



Publication 918

Cat. No. 63464E

Drafts of Worksheets in IRS Publications

For use in preparing

2003 Returns

(July 2003)

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.

Contents

Introduction	2
Publication 503	
Worksheet 1. Worksheet for 2002 Expenses Paid in 2003	3
Publication 523	
Worksheet 1. Adjusted Basis of Home Sold	4
Worksheet 2. Gain (or Loss), Exclusion, and Taxable Gain	5
Worksheet 3. Reduced Maximum Exclusion	6
Publication 527	
Table 2. Worksheet for Figuring the Limit on Rental Deductions for a Dwelling Unit Used as a Home	7
Publication 535	
Worksheet 7–A. Self-Employed Health Insurance Deduction Worksheet	8
Publication 560	
Rate Worksheet for Self-Employed	9
Rate Table for Self-Employed	9
Deduction Worksheet for Self-Employed	10
Publication 571	
Worksheet 1. Maximum Amount Contributable (MAC)	11
Worksheet A. Cost of Incidental Life Insurance	12
Worksheet B. Includible Compensation for Your Most Recent Year of Service	12
Worksheet C. Limit on Catch-Up Contributions	13
Publication 587	
Worksheet To Figure the Deduction for Business Use of Your Home	14
Publication 590	
Worksheet 1–2. Figuring Your Reduced IRA Deduction for 2003	15
Worksheet 1–3. Figuring the Taxable Part of Your IRA Distribution	16
Appendix B	
Worksheet 1. Computation of Modified AGI	17
Worksheet 2. Computation of Traditional IRA Deduction	18
Worksheet 3. Computation of Taxable Social Security Benefits	19
Publication 596	
Worksheet 1. Investment Income If You Are Filing Form 1040	20

Publication 721	
Worksheet A. Simplified Method Worksheet (Also in Publication 575)	21
Worksheet B. Lump-Sum Payment	22
Worksheet C. Limited Taxable Amount for Nonresident Alien	22
Worksheet D. Lump-Sum Payment at End of Survivor Annuity	23
Worksheet E. Lump-Sum Payment to Estate or Other Beneficiary	23
Publication 915	
Worksheet 1. Figuring Your Taxable Benefits	24
Worksheet 2. Figure Your Additional Taxable Benefits (From a Lump-Sum Payment for a Year After 1993)	25
Worksheet 3. Figure Your Additional Taxable Benefits (From a Lump-Sum Payment for a Year Before 1994)	26
Worksheet 4. Figure Your Taxable Benefits Under the Lump-Sum Election Method	27
Publication 929	
Worksheets and Instructions for use in Preparing Form 8814	28
Worksheets and Instructions for use in Preparing Form 8615	28
Publication 936	
Table 1. Worksheet To Figure Your Qualified Loan Limit and Deductible	

Home Mortgage Interest for the Current Year	29
--	----

Publication 946	
Depreciation Worksheet for Passenger Automobiles	30

Publication 970	
Coverdell ESA — Taxable Withdrawals and Basis	31

Publication 972	
Child Tax Credit Worksheet	33

Introduction

This publication contains draft worksheets from IRS taxpayer information publications (TIPs) for tax year 2003. 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, 2003 (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 2002 Expenses Paid in 2003

(Note: Use this worksheet to figure the credit you may claim for 2002 expenses paid in 2003.)

1. Enter your 2002 qualified expenses paid in 2002 1. _____
2. Enter your 2002 qualified expenses paid in 2003 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 2002 and excluded from your income (from line 20 of 2002 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 2002 and your spouse's earned income for 2002 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 2002 (from line 6 of 2002 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 2002 adjusted gross income (from line 35 of your 2002 Form 1040 or line 21 of your 2002 Form 1040A) 11. _____
12. Find your 2002 adjusted gross income in the 2002 table of percentages shown below and enter the corresponding decimal amount here 12. _____

<u>Over</u>	<u>IF your adjusted gross income is:</u> <u>But not over</u>	<u>THEN the</u> <u>percentage is:</u>
\$ 0	\$10,000	30%
10,000	12,000	29%
12,000	14,000	28%
14,000	16,000	27%
16,000	18,000	26%
18,000	20,000	25%
20,000	22,000	24%
22,000	24,000	23%
24,000	26,000	22%
26,000	28,000	21%
28,000	No limit	20%

13. Multiply line 10 by line 12. Add this amount to your 2003 credit and enter the total on line 9 of your 2003 Form 2441 or Schedule 2 (Form 1040A). Write the following on the dotted line next to line 9 of Form 2441 or in the space to the left of line 9 on Schedule 2 (Form 1040A):

