

General Description Booklet
for the
1996 PUBLIC USE TAX FILE

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1996 STATISTICS OF INCOME PUBLIC USE TAX FILE

INTRODUCTION

The Internal Revenue Service 1996 Public Use Tax File, which contains 112,186 records, was selected as part of the Statistics of Income program that was designed to tabulate and present statistical information for the 120.4 million Form 1040, Form 1040A, and Form 1040EZ Federal Individual Income Tax Returns filed for Tax Year 1996.

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

The Individual Tax File is designed for making national level estimates. The 1996 Tax File can be purchased through the Internal Revenue Service, Statistics of Income Division. Any questions concerning the cost and acquisition of the current Individual Tax File should be directed to:

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

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

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

Reference Services
Center for Electronic Records, (NSXA)
National Archives and Records Administration
8601 Adelphi Road
College Park, MD 20740-6001
(301) 713-6630

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

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

DISCLOSURE AVOIDANCE PROCEDURES

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

First, to make sure that it will be impossible to know whether a given taxpayer is represented in the sample, we have subsampled our 100 percent sample 1 at a 33 percent rate. In addition, certain records (113) with extreme values were exempt from inclusion in the public-use file. Each of these records would have had a 33 percent chance of selection for the file. The records that would have been included in the file as a result of subsampling were replaced by other 100 percent sample records without extreme values.

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

As in past years, the State codes and all other geographic indicators have been removed for all high income records. Other codes and fields removed for these returns include: alimony paid, and alimony received. Also, certain codes (marital status, and exemptions for children living at home) have been modified (see section on Code Definitions for specific changes).

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

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Then, all of the high income returns have been sorted from largest to smallest for the field "State and local income taxes deductions". In this field, for every three records, in descending order, the average State and local income taxes deduction has been determined and that value has been placed in the State and local income taxes deduction field for each of the three records. This has been done over that part of the sample containing non-zero values in these fields. If the last group of records contains fewer than three, these records have been combined with the group of three immediately before it. This method of disguising data is called "blurring".

High income returns have then been separated into 25 different classes based on marital status, the number of children living at home, and the size of salaries and wages. Within each of these 25 classes, returns have been sorted on salaries and wages. This field has then been blurred over consecutive records as described above for State and local income tax deductions. However, records have only been averaged with other records in the same class. Therefore, records within one of the 25 classes have not been averaged with records in any of the other 24 classes. The file was then sorted on real estate tax deductions (again, within the 25 classes), and on Net Receipts, and the same blurring procedure was repeated on each field.²

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

Fourth, for all records on the file, all fields on the file have been rounded to the four most significant digits (e.g., \$14,371 = \$14,370 and \$228,867 = \$228,900).

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

²For greater details on this and other disclosure protection techniques used by the Statistics of Income Division, see: Strudler, Michael; Oh, H. Lock; and Scheuren, Fritz. "Protection of Taxpayer Confidentiality on the IRS Tax Model." Statistics of Income and Related Administrative Record Research: 1986, Internal Revenue Service.

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RECORD LAYOUT

2 Digit Codes

(all codes are 2 characters in length - PIC 99)

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

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

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RECORD LAYOUT

Amount Fields and Large Codes

<u>Field No</u>	<u>Fields</u>
	Income
1.	Salaries and Wages ^{3/}
2.	Taxable Interest
3.	Tax-Exempt Interest Income
4.	Dividends
5.	State Income Tax Refunds
6.	Alimony Received ^{2/}
7.	Business or Profession Net Income Less Loss (Schedule C) (+/-)
8.	Sales of Capital Assets Reported on Sch. D Net Gain Less Loss in AGI (+/-)
9.	Capital Gain Distributions Reported On Form 1040
10.	Sales of Prop. other than Capital Assets Net Gain Less Loss (+/-)(Form 4797)
11.	Taxable IRA Distribution
12.	Total Pensions and Annuities
13.	Pensions and Annuities in AGI
14.	Schedule E Net Income Less Loss (+/-)
15.	Farm Net Income Less Loss (Schedule F) (+/-)
16.	Unemployment Compensation
17.	Total Social Security Benefits (SOI)
18.	Social Security Benefits in AGI
19.	RESERVED
20.	RESERVED
21.	RESERVED
	Statutory Adjustments
22.	Payments to Individual Retirement Account (IRA) (Primary)
23.	Payments to Individual Retirement Account (IRA) (Secondary)
24.	Moving Expenses
25.	Deduction for Self-Employment Tax
26.	Self-Employed Health Insurance Deduction
27.	Payments to a Keogh Plan
28.	Forfeited Interest Penalty
29.	Alimony Paid ^{2/}
30.	RESERVED
31.	RESERVED
32.	RESERVED

Note: See page 12 for this section's footnotes.

