of this worksheet. 6

7. Look up the amount on line 6 above in the EIC Table in the Appendix to find the credit. Use the correct column for your filing status. Enter the credit here. 7

If line 7 is zero,  You cannot take the credit. Put "No" directly to the right of line 64 (Form 1040); or line 41 (Form 1040A); or on line 8 (Form 1040EZ).

8. Enter your adjusted gross income (line 36 of Form 1040; line 22 of Form 1040A; or line 4 of Form 1040EZ). 8

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

10. Is the amount on line 8 less than:  
 • \$6,150 (\$7,150 for married filing jointly) if you do not have a qualifying child, **or**  
 • \$13,550 (\$14,550 for married filing jointly) if you have one or more qualifying children?  
 **Yes.** Leave line 10 blank; enter the amount from line 7 on line 11.

**No.** Look up the amount on line 8 in the EIC Table in the Appendix to find the credit. Use the correct column for your filing status. Enter the credit here. 10  
 Look at the amounts on lines 10 and 7. Then, enter the **smaller** amount on line 11.

**Part 6**

**Your Earned  
Income Credit**

11. **This is your earned income credit.** 11

*Reminder—*  
 ✓ If you have a qualifying child, complete and attach Schedule EIC.



Enter this amount on line  
 64 (Form 1040); line 41  
 (Form 1040A); or line 8  
 (Form 1040EZ)



If your EIC was reduced or disallowed for any year after 1996, see chapter 5 to find out if you must file Form 8862 to take the credit for 2002.

# Publication 596

## Worksheet 2. Earned Income

**Note.** Do not include on this worksheet any net earnings from self-employment or any income you received as a statutory employee. Instead, enter those amounts on *EIC Worksheet B* (page 30).

1. Enter the amount from line 7 (Form 1040 or Form 1040A) or line 1 (Form 1040EZ). 1. \_\_\_\_\_
2. If you received a taxable scholarship or fellowship grant that was not reported to you on a Form W-2 but was included in the total on line 7 (Form 1040 or 1040A) or line 1 (Form 1040EZ), enter the amount. 2. \_\_\_\_\_
3. **Inmates.** If you received any amount for work done while an inmate in a penal institution and that amount is included in the total on line 7 (Form 1040 or Form 1040A) or line 1 (Form 1040EZ), enter that amount. 3. \_\_\_\_\_
4. **Clergy.** If you are a member of the clergy who files Schedule SE and the amount on line 2 of that schedule includes an amount that was also reported on line 7 (Form 1040), enter that amount. 4. \_\_\_\_\_
5. **Church employees.** If you received wages as a church employee (as defined on page 20), enter any amount you included on both line 5a of Schedule SE and line 7 (Form 1040). 5. \_\_\_\_\_
6. If you received a pension or annuity from a nonqualified deferred compensation plan or a section 457 plan and it was included in the total on line 7 (Form 1040 or Form 1040A) or line 1 (Form 1040EZ), enter the amount. (This amount may be reported in box 11 of your Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount of the pension or annuity.) 6. \_\_\_\_\_
7. Add the amounts on lines 2, 3, 4, 5, and 6 of this worksheet. 7. \_\_\_\_\_
8. Subtract line 7 of this worksheet from line 1. **This is your earned income.** 8. \_\_\_\_\_

# Publication 721

## Worksheet A. Simplified Method Worksheet (Keep For Your Records)

See the instructions for the worksheet in Part II under *Simplified Method*.

1. Enter the total annuity received this year. Also add this amount to the total for Form 1040, line 16a, or Form 1040A, line 12a . . . . .	\$ _____
2. Enter your cost in the plan at the annuity starting date, plus any death benefit exclusion . . . . .	_____
<b>Note.</b> If your annuity starting date was <b>before this year</b> and you completed this worksheet last year, skip line 3 and enter the amount from line 4 of last year's worksheet on line 4 below. Otherwise, go to line 3.	
3. Enter the appropriate number from Table 1 below. <b>But</b> if your annuity starting date was <b>after 1997 and</b> the payments are for your life and that of your beneficiary, enter the appropriate number from Table 2 below . . . . .	_____
4. Divide line 2 by line 3 . . . . .	_____
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was before 1987, enter this amount on line 8 below and skip lines 6, 7, 10, and 11. Otherwise go to line 6 . . . . .	_____
6. Enter any amounts previously recovered tax free in years after 1986 . . . . .	_____
7. Subtract line 6 from line 2 . . . . .	_____
8. Enter the smaller of line 5 or line 7 . . . . .	_____
9. <b>Taxable annuity for year.</b> Subtract line 8 from line 1. Enter the result, but not less than zero. Also add this amount to the total for Form 1040, line 16b, or Form 1040A, line 12b. If your Form CSA 1099R or Form CSF 1099R shows a larger amount, use the amount on this line instead . . . . .	\$ _____
10. Add lines 6 and 8 . . . . .	_____
11. <b>Balance of cost to be recovered.</b> Subtract line 10 from line 2 . . . . .	\$ _____

**Table 1 for Line 3 Above**

IF the age at annuity starting date was . . .	AND your annuity starting date was—	
	<i>before</i> November 19, 1996, enter on line 3 . . . . .	<i>after</i> November 18, 1996, enter on line 3 . . . . .
55 or under	300	360
56–60	260	310
61–65	240	260
66–70	170	210
71 or older	120	160

**Table 2 for Line 3 Above**

IF the combined ages at annuity starting date were . . .	THEN enter on line 3 . . . .
110 and under	410
111–120	360
121–130	310
131–140	260
141 or older	210

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## Publication 721

### Worksheet B. Lump-Sum Payment (Keep for Your Records)

See the instructions in Part II of this publication under *Alternative Annuity Option*.

- |  |    |       |
|--|----|-------|
| 1. Enter your lump-sum credit (your cost in the plan at the annuity starting date) . . . . .   | 1. | _____ |
| 2. Enter the present value of your annuity contract . . . . .  | 2. | _____ |
| 3. Divide line 1 by line 2 . . . . .   | 3. | _____ |
| 4. <b>Tax-free amount.</b> Multiply line 1 by line 3. ( <i>Caution: Do not include this amount on line 6 of Worksheet A in this publication.</i> ) . . . . .   | 4. | _____ |
| 5. <b>Taxable amount (net cost in the plan).</b> Subtract line 4 from line 1. Include this amount in the total on line 16b of Form 1040 or line 12b of Form 1040A. Also, enter this amount on line 2 of Worksheet A in this publication. . . . . | 5. | _____ |

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## Publication 721

### Worksheet C. Limited Taxable Amount for Nonresident Alien

- |   |    |       |
|---|----|-------|
| 1. Enter the otherwise taxable amount of the CSRS or FERS annuity (from line 9 of Worksheet A) or TSP distributions . . . . .     | 1. | _____ |
| 2. Enter the total U.S. Government basic pay other than tax-exempt pay for services performed outside the United States . . . . . | 2. | _____ |
| 3. Enter the total U.S. Government basic pay for all services . . . . .   | 3. | _____ |
| 4. Divide line 2 by line 3 . . . . .  | 4. | _____ |
| 5. Limited taxable amount. Multiply line 1 by line 4. Enter this amount on Form 1040NR, line 17b . . . . .                        | 5. | _____ |