- "CPYE"
- The amount of this credit for a prior year's expenses
- 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 Worksheet 1 Instructions *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 for home bought after 1990. (See <i>Seller-paid points</i> .) 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 <i>Settlement fees or closing costs</i> . If line 1 includes the adjusted basis of the new home from Form 2119, go to line 6. | | |
| a. | Abstract and recording fees | 4a. | _____ |
| b. | Legal fees (including title search and preparing documents) | 4b. | _____ |
| c. | Surveys | 4c. | _____ |
| d. | Title insurance | 4d. | _____ |
| e. | Transfer or stamp taxes | 4e. | _____ |
| f. | Amounts that the seller owed that you agreed to pay (back taxes or interest, recording or mortgage fees, and sales commissions) | 4f. | _____ |
| g. | Other | 4g. | _____ |
| 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 | 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 <i>Decreases to basis</i> .) | 11. | _____ |
| 12. | Add lines 10 and 11 | 12. | _____ |
| 13. | ADJUSTED BASIS OF HOME SOLD. Subtract line 12 from line 9. Enter here and on <i>Worksheet 2</i> , line 4 | 13. | _____ |

Publication 523

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

Part 1 – Gain (or Loss) on Sale	
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 gain (or loss) on the sale. If this is a loss, stop here	5. _____
Part 2 – Exclusion and Taxable Gain	
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 Exclusion</i> earlier.) 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. If the amount on line 6 is more than zero, complete line 11	10. _____
11. Enter the smaller of line 6 or line 10. Enter this amount on line 12 of 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
Caution:	Complete this worksheet only if you qualify for a reduced maximum exclusion. (See Reduced Maximum Exclusion earlier.) Complete column (B) only if you are married filing a joint return.		
1.	Maximum amount	1. \$250,000.00	\$250,000.00
2a.	Enter the number of days (or months) 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))	2a.	_____
b.	Enter the number of days (or months) 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.	_____
c.	Enter the smaller of line 2a or 2b	c.	_____
3.	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? NO. Skip line 3 and enter the number of days (or months) from line 2c on line 4. YES. Enter the number of days (or months) between the date of the most recent sale of another home on which you excluded gain and the date of sale of this home	3.	_____
4.	Enter the smaller of line 2c or 3	4.	_____
5.	Divide the amount on line 4 by 730 days (or 24 months). Enter the result as a decimal (rounded to at least 3 places). But do not enter an amount greater than 1.000	5.	_____
6.	Multiply the amount on line 1 by the decimal amount on line 5	6.	_____
7.	Add the amounts in columns (A) and (B) of line 6. This is your reduced maximum exclusion . Enter it here and on <i>Worksheet 2</i> , line 8	7.	_____

Publication 527

Table 2. **Worksheet for Figuring the Limit on Rental Deductions for a Dwelling Unit Used as a Home**

Use this worksheet only if you answer "yes" to all of the following questions.

- Did you use the dwelling unit as a home this year? (See *Dwelling Unit Used as Home*.)
- Did you rent the dwelling unit 15 days or more this year?
- Is the total of your rental expenses and depreciation more than your rental income?

1. Enter rents received		_____
2a. Enter the rental portion of deductible home mortgage interest (see instructions)		_____
b. Enter the rental portion of real estate taxes		_____
c. Enter the rental portion of deductible casualty and theft losses (see instructions)		_____
d. Enter direct rental expenses (see instructions)		_____
e. Fully deductible rental expenses. Add lines 2a–2d		_____
3. Subtract line 2e from line 1. If zero or less, enter zero		_____
4a. Enter the rental portion of expenses directly related to operating or maintaining the dwelling unit (such as repairs, insurance, and utilities)		_____
b. Enter the rental portion of excess mortgage interest (see instructions)		_____
c. Add lines 4a and 4b		_____
d. Allowable operating expenses. Enter the smaller of line 3 or line 4c		_____
5. Subtract line 4d from line 3. If zero or less, enter zero		_____
6a. Enter the rental portion of excess casualty and theft losses (see instructions)		_____
b. Enter the rental portion of depreciation of the dwelling unit		_____
c. Add lines 6a and 6b		_____
d. Allowable excess casualty and theft losses and depreciation. Enter the smaller of line 5 or line 6c		_____
7a. Operating expenses to be carried over to next year. Subtract line 4d from line 4c		_____
b. Excess casualty and theft losses and depreciation to be carried over to next year. Subtract line 6d from line 6c		_____

Enter the amounts on **lines 2e, 4d, and 6d** on the appropriate lines of Schedule E (Form 1040), Part I.