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Adjusted Gross Income

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

Tax Computation

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

Credits

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

Other Taxes

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

Note: See page 12 for this section's footnotes.

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Payments

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

Refund or Amount You Owe

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

Itemized Deductions (Schedule A):

Medical and Dental Expense Deductions

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

Taxes Paid Deductions

- 74. State and Local Income Taxes ^{1/}
- 75. Real Estate Taxes ^{2/}
- 76. RESERVED
- 77. RESERVED

Interest Paid Deductions

- 78. RESERVED
- 79. RESERVED
- 80. RESERVED
- 81. RESERVED
- 82. Total Interest

Note: See page 12 for this section's footnotes.

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Gifts to Charity

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

Miscellaneous Deductions (Subject to 2% Limitation)

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

Other

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

Itemized Deduction Limitation

- 94. Itemized Deduction Limitation (SOI)

Interest and Dividend Income (Schedule B)

- 95. Nontaxable Distributions

Combined Schedule C Income and Some Deduction Items

- 96. Net Receipts (+/-)^{3/}
- 97. Cost of Goods Sold And/or Operations
- 98. RESERVED
- 99. RESERVED
- 100. Car and Truck Expenses
- 101. Commissions and Fees
- 102. Depreciation
- 103. Insurance
- 104. Mortgage Interest
- 105. Other Interest
- 106. Office Expenses
- 107. Rent - Other Business Property
- 108. Wages (Less Jobs Credit)
- 109. Total Expenses^{4/}
- 110. RESERVED

Note: See page 12 for this section's footnotes.

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Capital Gains (Schedule D)

- 111. Short-Term Gains
- 112. Short-Term Losses (Before Carryover)
- 113. RESERVED
- 114. Long Term Gain from Other Forms Carried To Schedule D
- 115. Long Term Loss from Other Forms Carried To Schedule D
- 116. Schedule D Capital Gain Distributions
- 117. Long-Term Gain
- 118. Long-Term Losses (Before Carryover)
- 119. RESERVED

Supplemental Income and Loss (Schedule E)

Rental Real Estate and Royalties

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

Partnerships

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

Note: See page 12 for this section's footnotes.

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Small Business Corporation

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

Estate or Trust

- 143. Total Income
- 144. Total Loss

Farm Rental

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

Schedule SE - Self Employment Income

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

Child Care Credit (Form 2441)

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

General Business Credit (Form 3800)

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

Investment Interest Expense Deduction (Form 4952)

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

Note: See page 12 for this section's footnotes.

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Alternative Minimum Tax Computation (Form 6251)

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

Passive Activity Loss Limitation (Form 8582)

- 166. Total Current Year Passive Net Income (SOI)
- 167. Total Current Year Passive Net Losses (SOI)
- 168. Total Losses Allowed from All Passive Activities for 1995
- 169. RESERVED

Minimum Tax Credit (Form 8801)

- 170. RESERVED
- 171. Minimum Tax Credit Carryforward to 1997

Miscellaneous Codes

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

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

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

^{3/} Blurred for all returns.

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

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CODE DEFINITIONS

1. RESERVED

2. AGIR1 Adjusted Gross Income (AGI) Range:

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

3. CYCLE CYCLE

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

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4. DSI Dependent Status Indicator:

 (A) Taxpayer not being claimed as a dependent on another
 tax return.....0

 (B) Taxpayer claimed as a dependent on another tax return..... 1

5. EFI Electronic Filing Indicator:

 (A) Return not filed electronically0

 (B) Return filed electronically 1

6. EIC Earned Income Credit Code:

 (A) No children claimed.....0

 (B) One child claimed 1

 (C) Two children claimed.....2

(Note: This field does not indicate whether the Earned Income Credit was claimed)

7. ELECT President Elect Campaign Fund Boxes:

 (A) No "yes" boxes checked0

 (B) One "yes" box or both "yes" & "no" boxes checked) 1

 (C) Two "yes" boxes checked2

8. FDED Form of Deduction Code:

 (A) Itemized deductions..... 1

 (B) Standard deduction.....2

 (C) Taxpayer did not use itemized or standard deduction 3

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

9. FLPDYR Filing (Accounting), Year:

 Tax Year01-97

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10. FLPDMO Filing (Accounting) Period:

Month Taxpayer's year ended.....01-12

11. F2441 Form 2441, Child Care Credit Qualified Individual:

(A) No Form 2441 attached to return.....0

(B) Number of qualifying individuals.....1-9

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

12. F2555 Form 2555, Foreign Earned Income:

(A) No Form 2555 attached to the return.....0

(B) Number of Forms 2555 attached1-2

13. F3800 Form 3800, General Business credit:

(A) No Form 3800 attached to return.....0

(B) Form 3800 attached to return..... 1

14. F6251 Form 6251, Alternative Minimum Tax:

(A) No Form 6251 attached to the return.....0

(B) Form 6251 attached to the return..... 1

15. F8582 Form 8582, Passive Activity Loss Limitation:

(A) No Form 8582 attached to return.....0

(B) Form 8582 attached to return..... 1

16. F8606 Form 8606, Nondeductible IRA Contributions:

(A) No Form 8606 attached to return.....0

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(B) Number of Forms 8606 attached to return.....1-2

17. MARS Marital (Filing) Status:

- (A) Single 1
- (B) Married filing a joint return 2
- (C) Married filing separately & not claiming a spousal exemption .. 3
- (D) Head of household..... 4
- (E) Widow(er) with dependent child (surviving spouse)..... 5

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

18. PCI Form 1040PC indicator

- (A) Return not filed as Form 1040PC 0
- (B) Return filed as Form 1040PC 1

19. PREP Tax Preparer:

- (A) No preparer other than taxpayer indicated on the form..... 0
- (B) Return prepared by paid tax preparer 1
- (C) IRS prepared return 2
- (D) IRS reviewed return..... 3
- (E) Voluntary Income Tax Assistance prepared return..... 4
- (F) Self help 5
- (G) Tax Counseling for the elderly 6
- (H) Outreach program..... 7

20. PSV Primary Stratifying Variable:

- (A) Positive Income GT OR EQ to Negative Income 1
- (B) Negative Income GT Positive Income 2

21. REGION IRS Regions:

- (A) Northeast..... 1
- (B) Southeast..... 2

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(C) Midstates3
 (D) Western.....4

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

22. SCHB Schedule B Indicator:

(A) No Schedule B attached to return.....0
 (B) Schedule B attached to return1

23. SCHCF Schedule C or F Indicator:

(A) Neither Schedule C or F present.....0
 (B) Schedule C present only1
 (C) Schedule F present only2
 (D) Schedule C and F present Schedule C Gross Receipts Larger ..3
 (E) Schedule C and F present Schedule F Gross Receipts Larger...4

24. SCHE Schedule E Indicator:

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

25. SPECTX Special Tax Computation:

(A) No entry0
 (B) Form 4970 tax used1
 (C) Form 4972 tax used2
 (D) Both Form 4972 and Form 4970 taxes used3
 (E) Type not determinable or prior year return with any
 combination of the additional taxes.....4

26. STATE:

Code	<u>STATE NAME</u>	Code	<u>STATE NAME</u>
1	Alabama	29	Nevada
2	Alaska	30	New Hampshire
3	Arizona	31	New Jersey
4	Arkansas	32	New Mexico
5	California	33	New York

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6	Colorado	34	North Carolina
7	Connecticut	35	North Dakota
8	Delaware	36	Ohio
9	District of Columbia	37	Oklahoma
10	Florida	38	Oregon
11	Georgia	39	Pennsylvania
12	Hawaii	40	Rhode Island
13	Idaho	41	South Carolina
14	Illinois	42	South Dakota
15	Indiana	43	Tennessee
16	Iowa	44	Texas
17	Kansas	45	Utah
18	Kentucky	46	Vermont
19	Louisiana	47	Virginia
20	Maine	48	Washington
21	Maryland	49	West Virginia
22	Massachusetts	50	Wisconsin
23	Michigan	51	Wyoming
24	Minnesota	52	APO/FPO, Puerto Rico,
25	Mississippi		Puerto Rico, Virgin
26	Missouri		Islands, Guam or
27	Montana		U.S. Citizens Abroad
28	Nebraska		