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## Publication 721

### Worksheet D. Lump-Sum Payment at End of Survivor Annuity

1. Enter the lump-sum payment . . . . .	1. _____
2. Enter the amount of annuity previously received tax free . . . . .	2. _____
3. Add lines 1 and 2 . . . . .	3. _____
4. Enter the employee's total cost . . . . .	4. _____
5. <b>Taxable amount.</b> Subtract line 4 from line 3. Enter the result, but not less than zero . . . . .	5. _____

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## Publication 721

### Worksheet E. Lump-Sum Payment to Estate or Other Beneficiary

1. Enter the lump-sum payment . . . . .	1. _____
2. Enter the amount of annuity received tax free by the retiree . . . . .	2. _____
3. Add lines 1 and 2 . . . . .	3. _____
4. Enter the total cost . . . . .	4. _____
5. <b>Taxable amount.</b> Subtract line 4 from line 3. Enter the result, but not less than zero . . . . .	5. _____

# Publication 915

## Worksheet 1. Figuring Your Taxable Benefits

**Before you start:** Is your filing status *Married filing separately*?

**No.** Go to line 1 below.

**Yes.** Did you live apart from your spouse all year?

**No.** Go to line 1 below.

**Yes.** Do the following if you file:

**Form 1040:** Enter "D" to the right of the word "benefits" on line 20a, then go to line 1 below.

**Form 1040A:** Enter "D" to the right of the word "benefits" on line 14a, then go to line 1 below.

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099 ..... 1. \_\_\_\_\_  
**Note:** If line 1 is zero or less, stop here; none of your benefits are taxable. Otherwise, go on to line 2.
2. Enter one-half of line 1 ..... 2. \_\_\_\_\_
3. Enter the total of the amounts from:  
**Form 1040:** Lines 7, 8a, 8b, 9-14, 15b, 16b, 17-19, and 21  
**Form 1040A:** Lines 7, 8a, 8b, 9, 10, 11b, 12b, and 13 ..... 3. \_\_\_\_\_
4. **Form 1040A filers:** Enter the total of any exclusions for qualified U.S. savings bond interest (Form 8815, line 14) or for adoption benefits (Form 8839, line 26)  
**Form 1040 filers:** Enter the total of any exclusions/adjustments for:
  - Qualified U.S. savings bond interest (Form 8815, line 14)
  - Adoption benefits (Form 8839, line 26)
  - Foreign earned income or housing (Form 2555, lines 43 and 48, or Form 2555-EZ, line 18), and
  - Certain income of bona fide residents of American Samoa (Form 4563, line 15) or Puerto Rico ..... 4. \_\_\_\_\_
5. Add lines 2, 3, and 4 ..... 5. \_\_\_\_\_
6. **Form 1040A filers:** Enter the amounts from Form 1040A, lines 16 and 17. **Form 1040 filers:** Enter the amount from Form 1040, line 34, minus any amounts on Form 1040, lines 25 and 26 ..... 6. \_\_\_\_\_
7. Subtract line 6 from line 5 ..... 7. \_\_\_\_\_
8. Enter \$25,000 (\$32,000 if married filing jointly; \$0 if married filing separately and you lived with your spouse at any time during 2002) ..... 8. \_\_\_\_\_
9. Subtract line 8 from line 7. If zero or less, enter -0- ..... 9. \_\_\_\_\_  
**Note:** If line 9 is zero or less, stop here; none of your benefits are taxable. (Do not enter any amounts on Form 1040, line 20a or 20b, or on Form 1040A, line 14a or line 14b. But if you are married filing separately and you lived apart from your spouse for all of 2002, enter -0- on Form 1040, line 20b, or on Form 1040A, line 14b.) Otherwise, go on to line 10.
10. Enter \$9,000 (\$12,000 if married filing jointly; \$0 if married filing separately and you lived with your spouse at any time during 2002) ..... 10. \_\_\_\_\_
11. Subtract line 10 from line 9. If zero or less, enter -0- ..... 11. \_\_\_\_\_
12. Enter the **smaller** of line 9 or line 10 ..... 12. \_\_\_\_\_
13. Enter one-half of line 12 ..... 13. \_\_\_\_\_
14. Enter the **smaller** of line 2 or line 13 ..... 14. \_\_\_\_\_
15. Multiply line 11 by 85% (.85). If line 11 is zero, enter -0- ..... 15. \_\_\_\_\_
16. Add lines 14 and 15 ..... 16. \_\_\_\_\_
17. Multiply line 1 by 85% (.85) ..... 17. \_\_\_\_\_
18. **Taxable benefits.** Enter the **smaller** of line 16 or line 17 ..... 18. \_\_\_\_\_

- Enter the amount from line 1 above on Form 1040, line 20a, or on Form 1040A, line 14a.
- Enter the amount from line 18 above on Form 1040, line 20b, or on Form 1040A, line 14b.

**Note:** If you received a lump-sum payment in this year that was for an earlier year, also complete Worksheet 2 or 3 and Worksheet 4 to see whether you can report a lower taxable benefit.

# Publication 915

## Worksheet 2. Figure Your Additional Taxable Benefits (From a Lump-Sum Payment for a Year After 1993)

Enter earlier year \_\_\_\_\_

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099 for the earlier year, plus the lump-sum payment for the earlier year received after that year . . . . .	1. _____
<b>Note:</b> If line 1 is zero or less, skip lines 2 through 20 and enter -0- on line 21. Otherwise, go on to line 2.	
2. Enter one-half of line 1 . . . . .	2. _____
3. Enter the adjusted gross income reported on your return for the earlier year . . . . .	3. _____
4. Enter the total of any exclusions/adjustments you claimed in the earlier year for:	
• Adoption benefits (Form 8839)	
• Qualified U.S. savings bond interest (Form 8815)	
• Student loan interest (Form 1040, line 24, or Form 1040A, line 16 (line 17 in 2000 and 2001))	
• Foreign earned income or housing (Form 2555 or Form 2555-EZ)	
• Certain income of bona fide residents of American Samoa (Form 4563) or Puerto Rico . . . . .	4. _____
5. Enter any tax-exempt interest received in the earlier year . . . . .	5. _____
6. Add lines 2, 3, 4, and 5 . . . . .	6. _____
7. Enter taxable benefits reported on your return for the earlier year . . . . .	7. _____
8. Subtract line 7 from line 6 . . . . .	8. _____
9. Enter \$25,000 (\$32,000 if married filing jointly for the earlier year; \$0 if married filing separately for the earlier year and you lived with your spouse at any time during the year) . . . . .	9. _____
10. Subtract line 9 from line 8. If zero or less, enter -0- . . . . .	10. _____
<b>Note:</b> If line 10 is zero or less, skip lines 11 through 20 and enter -0- on line 21. Otherwise, go on to line 11.	
11. Enter \$9,000 (\$12,000 if married filing jointly for the earlier year; \$0 if married filing separately for the earlier year and you lived with your spouse at any time during the year) . . . . .	11. _____
12. Subtract line 11 from line 10. If zero or less, enter -0- . . . . .	12. _____
13. Enter the <b>smaller</b> of line 10 or line 11 . . . . .	13. _____
14. Enter one-half of line 13 . . . . .	14. _____
15. Enter the <b>smaller</b> of line 2 or line 14 . . . . .	15. _____
16. Multiply line 12 by 85% (.85). If line 12 is zero, enter -0- . . . . .	16. _____
17. Add lines 15 and 16 . . . . .	17. _____
18. Multiply line 1 by 85% (.85) . . . . .	18. _____
19. <b>Refigured taxable benefits.</b> Enter the <b>smaller</b> of line 17 or line 18 . . . . .	19. _____
20. Enter taxable benefits reported on your return for the earlier year (or as refigured due to a previous lump-sum payment for the year) . . . . .	20. _____
21. <b>Additional taxable benefits.</b> Subtract line 20 from line 19. Also enter this amount on line 19 of Worksheet 4 . . . . .	21. _____