Worksheet Instructions

Follow these instructions for the worksheet above. If you were unable to deduct all your expenses last year, because of the rental income limit, add these unused amounts to your expenses for this year.

Line 2a. Figure the mortgage interest on the dwelling unit that you could deduct on Schedule A (Form 1040) if you had not rented the unit. **Do not** include interest on a loan that did not benefit the dwelling unit. For example, **do not** include interest on a home equity loan used to pay off credit cards or other personal loans, buy a car, or pay college tuition. Include interest on a loan used to buy, build, or improve the dwelling unit, or to refinance such a loan. Enter the rental portion of this interest on line 2a of the worksheet.

Line 2c. Figure the casualty and theft losses related to the dwelling unit that you could deduct on Schedule A (Form 1040) if you had not rented the dwelling unit. To do this, complete Section A of Form 4684, *Casualties and Thefts*, treating the losses as personal losses. On line 17 of Form 4684, enter 10%

of your adjusted gross income figured **without** your rental income and expenses from the dwelling unit. Enter the rental portion of the result from line 18 of Form 4684 on line 2c of this worksheet.

Note. **Do not** file this Form 4684 or use it to figure your personal losses on Schedule A. Instead, figure the personal portion on a separate Form 4684.

Line 2d. Enter the total of your rental expenses that are directly related only to the rental activity. These include interest on loans used for rental activities other than to buy, build, or improve the dwelling unit. Also include rental agency fees, advertising, office supplies, and depreciation on office equipment used in your rental activity.

Line 4b. On line 2a, you entered the rental portion of the mortgage interest you could deduct on Schedule A if you had not rented the dwelling unit. Enter on line 4b of this worksheet the rental portion of the mortgage interest you could not deduct on Schedule A because it is **more than** the limit on home

mortgage interest. **Do not** include interest on a loan that did not benefit the dwelling unit (as explained in the line 2a instructions).

Line 6a. To find the rental portion of excess casualty and theft losses, use the Form 4684 you prepared for line 2c of this worksheet.

A. Enter the amount from line 10 of Form 4684 _____

B. Enter the rental portion of **A** _____

C. Enter the amount from line 2c of this worksheet _____

D. Subtract **C** from **B**. Enter the result here and on line 6a of this worksheet _____

Allocating the limited deduction. If you cannot deduct all of the amount on line 4c or 6c this year, you can allocate the allowable deduction in any way you wish among the expenses included on line 4c or 6c. Enter the amount you allocate to each expense on the appropriate line of Schedule E, Part I.

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. (**Do not include** payments for any month you were eligible to participate in a health plan subsidized by your or your spouse's employer or any amount you claim on line 11 of Form 8885. 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 **smaller** 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.)

\$250— if that person is age 40 or younger

\$470— if age 41 to 50

\$940— if age 51 to 60

\$2,510— if age 61 to 70

\$3,130— if age 71 or older

(**Do not include** 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. 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 11.) 4. _____

5. 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). (**Do not include** any net losses shown on these schedules.) 5. _____

6. Divide line 4 by line 5 6. _____

7. Multiply Form 1040, line 29, by the percentage on line 6 7. _____

8. Subtract line 7 from line 4 8. _____

9. Enter the amount, if any, from Form 1040, line 31, attributable to the same trade or business in which the insurance plan is established 9. _____

10. Subtract line 9 from line 8 10. _____

11. Enter your wages from an S corporation in which you are a more-than-2% shareholder and in which the insurance plan is established 11. _____

12. Enter the amount from Form 2555, line 43, attributable to the amount entered on line 4 or 11 above, or the amount from Form 2555–EZ, line 18, attributable to the amount entered on line 11 above 12. _____

13. Subtract line 12 from line 10 or 11, whichever applies 13. _____

14. Compare the amounts on lines 3 and 13 above. Enter the **smaller** of the two amounts here and on Form 1040, line 30. (**Do not include** this amount when figuring a medical expense deduction on Schedule A (Form 1040).) 14. _____