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

27. TFORM Form of Return:

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

28. TXST TAX STATUS:

(A) No tax owed and IRS did not compute tax.....	0
(B) Regular tax only, not computed by IRS	1
(C) Taxes are owed and IRS computed tax.....	2
(D) No taxes due as computed by IRS.....	3
(E) Tax based on Form 8615, Schedule D tax has no entry.....	4
(F) Form 8814 tax at children's 15% rate; Sched D tax has no entry	5

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- (G) Form 8814 tax at children's 15% rate; Sched D tax has entry.....6
- (H) Sch. D tax has an entry, no tax from Form 8615 or Form 88147
- (I) Tax based on Form 8615, Schedule D tax also has an entry8

29. XBI Primary or Secondary Taxpayer Blindness Indicator:
- (A) Neither the primary nor secondary taxpayer is blind0
 - (B) Either the primary or secondary taxpayer is blind1
 - (C) Both the primary and secondary taxpayer is blind2

30. XFPT Primary Taxpayer Exemption:
- (A) No exemption for primary taxpayer (dep. of another taxpayer0
 - (B) Primary taxpayer exemption.....1

31. XFST Secondary Taxpayer Exemption:
- (A) No secondary taxpayer or joint return filed be dependents.....0
 - (B) Secondary taxpayer exemption.....1

32. XOCAH Exemptions for Children Living at Home:
- Number of children 0-99

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

33. XOCAWH Exemptions for Children Living Away from Home:
- Number of children 0-9

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

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34. XODEP Exemptions for Other Dependents:

Number of other dependents 0-99

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

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

Number of parents0-9

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

36. XTOT Total Exemptions:

Number of exemptions..... 00-99

37. IE Itemized Deductions Election Indicator (Taxpayer elects to claim itemized deductions even though the standard deductions amount is greater than the amount of itemized deductions)

Taxpayer does not use itemized election option0

Taxpayer used itemized election option1

38. MDIR Married Filing Separately Itemized Deductions Requirement Indicator

Not necessary to itemize because of filing status0

Necessary to itemized when filing separately1

EXPLANATION OF FIELDS NOT ABSTRACTED DIRECTLY FROM TAX FORMS

The following explanations define data fields contained in the 1996 Individual Tax File that have not been abstracted directly from a specific line on Forms 1040, 1040A, 1040EZ, or the accompanying schedules and forms. Field numbers not appearing in this section have been entered on the specific lines on the forms or schedules from which the data were abstracted. Refer to the "1996 Federal Tax Forms" section of this booklet for further information.

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<u>Field Number</u>	<u>Definition</u>
8	NET CAPITAL GAIN OR LOSS REPORTED ON SCHEDULE D Present when taxpayer has Capital Gains or losses and has completed Schedule D. Reported on Form 1040 Line 13.
9	CAPITAL GAINS DISTRIBUTIONS REPORTED ON FORM 1040 Present when taxpayer has Capital Gain Distributions reported on Form 1099-DIV (or a substitute statement) but does not need to file Schedule D for other capital transactions. Reported on Form 1040 Line 13.
17	TOTAL SOCIAL SECURITY BENEFITS Total Social Security Benefits for taxpayers with taxable social security benefits. Note that taxpayers whose benefits are not taxable are not required to show any benefits on their tax return. See Form 1040 Instructions for further details.
34	DEDUCTIONS This is either Total Standard Deduction or Total Itemized Deductions. Only one can appear on each return. (Note: If the taxpayer had no income, but still included the total itemized deductions for which he/she was eligible, this amount is shown in Field 34.)
37	TAX ON TAXABLE INCOME This is the amount shown in Field 38 less special taxes from Form 4972 (Tax on Lump Sum Distributions).
38	COMPUTED INCOME TAX This is the amount arrived at by applying the Tax Rate Schedules to Taxable Income, without regard to the type of computation used by the taxpayer.
40	INCOME SUBJECT TO TAX For taxpayers filing current year returns, "Income Subject to Tax" is identical to taxable income except for: those dependents paying "kiddie" tax from Form 8615; and those returns with long-term capital gains taxed at the 28 percent rate (TXST equals 6 or 7). For dependents filing Form 8615 (TXST = 4 or 8), this is the income taxed at child's rate. For taxpayers with long-term capital gains, this is only the income taxed at the regular rates (not any capital gains that were taxed at the maximum capital gains rate of 28 percent). For prior year returns, "income subject to tax" is computed by using the Tax Year tax rate schedule to impute a hypothetical taxable income amount necessary to yield the given amount of tax reported.