**Note:** Do not file an amended return for this earlier year. Complete a separate Worksheet 2 or Worksheet 3 for each earlier year for which you received a lump-sum payment in 2002.

# Publication 915

## Worksheet 3. Figure Your Additional Taxable Benefits (From a Lump-Sum Payment for a Year Before 1994)

Enter earlier year \_\_\_\_\_

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099 for the earlier year, plus the lump-sum payment for the earlier year received after that year . . . . .	1. _____
<b>Note:</b> If line 1 is zero or less, skip lines 2 through 13 and enter -0- on line 14. Otherwise, go on to line 2.	
2. Enter one-half of line 1 . . . . .	2. _____
3. Enter the adjusted gross income reported on your return for the earlier year . . . . .	3. _____
4. Enter the total of any exclusions/adjustments you claimed in the earlier year for: <ul style="list-style-type: none"><li>• Qualified U.S. savings bond interest (Form 8815)</li><li>• Foreign earned income or housing (Form 2555 or Form 2555-EZ)</li><li>• Certain income of bona fide residents of American Samoa (Form 4563) or Puerto Rico . . . . .</li></ul>	4. _____
5. Enter any tax-exempt interest received in the earlier year . . . . .	5. _____
6. Add lines 2, 3, 4, and 5 . . . . .	6. _____
7. Enter taxable benefits reported on your return for the earlier year . . . . .	7. _____
8. Subtract line 7 from line 6 . . . . .	8. _____
9. Enter \$25,000 (\$32,000 if married filing jointly for the earlier year; \$0 if married filing separately for the earlier year and you lived with your spouse at any time during the year) . . . . .	9. _____
10. Subtract line 9 from line 8. If zero or less, enter -0- . . . . .	10. _____
<b>Note:</b> If line 10 is zero or less, skip lines 11 through 13 and enter -0- on line 14. Otherwise, go on to line 11.	
11. Enter one-half of line 10 . . . . .	11. _____
12. <b>Refigured taxable benefits.</b> Enter the <b>smaller</b> of line 2 or line 11 . . . . .	12. _____
13. Enter taxable benefits reported on your return for the earlier year (or as refigured due to a previous lump-sum payment for the year) . . . . .	13. _____
14. <b>Additional taxable benefits.</b> Subtract line 13 from line 12. Also enter this amount on line 19 of Worksheet 4 . . . . .	14. _____
<b>Note:</b> Do not file an amended return for this earlier year. Complete a separate Worksheet 2 or Worksheet 3 for each earlier year for which you received a lump-sum payment in 2002.	

# Publication 915

## Worksheet 4. Figure Your Taxable Benefits Under the Lump-Sum Election Method (Use With Worksheet 2 or 3)

Complete Worksheet 1 and Worksheets 2 and 3 as appropriate before completing this worksheet.

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099 for 2002, minus the lump-sum payment for years before 2002 . . . . . 1. \_\_\_\_\_  
**Note:** If line 1 is zero or less, enter zero on lines 2 and 11 and skip lines 3 through 10. Otherwise, go on to line 2.
2. Enter one-half of line 1 . . . . . 2. \_\_\_\_\_
3. Enter the amount from line 3 of Worksheet 1 . . . . . 3. \_\_\_\_\_
4. Enter the amount from line 4 of Worksheet 1 . . . . . 4. \_\_\_\_\_
5. Add lines 2, 3, and 4 . . . . . 5. \_\_\_\_\_
6. Enter the amount from line 6 of Worksheet 1 . . . . . 6. \_\_\_\_\_
7. Subtract line 6 from line 5 . . . . . 7. \_\_\_\_\_
8. Enter the amount from line 8 of Worksheet 1 . . . . . 8. \_\_\_\_\_
9. Subtract line 8 from line 7. If zero or less, enter -0- . . . . . 9. \_\_\_\_\_  
**Note:** If line 9 is zero or less, skip lines 10 through 17 and enter -0- on line 18. Otherwise, go on to line 10.
10. Enter the amount from line 10 of Worksheet 1 . . . . . 10. \_\_\_\_\_
11. Subtract line 10 from line 9. If zero or less, enter -0- . . . . . 11. \_\_\_\_\_
12. Enter the **smaller** of line 9 or line 10 . . . . . 12. \_\_\_\_\_
13. Enter one-half of line 12. . . . . 13. \_\_\_\_\_
14. Enter the **smaller** of line 2 or line 13 . . . . . 14. \_\_\_\_\_
15. Multiply line 11 by 85% (.85). If line 11 is zero, enter -0- . . . . . 15. \_\_\_\_\_
16. Add lines 14 and 15 . . . . . 16. \_\_\_\_\_
17. Multiply line 1 by 85% (.85) . . . . . 17. \_\_\_\_\_
18. Enter the **smaller** of line 16 or line 17 . . . . . 18. \_\_\_\_\_
19. Enter the total of the amounts from line 21 of Worksheet 2 and line 14 of Worksheet 3 for all earlier years for which the lump-sum payment was received . . . . . 19. \_\_\_\_\_
20. **Taxable benefits under lump-sum election method.** Add lines 18 and 19. . . . . 20. \_\_\_\_\_  
**Note:** If line 20 above is not smaller than line 18 of Worksheet 1, you cannot use this method to figure your taxable benefits. Instead, follow the instructions on Worksheet 1 to report your benefits.

You can elect to report your taxable benefits under this method if line 20 above is smaller than line 18 of Worksheet 1. To elect this method:

- Make the following entries on your return:  
 On Form 1040, enter "LSE" to the left of line 20a.  
 On Form 1040A, enter "LSE" to the left of line 14a.
- Enter the amount from line 1 of Worksheet 1 on Form 1040, line 20a, or on Form 1040A, line 14a. If you are married filing separately and you lived apart from your spouse for all of 2002, also make the entries described at the top of Worksheet 1.
- If line 20 above is zero, follow the instructions below line 9 on Worksheet 1. Otherwise, enter the amount from line 20 above on Form 1040, line 20b, or on 1040A, line 14b.

# Publication 929

**Capital gain distributions—Form 8814.** Enter on line 3 of Form 8814 any capital gain distributions your child received. The amount of these distributions that is added to your income must be reported on line 13 of Schedule D (Form 1040) or, if you are not required to file Schedule D, on line 13 of Form 1040. You do not include it on line 6 of Form 8814 or on line 21 of Form 1040.