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

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 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)	_____
	*General partners should reduce this amount by the same additional expenses subtracted from line 15a to determine the amount on line 1 or 2 of Schedule SE	
Step 2	Enter your deduction for self-employment tax from line 28, Form 1040	_____
Step 3	Net earnings from self-employment. Subtract step 2 from step 1	_____
Step 4	Enter your rate from the <i>Rate Table for Self-Employed or Rate Worksheet for Self-Employed</i>	_____
Step 5	Multiply step 3 by step 4	_____
Step 6	Multiply \$200,000 by your plan contribution rate (not the reduced rate)	_____
Step 7	Enter the smaller of step 5 or step 6	_____
Step 8	Contribution dollar limit	<u>\$40,000</u>
	<ul style="list-style-type: none">• If you made any elective deferrals, go to step 9.• Otherwise, skip steps 9 through 18 and enter the smaller of step 7 or step 8 on step 19.	
Step 9	Enter your allowable elective deferrals made during 2003. Do not enter more than \$12,000	_____
Step 10	Subtract step 9 from step 8	_____
Step 11	Subtract step 9 from step 3	_____
Step 12	Enter one-half of step 11	_____
Step 13	Enter the smallest of step 7, 10, or 12	_____
Step 14	Subtract step 13 from step 3	_____
Step 15	Enter the smaller of step 9 or step 14	_____
	<ul style="list-style-type: none">• If you made catch-up contributions, go to step 16.• Otherwise, skip steps 16 through 18 and go to step 19.	
Step 16	Subtract step 15 from step 14	_____
Step 17	Enter your catch-up contributions, if any. Do not enter more than \$2,000	_____
Step 18	Enter the smaller of step 16 or step 17	_____
Step 19	Add steps 13, 15, and 18. This is your maximum deductible contribution	_____
	Next: Enter your deduction on line 30, Form 1040.	

Publication 571

Worksheet 1. Maximum Amount Contributable (MAC)

Note. Use this worksheet to figure your MAC

Part I. Limit on Annual Additions			
1.	Enter your includible compensation for your most recent year of service	1.	_____
2.	Maximum	2.	\$40,000
3.	Enter the lesser of line 1 or line 2. This is your limit on annual additions	3.	_____
<p>Caution: If you had only nonelective contributions, skip Part II and enter the amount from line 3 on line 16.</p>			
Part II. Limit on Elective Deferrals			
4.	Maximum contribution		
	• For 2003, enter \$12,000		
	• For 2004, enter \$13,000	4.	_____
<p>Note. If you have at least 15 years of service with a qualifying organization, complete lines 5 through 15. If not, enter zero (-0-) on line 14 and go to line 15.</p>			
5.	Amount per year of service	5.	\$ 5,000
6.	Enter your years of service	6.	_____
7.	Multiply line 5 by line 6	7.	_____
8.	Enter the total of all elective deferrals for prior years made for you by qualifying organizations	8.	_____
9.	Subtract line 8 from line 7. If zero or less, enter zero (-0-)	9.	_____
10.	Maximum increase in limit for long service	10.	\$15,000
11.	Enter all prior year increases in the limit for long service	11.	_____
12.	Subtract line 11 from line 10	12.	_____
13.	Maximum additional contributions	13.	\$ 3,000
14.	Enter the least of lines 9, 12, or 13. This is your increase in the limit for long service . .	14.	_____
15.	Add lines 4 and 14. This is your limit on elective deferrals	15.	_____
Part III. Maximum Amount Contributable			
16.	<ul style="list-style-type: none"> • If you had only nonelective contributions, enter the amount from line 3. This is your MAC. • If you had only elective deferrals, enter the lesser of lines 3 or 15. This is your MAC. • If you had both elective deferrals and nonelective contributions, enter the amount from line 3. This is your MAC. (Use the amount on line 15 to determine if you have excess elective deferrals as explained in chapter 7.) 	16.	_____

Publication 571

Worksheet A. Cost of Incidental 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 cost of your incidental life insurance	7.	_____

Publication 571

Worksheet B. 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 (a nonqualified plan of a state or local government or of a tax-exempt organization) 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 both : <ul style="list-style-type: none">• Earned during your most recent year of service, and• Earned while your employer was not qualified to maintain a 403(b) plan	9.	_____
10.	Add lines 8 and 9	10.	_____
11.	Subtract line 10 from line 7. This is your includible compensation for your most recent year of service	11.	_____

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

Publication 571

Worksheet C. Limit on Catch-Up Contributions

Note: If you will be age 50 or older by the end of the year, use this worksheet to figure your limit on catch-up contributions.

1.	Maximum catch-up contributions		
	• For 2003, enter \$2,000		
	• For 2004, enter \$3,000	1.	_____
2.	Enter your includible compensation for your most recent year of service	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 limit on catch-up contributions	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)
Direct
Expenses | (b)
Indirect
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 smaller 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 smaller 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

Worksheet 1–2. Figuring Your Reduced IRA Deduction for 2003

(Use only if you or your spouse is covered by an employer plan and your modified AGI falls between the two amounts shown below for your coverage situation and filing status.)