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- 41 **MARGINAL TAX BASE**
This is the amount of income subject to tax at the marginal tax rate applicable to the return (TXRT), using the 1996 Tax Rate Schedules for all returns. (See Income Subject to Tax).
- 42 **TAX GENERATED**
This is a computed amount arrived at by applying the Tax Rate Schedules to Income Subject to Tax.
- 43 **TOTAL TAX CREDITS (SOI)**
Total credits from Form 1040 (line 43) or 1040A (line 24c) plus EARNED INCOME CREDIT USED TO OFFSET INCOME TAX BEFORE CREDITS (F61).
- 48 **OTHER TAX CREDITS (NOT INCLUDED IN THE OTHER CREDIT FIELDS)**
The sum of the amounts for Other Tax Credits on Form 1040 line 43 for which separate fields have not been listed.
- 50 **TOTAL INCOME TAX**
Income Tax After Credits (F51) plus Alternative Minimum Tax (F53).
- 51 **INCOME TAX AFTER CREDITS (SOI)**
Income Tax after Credits from Form 1040 (line 44) or 1040A (line 25) minus the amount of Earned Income Credit used to offset Income Tax Before Credits. For Form 1040EZ, which does not allow for any credits or any other taxes, this is the same as "Total Tax Liability."
- 57 **TOTAL TAX LIABILITY (SOI)**
Total tax liability (Form 1040, line 54, Form 1040A, line 28, Form 1040-EZ, line 10) minus Advance Earned Income Credit (line 52, Form 1040) payments minus EIC USED TO OFFSET INCOME TAX BEFORE CREDITS (F61) minus EIC USED TO OFFSET ALL OTHER TAXES (F62) (but never less than zero).
- 60 **EARNED INCOME FOR EARNED INCOME CREDIT**
The total of earned income (salaries and wages and earned business income) used in computing the earned income credit, as shown on line 6 of the EIC Worksheet (page 26 of the Instructions for Form 1040). Note that this field is computed by SOI. Taxpayers are not required to file this worksheet with their return.
- 61 **EARNED INCOME CREDIT USED TO OFFSET INCOME TAX BEFORE**

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CREDITS

This amount is the lesser of: Total Earned Income Credit or Income Tax Before Credits (F39) minus all credits except the Earned Income Credit.

62-63 If Total Earned Income Credit (EIC) is greater than Income Tax Before Credits (reduced by all credits except the Earned Income Credit), the following fields are computed:

62 - EARNED INCOME CREDIT USED TO OFFSET ALL OTHER TAXES EXCEPT ADVANCE EIC

The lesser of:

1. Total EIC minus Earned Income Credit used to offset Income Tax Before Credits (F61); or
2. The sum of all other taxes (fields 52 through 56), plus the following tax items which are not shown separately: Advance EIC and Household Employment Taxes

63 - EARNED INCOME CREDIT, REFUNDABLE PORTION
EIC minus F61 minus F62 (see above for definitions and conditions).

68 TOTAL TAX PAYMENTS
Total payments shown on the tax form, minus the total Earned Income Credit (Form 1040 line 58 minus line 54). This is limited to zero if there is a refundable EIC.

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

98 BUSINESS RECEIPTS
Line 3 plus line 6 of Schedule C.

112 SHORT-TERM LOSSES
All short-term capital losses shown in column (f) except for the short-term capital loss carryover.