Use the following worksheet to figure the amount to report as capital gain distributions on Schedule D or directly on Form 1040 and the amount to report on Form 8814, line 6. (The worksheet is needed to divide the \$1,500 base amount on line 5 of Form 8814 between the child's capital gain distributions and other interest and dividend income.)

Table 1. **Worksheet for Child's Capital Gain Distributions (Keep for your records)**

1. Enter amount from Form 8814, line 3 . . . . . \_\_\_\_\_
2. Enter amount from Form 8814, line 4 . . . . . \_\_\_\_\_
3. Divide line 1 by line 2 . . . . . \_\_\_\_\_
4. Base amount . . . . . \$1,500
5. Subtract line 4 from line 2 . . . . . \_\_\_\_\_
6. Multiply line 5 by the decimal on line 3. Enter the result here and on Schedule D, line 13, column (f), or on line 13 of Form 1040 . . . . . \_\_\_\_\_
7. Subtract line 6 from line 5. Enter the result here and on Form 8814, line 6 . . . . . \_\_\_\_\_

On the dotted line next to line 6, Form 8814, write "CGD" and the amount from line 6 of this worksheet. On the dotted line next to line 13, Schedule D, or line 13, Form 1040, write "Form 8814" and the amount from line 6 of this worksheet.

**28% rate gain.** If any of the child's capital gain distributions are reported on Form 1099-DIV as 28% rate gain, you must determine how much to also include on Schedule D, line 13, column (g). Multiply the child's capital gain distribution included on line 13, column (f), by a fraction. The numerator is the part of the child's total capital gain distribution that is 28% rate gain. The denominator is the child's total capital gain distribution.

**Qualified 5-year gain.** If any of the child's capital gain distributions are reported on Form 1099-DIV as qualified 5-year gain, you must determine how much to also include on line 4 of the *Qualified 5-Year Gain Worksheet* in the instructions for line 29 of Schedule D. Multiply the child's capital gain distribution included on line 13, column (f), by a fraction. The numerator is the part of the child's total capital gain distribution that is qualified 5-year gain. The denominator is the child's total capital gain distribution.

**Unrecaptured section 1250 gain.** If any of the child's capital gain distributions are reported on Form 1099-DIV as unrecaptured section 1250 gain, you must determine how much to include on line 11 of the *Unrecaptured Sec-*

*tion 1250 Gain Worksheet* in the instructions for line 19 of Schedule D. Multiply the child's capital gain distribution included on line 13, column (f), by a fraction. The numerator is the part of the child's total capital gain distribution that is unrecaptured section 1250 gain. The denominator is the child's total capital gain distribution.

**Section 1202 gain.** If any of the child's capital gain distributions are reported as section 1202 gain (gain on qualified small business stock) on Form 1099-DIV, part or all of that gain may be eligible for the section 1202 exclusion. (For information about the exclusion, see chapter 4 of Publication 550.) To figure that part, multiply the child's capital gain distribution included on line 13, column (f), by a fraction. The numerator is the part of the child's total capital gain distribution that is section 1202 gain. The denominator is the child's total capital gain distribution. Your section 1202 exclusion is generally 50% of the result, but may be subject to a limit. See the instructions for Schedule D for information on how to report the exclusion amount.

**Net capital gain on line 8.** If neither the child nor the parent nor any other child has net capital gain, the net capital gain on line 8 is zero.

If the child, parent, or any other child has net capital gain, figure the amount of net capital gain included on line 8 by adding together the net capital gain amounts included on lines 5, 6, and 7 of Form 8615. Use the following discussions to find these amounts.

**Net capital gain on line 5.** If the child has a net capital gain, use the appropriate worksheet below to find the amount of net capital gain included on line 5. These worksheets are needed to adjust the child's net capital gain by the appropriate allocated amount of the child's deductions.



Use the following worksheet **only if** line 2 of the child's Form 8615 is \$1,500 and lines 3 and 5 are the same amount.

### Line 5 Worksheet #1

- A. Enter the child's net capital gain . . . . . \_\_\_\_\_
- B. Enter the amount from line 1 of the child's Form 8615 . . . . . \_\_\_\_\_
- C. Divide line A by line B (but do not enter more than 1) . . . . . \_\_\_\_\_
- D. Multiply \$1,500 by line C . . . . . \_\_\_\_\_
- E. **Net capital gain on line 5.** Subtract line D from line A (but do not enter less than zero or more than the amount on line 5 of Form 8615) \_\_\_\_\_



Use the following worksheet **only if** line 2 of the child's Form 8615 is **more than** \$1,500 and lines 3 and 5 are the same amount.

### Line 5 Worksheet #2

- A. Enter the child's net capital gain . . . . . \_\_\_\_\_

- B. Enter the child's itemized deductions directly connected with the production of the child's net capital gain \_\_\_\_\_
- C. Subtract line B from line A \_\_\_\_\_
- D. Enter the amount from line 1 of the child's Form 8615 \_\_\_\_\_
- E. Divide line A by line D (but do **not** enter more than 1) \_\_\_\_\_
- F. Multiply \$750 by line E \_\_\_\_\_
- G. **Net capital gain on line 5.** Subtract line F from line C (but do not enter less than zero or more than the amount on line 5 of Form 8615) \_\_\_\_\_



Use the following worksheet only if line 5 of the child's Form 8615 is less than line 3.

### Line 5 Worksheet #3

- A. Enter the child's net capital gain \_\_\_\_\_
- B. If the child itemized deductions, enter the child's itemized deductions directly connected with the production of the child's net capital gain \_\_\_\_\_
- C. Subtract line B from line A \_\_\_\_\_
- D. If the child can claim his or her own exemption, enter \$3,000\*. Otherwise, enter zero \_\_\_\_\_
- E. If the child itemized deductions, enter the child's itemized deductions **not** directly connected with the production of the child's net capital gain. Otherwise, enter the child's standard deduction \_\_\_\_\_
- F. Add lines D and E \_\_\_\_\_
- G. Enter the child's adjusted gross income (line 36 of Form 1040, line 21 of Form 1040A, or line 34 of Form 1040NR) \_\_\_\_\_
- H. Divide line A by line G (but do not enter more than 1) \_\_\_\_\_
- I. Multiply line F by line H \_\_\_\_\_
- J. **Net capital gain on line 5.** Subtract line I from line C. Enter the result here (but do not enter less than zero or more than the amount on line 5 of Form 8615) \_\_\_\_\_

\* If you enter more than \$137,300 on line G, see *Deduction for Exemptions Worksheet—Line 38* in the Form 1040 instructions for the amount to enter on line D.

**Net capital gain on line 6.** If the parent has a net capital gain, its full amount is the net capital gain included on line 6.

**Net capital gain on line 7.** The net capital gain included on line 7 is the total of the amounts of net capital

gain included on line 5 of the other children's Forms 8615. Find the amount for each other child as explained earlier under *Net capital gain on line 5*. (Do not attach the other children's Forms 8615 to the child's return.)