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 covered by an employer plan	single or head of household	\$40,000	\$50,000
	married filing jointly or qualifying widow(er)	\$60,000	\$70,000
	married filing separately	\$0	\$10,000
are not covered by an employer plan, but your spouse is covered	married filing jointly	\$150,000	\$160,000
	married filing separately	\$0	\$10,000

1. Enter applicable amount from table above **1.** _____

2. Enter your **modified AGI** (that of both spouses, if married filing jointly) **2.** _____
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 **3.** _____

4. Multiply line 3 by 30% (.30) (by 35% (.35) if age 50 or older). 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 **4.** _____

5. Enter your compensation minus any deductions on Form 1040, line 28 (one-half of self-employment tax) and line 30 (self-employed SEP, SIMPLE, and qualified plans). 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 **5.** _____

6. Enter contributions made, or to be made, to your IRA for 2003 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. **6.** _____

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 **7.** _____

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 **8.** _____

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

Use only if you made contributions to a traditional IRA for 2003 and have to figure the taxable part of your 2003 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, 2003, 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 December 31, 2002	1.	_____
2. Enter the total of all contributions made to your traditional IRAs during 2003 and all contributions made during 2004 that were for 2003, whether or not deductible . 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.	2.	_____
3. Add lines 1 and 2.	3.	_____
4. Enter the value of all your traditional IRA(s) as of December 31, 2003 (include any outstanding rollovers from traditional IRAs to other traditional IRAs)	4.	_____
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 2003. (Do not include outstanding rollovers included on line 4 or any rollovers between traditional IRAs completed by December 31, 2003. Also, do not include certain returned contributions described in the instructions for line 7, Part I, of Form 8606.)	5.	_____
6. Add lines 4 and 5.	6.	_____
7. Divide line 3 by line 6. Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000	7.	_____
8. Nontaxable portion of the distribution. Multiply line 5 by line 7. Enter the result here and on lines 13 and 17 of Form 8606	8.	_____
9. Taxable portion of the distribution (before adjustment for conversions). Subtract line 8 from line 5. Enter the result here and if there are no amounts converted to Roth IRAs, stop here and enter the result on line 15 of Form 8606.	9.	_____
10. Enter the amount included on line 9 that is allocable to amounts converted to Roth IRAs by December 31, 2003. (See <i>Note</i> at the end of this worksheet.) Enter here and on line 18 of Form 8606.	10.	_____
11. Taxable portion of the distribution (after adjustments for conversions). Subtract line 10 from line 9. Enter the result here and on line 15 of Form 8606	11.	_____

Note. *If the amount on line 5 of this worksheet includes an amount converted to a Roth IRA by December 31, 2003, 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 jointly
- 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) **1.** _____
2. Enter the amount in box 5 of all Forms SSA-1099 and Forms RRB-1099 **2.** _____
3. Enter one-half of line 2 **3.** _____
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 **4.** _____
5. Enter the amount of any tax-exempt interest reported on line 8b of Form 1040 or 1040A **5.** _____
6. Add lines 1, 3, 4, and 5 **6.** _____
7. Enter the amount listed below for your filing status.
 - **\$32,000** if you checked box **A** above
 - **\$25,000** if you checked box **B** above
 - **\$0** if you checked box **C** above. **7.** _____
8. Subtract line 7 from line 6. If zero or less, enter 0 on this line **8.** _____
9. If line 8 is zero, **stop here**. None of your social security benefits are taxable. If line 8 is more than 0, enter the amount listed below for your filing status.
 - **\$12,000** if you checked box **A** above
 - **\$9,000** if you checked box **B** above
 - **\$0** if you checked box **C** above **9.** _____
10. Subtract line 9 from line 8. If zero or less, enter 0 **10.** _____
11. Enter the smaller of line 8 or line 9 **11.** _____
12. Enter one half of line 11 **12.** _____
13. Enter the smaller of line 3 or line 12 **13.** _____
14. Multiply line 10 by .85. If line 10 is zero, enter 0 **14.** _____
15. Add lines 13 and 14 **15.** _____
16. Multiply line 2 by .85. **16.** _____
17. **Taxable benefits** to be included in modified AGI for traditional IRA deduction purposes. Enter the smaller of line 15 or line 16 **17.** _____
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 **18.** _____
19. **Modified AGI** for determining your reduced traditional IRA deduction — add lines 1, 17, and 18. Enter here and on line 2 of Worksheet 2, next **19.** _____