118 LONG-TERM LOSSES
All long-term capital losses shown in column (f) except for the long-term capital loss carryover

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- 146 **NET EARNINGS FROM SELF-EMPLOYMENT INCOME**
The lesser of line 6 (net Schedule SE earnings) or 9 (maximum amount subject to Social Security tax) on the combined Schedule SE. For the short form, Schedule SE, this is line 4.
- 147 **NET EARNINGS FROM SELF-EMPLOYMENT INCOME, SECONDARY TAXPAYER**
The lesser of line 6 (net Schedule SE earnings) or 9 (maximum amount subject to Social Security tax) on the secondary taxpayer's Schedule SE. For the short form, Schedule SE, this is line 4.
- 149 **EARNED INCOME LIMITATION**
The smaller of line 5 or 6 (primary or secondary earned income), Form 2441.
- 160 **COMBINED TAX PREFERENCES**
Sum of the amounts on lines 3, 4, 7, 8, 9, 10, 11, 12 and 13, Form 6251. The amounts on lines 1, 2, 5 and 6 can be determined from items on Form 1040 or Schedule A.
- 161 **NET OPERATING LOSS TAX PREFERENCE PLUS OTHER ADJUSTMENTS**
Line 17 less line 20 plus 14, Form 6251.
- 163 **TOTAL ADJUSTMENTS & PREFERNECES LESS OTHER ADJUSTMENTS AND PREFERENCES**
Line 15 less line 14, Form 6251
- 166 **TOTAL CURRENT YEAR PASSIVE NET INCOME**
Lines 1A + 2A, Form 8582
- 167 **TOTAL CURRENT YEAR PASSIVE NET LOSSES**
Lines 1b + 2b, Form 8582
- 169 **PRIOR YEAR UNALLOWED LOSSES**
Lines 1C + 2C, FORM 8582
- 172 **RETURN ID**
A unique number assigned for each sampled tax return during processing.
- 175 **DECIMAL WEIGHT**
This field was derived by dividing the computer population count of returns in a sample stratum by the number of sample returns for that stratum (carried to two decimal places). The decimal place is implied. All estimates derived from this file

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must be multiplied by this decimal weight and divided by 100.

- 176 **SAMPLE COUNT**
The number of sampled tax returns found in the given sample code.

- 177 **POPULATION COUNT**
The number of tax returns in the population for a given sample code.

- 178 **SAMPLE CODE**
(A) Nonbusiness Nonfarm returns..... 001-024
(B) High Income Nontaxable (HINT) Returns..... 101
(C) Expanded HINT, but not HINT..... 129
(D) PSAMP GE 101 and LE 124; Return is not a HINT..... 130
(E) Large Business Returns..... 201
(F) PSAMP GE 101 and LE 224; not a Large Business..... 230
(G) Business & Non-Business Foreign Tax Credit Returns.. 401-424
(H) Business Farm and Non-Farm Returns..... 601-624
(I) Farm Nonbusiness Returns..... 801-824

Note: See Sample Description for description of sample codes

- 179 **MARGINAL TAX RATE**
Top rate from tax rate schedule that applies to income subject to tax. See definition for field number 40 (Income Subject to Tax). Note that this field uses an implied decimal point (39.6 is represented by 396).

TECHNICAL DESCRIPTION OF THE FILE

The Public Use file is available on CD-ROM in ASCII format. The record length is 2248 where the last byte is an end of record marker.

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

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

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SAMPLE DESCRIPTION

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

Domain of Study

The data in this file are estimates from a probability sample of unaudited Individual Income Tax Returns, Forms 1040, 1040A, 1040EZ, 1040PC, 1040T and 1040TEL (including electronic returns) filed by U.S. citizens and residents during Calendar Year 1997.

All returns processed during 1997 were subjected to sampling except tentative and amended returns. Tentative returns were not subjected to sampling because the revised returns may have been sampled later, while amended returns were excluded because the original returns had already been subjected to sampling. A small percentage of returns were not identified as tentative or amended until after sampling. These returns, along with those that contained no income information, were excluded in calculating estimates. This resulted in a small difference between the population total (120,917,968 returns) reported in Table A and the estimated total of all returns (120,351,220 returns) generated using the Public Use Tax File. In addition, the perfection of money amounts during Statistics of Income processing, as well as the blurring techniques used in creation of the Public Use File, may have shifted some returns from one income class to another, making it impossible to replicate Table A exactly from the Public Use sample.

The records found in this file are intended to represent all returns filed for Tax Year 1996. While about 97 percent of the returns processed during Calendar Year 1997 were for Tax Year 1996, a few were for noncalendar years ending during 1996 and 1997, and some were returns for prior years. Returns for prior years were used in place of 1996 returns received and processed after December 31, 1997. This was done in the belief that the characteristics of returns due, but not yet processed, could best be represented by the returns for previous income years that were processed in 1997.

Sample Design and Selection

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

1. Nontaxable with adjusted gross income or expanded income of \$200,000 or over and no alternative minimum tax.
2. High combined business and farm total receipts of \$50,000,000 or more.

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3. Presence or absence of special Forms or Schedules (Form 2555, Form 1116, Form 1040 Schedule C, and Form 1040 Schedule F).
4. Total gross positive or negative income. Sixty variables are used to derive positive and negative incomes.
5. Potential usefulness of the return for tax policy modeling. Thirty-two variables are used to determine how useful the return is for tax modeling purposes.