**Using the Schedule D Tax Worksheet for line 9 tax.** Use the *Schedule D Tax Worksheet* in the Schedule D instructions to figure the line 9 tax on Form 8615 if the child, parent, or any other child has unrecaptured section 1250 gain or 28% rate gain. If you must use the *Schedule D Tax Worksheet*, first complete any Schedule D and any actual *Schedule D Tax Worksheet* required for the child, parent, or any other child. Then figure the line 9 tax using **another** *Schedule D Tax Worksheet*. (Do not attach this *Schedule D Tax Worksheet* to the child's return.)

Complete this *Schedule D Tax Worksheet* as follows.

- 1) On line 1, enter the amount from line 8 of Form 8615.
- 2) On line 2, enter the net capital gain included on line 8 of Form 8615. (See the earlier discussion for line 8.)
- 3) On line 3, enter the total of the amounts, if any, on line 22 of each actual Schedule D.
- 4) On line 4, follow the worksheet instructions.
- 5) Leave line 5 blank.
- 6) On line 6, enter zero if neither the child, parent, nor any other child has 28% rate gain (line 15 of Schedule D). Otherwise, enter the amount of 28% rate gain included in the net capital gain on line 2. Figure this amount as explained later under *Figuring 28% rate gain (line 6)*.
- 7) On line 7, enter zero if neither the child, parent, nor any other child has unrecaptured section 1250 gain (line 19 of Schedule D). Otherwise, enter the amount of unrecaptured section 1250 gain included in the net capital gain on line 2. Figure this amount as explained later under *Figuring unrecaptured section 1250 gain (line 7)*.
- 8) Complete lines 8 through 37, following the worksheet instructions. (Use the parent's filing status to complete lines 11, 15, and 36.) If you need to complete line 17, enter zero if neither the child, parent, nor any other child has qualified 5-year gain (line 7 of the *Qualified 5-Year Gain Worksheet* in the Schedule D instructions). Otherwise, enter the amount of qualified 5-year gain included in the net capital gain on line 2. Figure this amount as explained later under *Figuring qualified 5-year gain (line 17)*.

Enter the amount from line 37 of this *Schedule D Tax Worksheet* on line 9 of Form 8615 and check the box on that line.

**Figuring 28% rate gain (line 6).** If the child, parent, or any other child has 28% rate gain, figure the amount of 28% rate gain included in the net capital gain on line 2 using the following worksheet.

**Worksheet for Line 6 of the Schedule D Tax Worksheet (Line 9 Tax)**

1. If the child does not have 28% rate gain, skip this line and lines 2 through 5, enter zero on line 6, and go to line 7. Otherwise, if an actual *Schedule D Tax Worksheet* was required for the child, skip this line, enter the amount from line 6 of that worksheet on line 2 below, and go to line 3. If that worksheet was not required, combine lines 7 and 15 of the child's Schedule D. If zero or less enter -0- . . . . . \_\_\_\_\_
2. Enter the smaller of line 1 above or line 15 of the child's Schedule D, but not less than zero \_\_\_\_\_

**If line 2 is zero, skip lines 3 through 5, enter zero on line 6, and go to line 7.**

3. Enter the amount from the last line of the child's completed *Line 5 Worksheet*. (See the earlier discussion for line 8 of Form 8615.) . . . \_\_\_\_\_
4. Enter the amount from line A of the child's completed *Line 5 Worksheet* . . . . . \_\_\_\_\_
5. Divide line 3 by line 4. Enter the result as a decimal . . . . . \_\_\_\_\_
6. Multiply line 2 by line 5. . . . . \_\_\_\_\_
7. If no other child has 28% rate gain, enter zero. Otherwise, repeat lines 1 through 6 above for each other child who has 28% rate gain and enter the total of the line 6 amounts for those other children . . . . . \_\_\_\_\_
8. If the parent does not have 28% rate gain, skip this line, enter zero on line 9, and go to line 10. Otherwise, if an actual *Schedule D Tax Worksheet* was required for the parent, skip this line, enter the amount from line 6 of that worksheet on line 9 below, and go to line 10. If that worksheet was not required, combine lines 7 and 15 of the parent's Schedule D. If zero or less, enter -0- . . . . . \_\_\_\_\_
9. Enter the smaller of line 8 above or line 15 of the parent's Schedule D, but not less than zero . . . . . \_\_\_\_\_
10. Add lines 6, 7, and 9. Also enter this amount on line 6 of the *Schedule D Tax Worksheet* . . . \_\_\_\_\_

**Figuring unrecaptured section 1250 gain (line 7).** If the child, parent, or any other child has unrecaptured section 1250 gain, figure the amount of unrecaptured section 1250 gain included in the net capital gain on line 2 using the following worksheet.

**Worksheet for Line 7 of the Schedule D Tax Worksheet (Line 9 Tax)**

1. Enter the amount, if any, from line 19 of the child's Schedule D . . . . . \_\_\_\_\_

**If line 1 is zero or blank, skip lines 2 through 4, enter zero on line 5, and go to line 6.**

2. Enter the amount, if any, from the last line of the child's completed *Line 5 Worksheet*. (See the earlier discussion for line 8 of Form 8615.) \_\_\_\_\_
3. Enter the amount from line A of the child's completed *Line 5 Worksheet* . . . . . \_\_\_\_\_
4. Divide line 2 by line 3. Enter the result as a decimal . . . . . \_\_\_\_\_
5. Multiply line 1 by line 4. . . . . \_\_\_\_\_
6. If no other child has unrecaptured section 1250 gain, enter zero. Otherwise, repeat lines 1 through 5 for each other child who has unrecaptured section 1250 gain and enter the total of the line 5 amounts for those children \_\_\_\_\_
7. If the parent does not have unrecaptured section 1250 gain, enter zero. Otherwise, enter the amount from line 19 of the parent's Schedule D . . . . . \_\_\_\_\_
8. Add lines 5, 6, and 7. Also enter this amount on line 7 of the *Schedule D Tax Worksheet* . . . \_\_\_\_\_

**Figuring qualified 5-year gain (line 17).** If the child, parent, or any other child has qualified 5-year gain, figure the amount of qualified 5-year gain included in the net capital gain on line 2 using the following worksheet.

**Worksheet for Line 17 of the Schedule D Tax Worksheet (Line 9 Tax)**

1. Enter the amount, if any, from line 7 of the child's *Qualified 5-Year Gain Worksheet* in the Schedule D instructions . . . . . \_\_\_\_\_
- If line 1 is zero or blank, skip lines 2 through 4, enter zero on line 5, and go to line 6.**
2. Enter the amount from the last line of the child's completed *Line 5 Worksheet*. (See the earlier discussion for line 8 of Form 8615.) . . . \_\_\_\_\_
  3. Enter the amount from line A of the child's completed *Line 5 Worksheet* . . . . . \_\_\_\_\_
  4. Divide line 2 by line 3. Enter the result as a decimal . . . . . \_\_\_\_\_
  5. Multiply line 1 by line 4. . . . . \_\_\_\_\_
  6. If no other child has qualified 5-year gain, enter zero. Otherwise, repeat lines 1 through 5 above for each child who has qualified 5-year gain and enter the total of the line 5 amounts for those other children . . . . . \_\_\_\_\_
  7. If the parent has no qualified 5-year gain, enter zero. Otherwise, enter the amount from line 7 of the parent's *Qualified 5-Year Gain Worksheet* in the Schedule D instructions . . . \_\_\_\_\_

8. Add lines 5, 6 and 7. Also enter this amount on line 17 of the *Schedule D Tax Worksheet* \_\_\_\_\_

**Using Schedule J for line 9 tax.** Use Schedule J, *Farm Income Averaging*, to figure the line 9 tax on Form 8615 if Schedule J is used to figure the tax on the parent's return. First complete the actual Schedule J for the parent, then use **another** Schedule J as a worksheet to figure the tax to enter on line 9 of Form 8615. (Do not attach this worksheet to the child's return.)