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 filing jointly AND		
•you are covered by a retirement plan at work, or	\$60,000*	\$70,000
•you are not covered by an employer plan but your spouse is	\$150,000*	\$160,000
single, or head of household	\$40,000*	\$50,000
married filing separately**	\$ 0*	\$10,000
qualifying widower(er)	\$60,000*	\$70,000
<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, proceed to Worksheet 3, and enter your IRA deduction on line 2 of 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>Note: <i>If you were married and you or your spouse worked and you both contributed to IRAs, figure the deduction for each of you separately.</i></p>		
1. Enter the applicable amount from above	1.	
2. Enter your modified AGI from Worksheet 1, line 19	2.	
Note: <i>If line 2 is equal to or more than the amount on line 1, stop here; your traditional IRA contributions are not deductible. Proceed to Worksheet 3.</i>		
3. Subtract line 2 from line 1	3.	
4. Multiply line 3 by 30% (.30) (by 35% (.35) if age 50 or older). 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.	4.	
5. Enter your compensation minus any deductions on Form 1040, line 29 (one-half of self-employment tax) and line 31 (self-employed SEP, SIMPLE, and qualified plans). (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.)	5.	
6. Enter contributions you made, or plan to make, to your traditional IRA for 2003, but do not enter more than \$3,000 (\$3,500 if 50 or older)	6.	
7. Deduction. 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.)	7.	
8. Nondeductible contributions. 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>	8.	

APPENDIX B. (Continued)

Worksheet 3

Computation of Taxable Social Security Benefits

(For use by taxpayers who receive social security benefits and take a traditional IRA deduction)

Filing Status — Check only one box:

- A.** Married filing jointly
- 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 (<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)	1.	_____
2. Deduction(s) from line 7 of Worksheet(s) 2.	2.	_____
3. Subtract line 2 from line 1	3.	_____
4. Enter amount in box 5 of all Forms SSA-1099 and Forms RRB-1099	4.	_____
5. Enter one half of line 4	5.	_____
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	6.	_____
7. Enter the amount of any tax-exempt interest reported on line 8b of Form 1040 or 1040A	7.	_____
8. Add lines 3, 5, 6, and 7	8.	_____
9. Enter the amount listed below for your filing status.		
• \$32,000 if you checked box A above.		
• \$25,000 if you checked box B above.		
• \$0 if you checked box C above.	9.	_____
10. Subtract line 9 from line 8. If zero or less, enter 0 on this line.	10.	_____
11. If line 10 is zero, stop here . None of your social security benefits are taxable. If line 10 is more than 0, enter the amount listed below for your filing status.		
• \$12,000 if you checked box A above.		
• \$9,000 if you checked box B above.		
• \$0 if you checked box C above.	11.	_____
12. Subtract line 11 from line 10. If zero or less, enter 0	12.	_____
13. Enter the smaller of line 10 or line 11	13.	_____
14. Enter one-half of line 13	14.	_____
15. Enter the smaller of line 5 or line 14	15.	_____
16. Multiply line 12 by .85. If line 12 is zero, enter 0	16.	_____
17. Add lines 15 and 16	17.	_____
18. Multiply line 4 by .85	18.	_____
19. Taxable social security benefits. Enter the smaller of line 17 or line 18	19.	_____

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 9a.	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 13a. 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 27, 29a (col. (h)), 34a (col. (d)), and 40). (See instructions below for lines 11 and 12.)	11. _____
12.	Enter the total of any losses from passive activities (included on Schedule E, lines 27, 29b (col. (g)), 34b (col. (c)), and 40). (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. This is your Investment Income.	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 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 payments 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	_____
Note. If your annuity starting date was before this year 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. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, enter the appropriate number from Table 2 below	_____
4. Divide line 2 by 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. Taxable annuity for year. 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. Balance of cost to be recovered. 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 or under	410
111–120	360
121–130	310
131–140	260
141 or older	210

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. Tax-free amount. 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. Taxable amount (net cost in the plan). 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. | _____ |

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. | _____ |

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. Taxable amount. Subtract line 4 from line 3. Enter the result, but not less than zero	5. _____

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. Taxable amount. 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, 9a, 10-13a,14, 15b, 16b, 17-19, and 21
Form 1040A: Lines 7, 8a, 8b, 9a, 10a, 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 30)
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 30)
 - 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 amount from Form 1040A, line 20, minus any amounts on lines 18 and 19. **Form 1040 filers:** Enter the amount from Form 1040, line 33, 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 2003) **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 2003, 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 2003) **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. _____
Note: 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 25 in 2002, or line 24 in 2001, or Form 1040A, line 18 in 2002 or line 17 in 2001)	
• Tuition and fees (Form 1040, line 26, or Form 1040A, line 19)	
• 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. _____
Note: 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 smaller of line 10 or line 11	13. _____
14. Enter one-half of line 13	14. _____
15. Enter the smaller 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. Refigured taxable benefits. Enter the smaller 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. Additional taxable benefits. 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 2003.