Table A shows the population and sample count for each stratum after collapsing some strata with the same sampling rates. The sampling rates range from 0.02 percent to 100 percent.

Tax data processed to the IRS Individual Master File at the Martinsburg Computing Center during Calendar Year 1997 were used to assign each taxpayer's record to the appropriate stratum and to determine whether or not the record should be included in the sample. Records are selected for the sample either if they possess certain combinations of the four ending digits of the social security number, or if their ending five digits of an eleven-digit number generated by a mathematical transformation of the SSN is less than or equal to the stratum sampling rate times 100,000.

Data Capture and Cleaning

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

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

After the completion of service center review, data were further validated, tested, and balanced at the Detroit Computing Center. Adjustments and imputations for selected fields were used to make each record internally consistent.

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Some returns designated for the sample were not available for SOI processing because other areas of IRS needed the return at the same time. For Tax Year 1996, 0.06 percent of the sample returns were unavailable.

Method of Estimation

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

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Table A.—Number of Individual Income Tax Returns in the Population and Sample by Sampling Strata for 1996

Description of the sample strata												Number of returns													
												Population counts	Sample counts												
Grand total												120,917,968 ¹	112,186												
Form 1040 returns only with adjusted gross income or expanded income of \$200,000 and over, with no income tax after credits and no additional tax for tax preferences, total												2,306 ²	767												
Form 1040 returns only with combined Schedule C (business or profession) total receipts of \$50,000,000 and over, total												47	15												
Other Returns, total												120,915,615	111,404												
Description of the sample strata	Degree of interest ³	Number of Returns by type of form attached																							
		Form 1040, with Form 2555 (Sample Codes 301-324)		Form 1040, with Form 1116 but without Form 2555 (Sample Codes 401-424)		Form 1040, with Schedule C but without Form 1116 or Form 2555 (Sample Codes 601-624)		Form 1040, with Schedule F but without Form 1116 or Form 2555 (Sample Codes 801-824)		All other forms (Sample Codes 01-24)															
		Population counts	Sample counts	Population counts	Sample counts	Population counts	Sample counts	Population counts	Sample counts	Population counts	Sample counts														
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)															
Grand total												270,722	9,694	1,632,821	15,411	16,791,358	25,798	1,612,814	3,312	100,607,900	55,935				
Indexed Negative Income ⁴																									
\$10,000,000 or more												All	**	**	85	27	586	193	81	27	799	265	1,551	512	
\$5,000,000 under \$10,000,000												All	**	**	86	29	583	194	122	41	782	260	1,573	524	
\$2,000,000 under \$5,000,000												All	**	**	13	276	86	2,441	755	545	172	2,725	833	6,025	1,859
\$1,000,000 under \$2,000,000												All	31	10	527	76	5,290	751	1,281	178	5,164	761	12,293	1,776	
\$500,000 under \$1,000,000												All	157	22	1,251	46	14,486	422	3,716	101	12,068	314	31,678	905	
\$250,000 under \$500,000												All	431	37	**	**	** 38,556	** 337	9,688	93	26,947	218	75,622	685	
\$120,000 under \$250,000												All	1,421	146	**	**	** 83,449	** 334	19,047	84	57,495	187	161,412	751	
\$60,000 under \$120,000												All	4,814	91	**	**	** 119,693	** 271	21,733	47	88,700	189	234,940	598	
Under \$60,000												All	7,672	72	**	**	** 359,722	** 299	45,744	38	384,785	369	797,923	778	
Indexed Positive Income ⁴																									
Under \$30,000												1	--	--	--	--	--	--	--	27,243,589	5,726	27,243,589	5,726		
Under \$30,000												2	6,213	63	103,641	36	1,914,948	581	137,603	48	30,411,674	9,787	32,574,079	10,515	
Under \$30,000												3-4	56,412	530	100,161	83	3,562,006	2,841	210,752	166	5,929,077	4,808	9,858,408	8,428	
\$30,000 under \$60,000												1-2	5,148	52	138,623	42	1,803,242	583	214,681	66	19,289,410	6,185	21,451,104	6,928	
\$30,000 under \$60,000												3-4	62,448	642	174,126	141	3,332,125	2,911	294,627	277	4,842,675	4,355	8,706,001	8,326	
\$60,000 under \$120,000												1-3	7,116	126	272,210	85	1,681,727	575	230,501	82	8,203,987	2,824	10,395,541	3,692	
\$60,000 under \$120,000												4	55,648	1,123	191,323	177	2,041,104	2,037	169,936	166	1,757,026	1,714	4,215,037	5,217	
\$120,000 under \$250,000												1-3	8,593	867	157,844	185	385,654	535	114,181	151	1,123,583	1,420	1,789,855	3,158	
\$120,000 under \$250,000												4	33,331	3,417	183,678	546	928,066	2,692	59,203	136	679,300	1,888	1,883,578	8,679	
\$250,000 under \$500,000												All	15,897	1,506	174,222	1,079	383,654	2,430	58,670	363	390,115	2,537	1,022,558	7,915	
\$500,000 under \$1,000,000												All	4,048	556	80,743	1,990	100,668	2,438	15,278	350	110,307	2,649	311,044	7,983	
\$1,000,000 under \$2,000,000												All	936	312	32,267	3,800	23,826	2,812	3,842	472	32,730	3,864	93,601	11,260	
\$2,000,000 under \$5,000,000												All	267	89	15,251	4,821	7,543	2,388	1,235	138	11,701	3,698	35,997	11,134	
\$5,000,000 under \$10,000,000												All	67	22	4,009	1,336	1,418	472	248	83	2,222	740	7,964	2,653	
\$10,000,000 or more												All	34	11	2,498	826	571	188	100	33	1,039	344	4,242	1,402	