Complete this worksheet Schedule J as follows.

- 1) On line 1, enter the amount from line 8 of Form 8615.
- 2) On line 2, enter the amount from the parent's Schedule J, line 2.
- 3) Complete line 3 following the Schedule J instructions.
- 4) Complete line 4. If line 8 of Form 8615 includes any net capital gain, use the *Capital Gain Tax Worksheet* to figure the tax amount on this line **unless** the child, parent, or any other child has unrecaptured section 1250 gain, 28% rate gain, qualified 5-year gain, or an amount on Form 4952, line 4e. In that case, use Schedule D to figure this tax or, if there is unrecaptured section 1250 gain or 28% rate gain, use the *Schedule D Tax Worksheet*. Follow the earlier instructions under *Using the Capital Gain Tax Worksheet for line 9 tax*, *Using Schedule D for line 9 tax*, or *Using the Schedule D Tax Worksheet for line 9 tax*, except use the amount on line 3 of **this** worksheet (instead of the amount on line 8 of Form 8615) in:
  - a) Item (1) of *Using the Capital Gain Tax Worksheet for line 9 tax* or *Using the Schedule D Tax Worksheet for line 9 tax*, or
  - b) Item (2) of *Using Schedule D for line 9 tax*.
- 5) On lines 5 through 16, enter the amounts from the parent's Schedule J, lines 5 through 16.
- 6) Complete line 17 following the Schedule J instructions.
- 7) On lines 18 through 21, enter the amounts from the parent's Schedule J, lines 18 through 21.
- 8) Complete line 22 following the Schedule J instructions.

Enter the amount from line 22 of this worksheet Schedule J on line 9 of Form 8615 and check the box on that line.

**Net capital gain on line 14.** If the child does not have any net capital gain, the net capital gain included on line 14 is zero. For an explanation of net capital gain, see the earlier discussion for line 8 of Form 8615.

If the child has net capital gain, the amount included on line 14 is the amount from line A of the child's completed

*Line 5 Worksheet* minus the amount from the last line of that worksheet. (See the earlier discussion for line 8 of Form 8615.)

### Line 15 (Tax on Child's Taxable Income in Excess of Net Investment Income).

Figure the tax on the amount on line 14 using the Tax Table, the Tax Rate Schedules, the *Capital Gain Tax Worksheet*, the *Schedule D Tax Worksheet*, or Schedule D or J (Form 1040), as follows.

- If line 14 **does not** include any net capital gain, use the Tax Table or Tax Rate Schedules (or Schedule J, if applicable) to figure this tax.
- If line 14 **does** include any net capital gain, use the *Capital Gain Tax Worksheet* to figure this tax unless the child has unrecaptured section 1250 gain, 28% rate gain, qualified 5-year gain, or an amount on Form 4952, line 4e. In that case, use Schedule D to figure this tax. (But use Schedule J instead, if it applies.)

**Using the Capital Gain Tax Worksheet for line 15 tax.** If you use the *Capital Gain Tax Worksheet* to figure the line 15 tax on Form 8615, complete that worksheet as follows.

- 1) On line 1, enter the amount from line 14 of Form 8615.
- 2) On line 2, enter the amount of the net capital gain included on line 14 of Form 8615. (See the earlier discussion for line 14.)
- 3) Complete lines 3 through 15 following the worksheet instructions. Use the child's filing status to complete lines 4, 5, and 14.

Enter the amount from line 15 of this *Capital Gain Tax Worksheet* on line 15 of Form 8615 and check the box on that line. Do not attach this worksheet to the child's return.

**Using Schedule D for line 15 tax.** Use Part IV of Schedule D to figure the line 15 tax on Form 8615 if the child has qualified 5-year gain or an amount on Form 4952, line 4e, and no unrecaptured section 1250 gain or 28% rate gain. (If the child has unrecaptured section 1250 gain or 28% rate gain, see *Using the Schedule D Tax Worksheet for line 15 tax*, next.) If you must use Schedule D, first complete any actual Schedule D required for the child. Then figure the line 15 tax using Part IV of **another** Schedule D as a worksheet. (Do not attach this worksheet Schedule D to the child's return.)

Complete this worksheet Schedule D as follows.

- 1) On line 19, enter zero.
- 2) On line 20, enter the amount from line 14 of Form 8615.
- 3) On line 21, enter the net capital gain included on line 14 of Form 8615. (See the earlier discussion for line 14.)

- 4) On line 22, enter the amount from line 22 of the child's actual Schedule D.
- 5) Complete lines 23 through 40, following the Schedule D instructions. Use the child's filing status to complete lines 25, 26, and 39. If you need to complete line 29, enter zero if the child has no qualified 5-year gain (line 7 of the *Qualified 5-year Gain Worksheet* in the Schedule D instructions). Otherwise, in the earlier discussion for line 9 of Form 8615, see the *Worksheet for Line 29 of Schedule D (Line 9 Tax)* or the *Worksheet for Line 17 of the Schedule D Tax Worksheet (Line 9 Tax)*, whichever was used. Subtract line 5 of that worksheet from line 1 of that worksheet and enter the result on line 29 of this worksheet Schedule D.

Enter the amount from line 40 of this worksheet Schedule D on line 15 of Form 8615.

**Using the Schedule D Tax Worksheet for line 15 tax.**

Use the *Schedule D Tax Worksheet* in the Schedule D instructions to figure the line 15 tax on Form 8615 if the child has unrecaptured section 1250 gain or 28% rate gain. If you must use the *Schedule D Tax Worksheet*, first complete any Schedule D and any actual *Schedule D Tax Worksheet* required for the child. Then figure the line 15 tax using **another** *Schedule D Tax Worksheet*. (Do not attach this *Schedule D Tax Worksheet* to the child's return.)

Complete this *Schedule D Tax Worksheet* as follows.

- 1) On line 1, enter the amount from line 14 of Form 8615.
- 2) Leave lines 2 and 3 blank.
- 3) On line 4, enter the net capital gain included on line 14 of Form 8615. (See the earlier discussion for line 14.)
- 4) Leave line 5 blank.
- 5) On line 6, enter zero if the child has no 28% rate gain (line 15 of Schedule D). Otherwise, see the

*Worksheet for Line 6 of the Schedule D Tax Worksheet (Line 9 Tax)* under *Using the Schedule D Tax Worksheet for line 9 tax*, earlier. Subtract line 6 of that worksheet from line 2 of that worksheet, and enter the result on line 6 of this worksheet.