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. _____
Note: 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:	
• Qualified U.S. savings bond interest (Form 8815)	
• 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. _____
Note: 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. Refigured taxable benefits. Enter the smaller 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. Additional taxable benefits. Subtract line 13 from line 12. Also enter this amount on line 19 of Worksheet 4	14. _____
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 2003.	

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 2003, minus the lump-sum payment for years before 2003 | 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 2003, 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

Worksheets and Instructions for use in Preparing Form 8814

The worksheets and instructions for use in preparing Form 8814 have not been updated to reflect new legislation. As soon as they are updated, they will appear here.

Worksheets and Instructions for use in Preparing Form 8615

The worksheets and instructions for use in preparing Form 8615 have not been updated to reflect new legislation. As soon as they are updated, they will appear here.

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 larger 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 smaller 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"> • If line 8 is less than line 9, go on to line 10. • If line 8 is equal to or more than line 9, STOP HERE. All of your interest on all the mortgages included on line 9 is deductible as home mortgage interest on Schedule A (Form 1040). 		
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 deductible home mortgage interest . 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 not home mortgage interest. See line 13 instructions	13.	

Publication 946

Depreciation Worksheet for Passenger Automobiles

Part I

1. MACRS system (GDS or ADS) . . . _____
2. Property class _____
3. Date placed in service _____
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 (not more than line 9). Enter -0- if this is not the year you placed the car in service. _____

Note.

- 1) If line 10 is equal to line 9, stop here. Your combined section 179 and depreciation deduction (including your special depreciation allowance or Liberty Zone depreciation allowance) is limited to the amount on line 9.
- 2) If line 10 is less than line 9, complete Part II.

Part II

11. Subtract line 10 from line 9. This is the limit on the amount you can deduct for depreciation (including any special depreciation allowance or Liberty Zone depreciation allowance) _____
12. Cost or other basis (reduced by any section 179A deduction¹ or credit for electric vehicles²) _____
13. Multiply line 12 by line 8. This is your business/investment cost _____

14. Section 179 deduction claimed in year you placed the car in service _____
15. Subtract line 14 from line 13. This is your tentative basis for depreciation _____
16. Multiply line 15 by .30 if the 30% special depreciation allowance (or Liberty Zone depreciation allowance) applies. Multiply line 15 by .50 if the 50% special depreciation allowance applies. This is your special depreciation allowance (or Liberty Zone depreciation allowance). Enter -0- if this is not the year you placed the car in service, the car is not qualified property (or Liberty Zone property), or you elected not to claim a special depreciation allowance (or Liberty Zone depreciation allowance). _____

Note.

- 1) If line 16 is equal to line 11, stop here. Your depreciation deduction (including your special depreciation allowance or Liberty Zone depreciation allowance) is limited to the amount on line 11.
- 2) If line 16 is less than line 11, complete Part III.

Part III

17. Subtract line 16 from line 11. This is the limit on the amount you can deduct for MACRS depreciation . . . _____
18. Subtract line 16 from line 15. This is your basis for depreciation _____
19. Multiply line 18 by line 6. This is your tentative MACRS depreciation deduction _____
20. Enter the lesser of line 17 or line 19. This is your MACRS depreciation deduction _____

¹The 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.

²Reduce 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.

Publication 970

Coverdell ESA — Taxable Withdrawals and Basis

(Keep for your records)

How to complete this worksheet.

- Complete Part I, lines A through H, on only one worksheet.
- Complete a separate Part II, lines 1 through 15, for each of your Coverdell ESAs.
- Complete Part III, the Summary (line 16), on only one worksheet.

Part I. Qualified Education Expenses (Complete for total expenses)

A.	Enter your total qualified education expenses for 2003	A.	_____
B.	Enter those qualified education expenses paid for with tax-free education benefits (for example, scholarships excluded from income, veterans' educational benefits, Pell grants, employer-provided educational assistance)	B.	_____
C.	Enter those qualified higher education expenses deducted on Schedule C or C-EZ (Form 1040), Schedule F (Form 1040), or as a miscellaneous itemized deduction on Schedule A (Form 1040)	C.	_____
D.	Enter those qualified higher education expenses on which a Hope or lifetime learning credit was based	D.	_____
E.	Add lines B, C, and D	E.	_____
F.	Subtract line E from line A. This is your adjusted qualified education expense for 2003	F.	_____
G.	Enter your total withdrawals from all Coverdell ESAs during 2003. Do not include rollovers or the return of excess contributions (see instructions)	G.	_____
H.	Divide line F by line G. Enter the result as a decimal (rounded to at least 3 places). If the result is 1.000 or more, enter 1.000	H.	_____