- 6) On line 7, enter zero if the child has no unrecaptured section 1250 gain (line 19 of Schedule D). Otherwise, in the earlier discussion for line 9 of Form 8615, see the *Worksheet for Line 7 of the Schedule D Tax Worksheet (Line 9 Tax)*. Subtract line 5 of that worksheet from line 1 of that worksheet and enter the result on line 7 of this worksheet.
- 7) Complete lines 8 through 37, following the worksheet instructions. Use the child's filing status to complete lines 11, 15, and 36. If you need to complete line 17, enter zero if the child has no qualified 5-year gain (line 7 of the *Qualified 5-Year Gain Worksheet* in the Schedule D instructions). Otherwise, in the earlier discussion for line 9 of Form 8615, see the *Worksheet for Line 17 of the Schedule D Tax Worksheet (Line 9 Tax)*. Subtract line 5 of that worksheet from line 1 of that worksheet and enter the result on line 17 of this worksheet.

Enter the amount from line 37 of this *Schedule D Tax Worksheet* on line 15 of Form 8615 and check the box on that line.

**Using Schedule J for line 15 tax.** If Schedule J applies, use it as a worksheet to figure the tax to enter on line 15 of Form 8615. On line 1 of this worksheet, enter the amount from line 14 of Form 8615. Complete lines 2 through 22 following the Schedule J instructions. Use the child's filing status to complete lines 4, 8, 12, and 16.

Enter the amount from line 22 of this worksheet Schedule J on line 15 of Form 8615 and check the box on that line. Do not attach this worksheet to the child's return.

# Publication 936

Table 1. **Worksheet To Figure Your Qualified Loan Limit and Deductible Home Mortgage Interest For the Current Year**  
*(Keep for your records.) See the Table 1 Instructions.*

Part I Qualified Loan Limit		
1. Enter the average balance of all your grandfathered debt. See line 1 instructions . . . . .	1.	
2. Enter the average balance of all your home acquisition debt. See line 2 instructions . . . . .	2.	
3. Enter \$1,000,000 (\$500,000 if married filing separately) . . . . .	3.	
4. Enter the <b>larger</b> of the amount on line 1 or the amount on line 3 . . . . .	4.	
5. Add the amounts on lines 1 and 2. Enter the total here . . . . .	5.	
6. Enter the <b>smaller</b> of the amount on line 4 or the amount on line 5 . . . . .	6.	
7. Enter \$100,000 (\$50,000 if married filing separately). See the line 7 instructions for a limit that may apply . . . . .	7.	
8. Add the amounts on lines 6 and 7. Enter the total. This is your qualified loan limit. . . . .	8.	
Part II Deductible Home Mortgage Interest		
9. Enter the total of the average balances of all mortgages on all qualified homes. See line 9 instructions . . . . .	9.	
<ul style="list-style-type: none"> <li>• If line 8 is less than line 9, Go on to line 10.</li> <li>• If line 8 is equal to or more than line 9, <b>STOP HERE</b>. All of your interest on all the mortgages included on line 9 is deductible as home mortgage interest on Schedule A (Form 1040)</li> </ul>		
10. Enter the total amount of interest that you paid. See line 10 instructions . . . . .	10.	
11. Divide the amount on line 8 by the amount on line 9. Enter the result as a decimal amount (rounded to three places) . . . . .	11.	× .
12. Multiply the amount on line 10 by the decimal amount on line 11. Enter the result. This is your <b>deductible home mortgage interest</b> . Enter this amount on Schedule A (Form 1040) . . . . .	12.	
13. Subtract the amount on line 12 from the amount on line 10. Enter the result. This is <b>not</b> home mortgage interest. See line 13 instructions . . . . .	13.	

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# Publication 946

## Depreciation Worksheet for Passenger Automobiles

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### Part I

1. Description of property . . . . . \_\_\_\_\_
  2. Date placed in service . . . . . \_\_\_\_\_
  3. MACRS system (GDS or ADS) . . . . . \_\_\_\_\_
  4. Recovery period . . . . . \_\_\_\_\_
  5. Method and convention . . . . . \_\_\_\_\_
  6. Depreciation rate (from tables) . . . . . \_\_\_\_\_
  
  7. Maximum depreciation deduction for this year from the appropriate table . . . \_\_\_\_\_
  8. Business/investment-use percentage . . . . . \_\_\_\_\_
  9. Multiply line 7 by line 8. This is your adjusted maximum depreciation deduction . . . . . \_\_\_\_\_
  10. Section 179 deduction claimed this year. Enter -0- if this is not the year you placed the car in service. . . . . \_\_\_\_\_
  11. Special depreciation allowance claimed this year. Enter -0- if this is not the year you placed the car in service. . . . . \_\_\_\_\_
- 
12. Add lines 10 and 11 (not more than line 9). This is your combined section 179 and depreciation deduction. . . . . \_\_\_\_\_
- 

**Note.**

- 1) If line 12 is equal to line 9, stop here. Your combined section 179 and depreciation deduction is limited to the amount on line 9.
  - 2) If line 12 is less than line 9, complete Part II.
- 

### Part II

13. Subtract line 12 from line 9. This is the limit on the amount you can deduct for depreciation . . . . . \_\_\_\_\_
  14. Cost or other basis (reduced by any section 179A deduction<sup>1</sup> or credit for electric vehicles<sup>2</sup>) . . . . . \_\_\_\_\_
  15. Multiply line 14 by line 8. This is your business/investment cost . . . . . \_\_\_\_\_
  16. Subtract line 12 from line 15. This is your unadjusted basis . . . . . \_\_\_\_\_
  17. Multiply line 16 by line 6. This is your tentative depreciation deduction . . . . . \_\_\_\_\_
  18. Enter the lesser of line 13 or line 17. This is your depreciation deduction . . . . . \_\_\_\_\_
- 

<sup>1</sup>The section 179A deduction is for clean-fuel vehicles or clean-fuel vehicle refueling property. When figuring the amount to enter on line 12, do not reduce your cost or other basis by any section 179 deduction you claimed for your car.

<sup>2</sup>Reduce the basis by the lesser of \$4,000 or 10% of the cost of the vehicle even if the credit is less than that amount.

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# Publication 972

## Child Tax Credit Worksheet

Keep for Your Records

### Before you begin:

If you are a Form 1040 filer, you will need the following forms if you are filing them.

- ✓ Form 2555, Foreign Earned Income
- ✓ Form 2555-EZ, Foreign Earned Income Exclusion
- ✓ Form 4563, Exclusion of Income for Bona Fide Residents of American Samoa



### Part 1

1. Number of qualifying children: \_\_\_\_\_ × \$600. Enter the result. 

1	
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2. Enter the amount from Form 1040, line 36, or Form 1040A, line 22. 

2	
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3. **1040 Filers.** Enter the total of any—  
• Exclusion of income from Puerto Rico, and  
• Amounts from Form 2555, lines 43 and 48; Form 2555-EZ, line 18; and Form 4563, line 15.  
**1040A Filers.** Enter -0-.

3	
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4. Add lines 2 and 3. Enter the total. 