Part II. Taxable Withdrawals and Basis (Complete separately for each account)

1.	Enter the amount contributed to this Coverdell ESA for 2003, including contributions made for 2003 from January 1, 2004, through April 15, 2004. Do not include rollovers or the return of excess contributions	1.	_____
2.	Enter your basis in this Coverdell ESA as of December 31, 2002 (see instructions)	2.	_____
3.	Add lines 1 and 2	3.	_____
4.	Enter the total withdrawals from this Coverdell ESA during 2003. Do not include rollovers or the return of excess contributions (see instructions)	4.	_____
5.	Multiply line 4 by line H. This is the amount of adjusted qualified education expense attributable to this Coverdell ESA	5.	_____
6.	Subtract line 5 from line 4	6.	_____
7.	Enter the total value of this Coverdell ESA as of December 31, 2003, plus any outstanding rollovers (see instructions)	7.	_____
8.	Add lines 4 and 7	8.	_____
9.	Divide line 3 by line 8. Enter the result as a decimal (rounded to at least 3 places). If the result is 1.000 or more, enter 1.000	9.	_____
10.	Multiply line 4 by line 9. This is the amount of basis allocated to your withdrawals, and is tax free	10.	_____
Note: If line 6 is zero, skip lines 11 through 13, enter -0- on line 14, and go to line 15.			
11.	Subtract line 10 from line 4	11.	_____
12.	Divide line 5 by line 4. Enter the result as a decimal (rounded to at least 3 places). If the result is 1.000 or more, enter 1.000	12.	_____
13.	Multiply line 11 by line 12. This is the amount of qualified education expenses allocated to your withdrawals, and is tax free	13.	_____
14.	Subtract line 13 from line 11. This is the portion of the withdrawals from this Coverdell ESA in 2003 that you must include in income	14.	_____
15.	Subtract line 10 from line 3. This is your basis in this Coverdell ESA as of December 31, 2003	15.	_____

Part III. Summary (Complete only once)

16.	Taxable amount. Add together all amounts on line 14 for all your Coverdell ESAs. Enter here and include on Form 1040, line 21 , listing the type and amount of income on the dotted line	16.	_____
-----	--	-----	-------

Coverdell ESA — Taxable Withdrawals and Basis

Line G. Enter the total withdrawals received from all Coverdell ESAs during 2003. Do not include amounts rolled over to another ESA within 60 days (only one rollover is allowed during any 12-month period). Also, do not include excess contributions that were distributed with the related earnings (or less any loss) before the first day of the sixth month of the tax year following the year for which the contributions were made.

Line 2. Your basis (amount already taxed) in this Coverdell ESA as of December 31, 2002, is:

- All contributions to this Coverdell ESA before 2003
- Minus the tax-free portion of any withdrawals from this Coverdell ESA before 2003.

If your last withdrawal from this Coverdell ESA was before 2002, you must start with the basis in your account as of the end of the last year in which you took a withdrawal. You can find that amount on the last line of the worksheet in the Instructions for Form 8606, *Nondeductible IRAs and Coverdell ESAs*, that you completed for that year. You can determine your basis in this Coverdell ESA as of December 31, 2002, by adding to the basis as of the end of that year any contributions made to that account after the year of the withdrawal and before 2003.

Line 4. Enter the total Coverdell ESA withdrawals received in 2003. Do not include amounts rolled over to another Coverdell ESA within 60 days (only one rollover is allowed during any 12-month period).

Also, do not include excess contributions that were withdrawn with the related earnings (or less any loss) before the first day of the sixth month of the tax year following the year of the contributions.

Line 7. Enter the total value of this Coverdell ESA as of December 31, 2003, plus any outstanding rollovers contributed to the account after 2002, but before the end of the 60-day rollover period. You should receive a statement by January 31, 2004, for each Coverdell ESA showing the value on December 31, 2003.

A **rollover** is a tax-free withdrawal from one Coverdell ESA that is contributed to another Coverdell ESA. An **outstanding rollover** is any amount withdrawn within 60 days before the end of 2003 (November 2 through December 31) that was rolled over after December 31, 2003, but within the 60-day rollover period.

Publication 972

Child Tax Credit Worksheet

At the time this publication was being prepared, Congress was considering legislation to expand and extend the benefits of the child tax credit. The draft of the revised worksheet will appear here after the rules for 2003 are final.