4	
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5. Enter the amount shown below for your filing status.  
• Married filing jointly - \$110,000  
• Single, head of household, or qualifying widow(er) - \$75,000  
• Married filing separately - \$55,000

5	
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6. Is the amount on line 4 more than the amount on line 5?  
 **No.** Leave line 6 blank. Enter -0- on line 7.  
 **Yes.** Subtract line 5 from line 4.  
If the result is not a multiple of \$1,000, increase it to the next multiple of \$1,000 (for example, increase \$425 to \$1,000, increase \$1,025 to \$2,000, etc.).

6	
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7. Multiply the amount on line 6 by 5% (.05). Enter the result. 

7	
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8. Is the amount on line 1 more than the amount on line 7?  
 **No.** You cannot take the child tax credit on Form 1040, line 50, or Form 1040A, line 33. You also cannot take the additional child tax credit on Form 1040, line 66, or Form 1040A, line 42. Complete the rest of your Form 1040 or 1040A.  
 **Yes.** Subtract line 7 from line 1. Enter the result. 

8	
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*Go to Part 2 on the next page.*

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**Part 2**

9. Enter the amount from Form 1040, line 44, or Form 1040A, line 28.

<b>9</b>	
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10. Add the amounts from—

<u>Form 1040</u>	or	<u>Form 1040A</u>	
Line 45			_____
Line 46	Line 29	+	_____
Line 47	Line 30	+	_____
Line 48	Line 31	+	_____
Line 49	Line 32	+	_____

Enter the total.

<b>10</b>	
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11. Are you claiming any of the following credits?

- Adoption credit, Form 8839
- Mortgage interest credit, Form 8396
- District of Columbia first-time homebuyer credit, Form 8859

**No.** Enter the amount from line 10.

**Yes.** Complete the *Line 11 Worksheet* on the next page to figure the amount to enter here.

<b>11</b>	
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12. Subtract line 11 from line 9. Enter the result.

<b>12</b>	
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13. Is the amount on line 8 of this worksheet more than the amount on line 12?

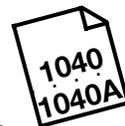
**No.** Enter the amount from line 8.

**Yes.** Enter the amount from line 12. See the **TIP** below.

**This is your child tax credit.**

<b>13</b>	
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*Enter this amount on Form 1040, line 50, or Form 1040A, line 33.*



You may be able to take the **additional child tax credit** on Form 1040, line 66, or Form 1040A, line 42, only if you answered “Yes” on line 13.

- First, complete your Form 1040 through line 65, or Form 1040A through line 41.
- Then, use Form 8812 to figure any additional child tax credit.

**Before you begin:** ✓ Complete the *Taxable Earned Income Worksheet* on page 7 or 8 that applies to you.



Use this worksheet only if you answered “Yes” on line 11 of the *Child Tax Credit Worksheet* on page 4.

1. Enter the amount from line 8 of the <i>Child Tax Credit Worksheet</i> on page 3.	1	
2. Enter your taxable earned income from the worksheet on page 7 or 8 that applies to you.	2	
3. Is the amount on line 2 more than \$10,350? <input type="checkbox"/> <b>No.</b> Leave line 3 blank, enter -0- on line 4, and go to line 5. <input type="checkbox"/> <b>Yes.</b> Subtract \$10,350 from the amount on line 2. Enter the result.	3	
4. Multiply the amount on line 3 by 10% (.10) and enter the result.	4	
5. Is the amount on line 1 of the <i>Child Tax Credit Worksheet</i> on page 3 \$1,800 or more? <input type="checkbox"/> <b>No.</b> If line 4 above is zero, <b>stop.</b> Do not complete the rest of this worksheet. Instead, go back to the <i>Child Tax Credit Worksheet</i> on page 4 and do the following. Enter the amount from line 10 on line 11 and complete lines 12 and 13. Otherwise, leave lines 6 through 9 blank, enter -0- on line 10, and go to line 11 on the next page. <input type="checkbox"/> <b>Yes.</b> If line 4 above is equal to or more than line 1 above, leave lines 6 through 9 blank, enter -0- on line 10, and go to line 11 on the next page. Otherwise, see 1040 Filers and 1040A Filers on page 6 and then go to line 6.		
6. Enter the total of the following amounts from Form(s) W-2: <ul style="list-style-type: none"> <li>• Social security taxes from box 4, and</li> <li>• Medicare taxes from box 6.</li> </ul> Railroad employees, see the bottom of page 6.	6	
7. <b>1040 Filers.</b> Enter the total of any— <ul style="list-style-type: none"> <li>• Amounts from Form 1040, lines 29 and 57, and</li> <li>• Uncollected social security and Medicare or RRTA taxes shown in box 12 of your Form(s) W-2 with codes A, B, M, and N.</li> </ul> <b>1040A Filers.</b> Enter -0-.	7	
8. Add lines 6 and 7. Enter the total.	8	
9. <b>1040 Filers.</b> Enter the total of the amounts from Form 1040, lines 64 and 65. <b>1040A Filers.</b> Enter the total of any— <ul style="list-style-type: none"> <li>• Amount from Form 1040A, line 41, and</li> <li>• Excess social security and RRTA taxes withheld that you entered to the left of Form 1040A, line 43.</li> </ul>	9	
10. Subtract line 9 from line 8. If the result is zero or less, enter -0-. Go to line 11 on the next page.	10	

If married filing jointly, include your spouse's amounts with yours when completing lines 6 and 7.

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11. Enter the **larger** of line 4 or line 10.

<b>11</b>	
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12. Is the amount on line 11 of this worksheet more than the amount on line 1?

**No.** Subtract line 11 from line 1. Enter the result.

**Yes.** Enter -0-.

<b>12</b>	
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**Next**, figure the amount of any of the following credits that you are claiming. Use the amount from line 12 above when you are asked to enter the amount from Form 1040, line 50, or Form 1040A, line 33.

- Adoption credit, Form 8839
- Mortgage interest credit, Form 8396
- District of Columbia first-time homebuyer credit, Form 8859

*Then, go to line 13.*

13. Enter the total of the amounts from—

- Form 8839, line 14, and
- Form 8396, line 11, and
- Form 8859, line 11.

<b>13</b>	
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14. Enter the amount from line 10 of the *Child Tax Credit Worksheet* on page 4.

<b>14</b>	
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15. Add lines 13 and 14. Enter the total.

<b>15</b>	
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*Enter this amount on line 11 of the Child Tax Credit Worksheet on page 4.*

**1040 Filers.** Complete lines 57, 64, and 65 of your return if they apply to you.

**1040A Filers.** Complete line 41 of your return if it applies to you. If you, or your spouse if filing jointly, had more than one employer for 2002 and total wages of over \$84,900, figure any excess social security and railroad retirement (RRTA) taxes withheld. See the instructions for Form 1040A, line 43.

**Railroad Employees.** Include the following taxes in the total on line 6 of the *Line 11 Worksheet*.

- ✓ Tier 1 tax withheld from your pay.  
This tax should be shown in box 14 of your Form(s) W-2 and identified as "Tier 1 tax."
- ✓ If you were an employee representative, 50% of the total Tier 1 tax and Tier 1 Medicare tax you paid for 2002.