This population includes an estimated 566,760 returns that were excluded from other tables in this report because they contained no income information or represented amended or tentative returns identified after sampling.

This population includes 79 Form 1040 returns that were misclassified because of bad data collected during revenue processing.

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

Positive and Negative Income classes are divided by a Gross Domestic Product Deflator of 1.103 to represent a base year of 1991.

* Data combined.

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FLPDMO		MARS		SPECTX	
-----	-----	-----	-----	-----	-----
3,515	1	52,322,978	1	120,314,971	0
1,600	2	48,826,537	2	36,233	2
56	3	2,545,560	3	16	4
125	4	16,554,789	4		
191	5	101,356	5		
556	6				
84	7				
250	8				
41	9				
37	10	112,040,354	0	1,596,604	0
6	11	8,310,866	1	1,898,147	1
120,344,757	12			309,977	2
				1,941,287	3
				1,065,458	4
				13,584,202	5
				1,803,024	6
				1,508,511	7
				374,160	8
				273,126	9
				6,695,683	10
				3,245,014	11
				521,792	12
				503,685	13
				5,422,143	14
				2,543,740	15
				1,392,898	16
				1,122,111	17
				1,751,522	18
				1,724,828	19
				539,905	20
				2,478,503	21
				2,897,710	22
				4,343,493	23
				1,878,648	24
				2,303,577	25
				1,008,028	26
				2,429,254	27
				375,329	28
				805,571	29
				757,878	30
				576,841	31
				3,634,617	32
				726,433	33
				7,784,537	34
				3,306,476	35
				228,126	36
				5,193,770	37
				1,370,171	38
				1,424,080	39
				5,314,602	40
				460,224	41
				1,680,512	42
				387,439	43
				2,419,463	44
				8,064,481	45
				815,320	46
				276,001	47
				2,914,626	48
				2,696,271	49
				702,609	50
				2,419,651	51
				198,079	52
				539,730	53

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TFORM		XOCAWH	
66,265,026	0		
24,579,174	1	119,516,618	0
21,196,154	2	571,717	1
8,310,866	3	195,327	2
		56,314	3
		8,118	4
		3,126	5
-----		-----	
TXST		XOODEP	
23,642,863	0		
93,485,105	1		
94,099	2		
194,449	3	118,019,706	0
362,109	4	1,727,080	1
135,369	5	465,488	2
43,229	6	104,660	3
2,391,325	7	20,694	4
2,672	8	9,343	5
		4,231	6
		10	8
		8	19
-----		-----	
XBI		XOPAR	
120,064,860	0		
282,528	1		
3,832	2		
-----		-----	
XFPT		XOTOT	
10,658,434	0	118,587,421	0
109,692,786	1	1,468,968	1
		281,089	2
		10,607	3
		3,136	4
-----		-----	
XFST		XOCAH	
71,525,351	0	10,655,327	0
48,825,868	1	43,304,269	1
		32,111,239	2
		15,395,441	3
		12,237,226	4
		4,713,084	5
		1,413,654	6
		359,485	7
		103,830	8
		25,097	9
		21,292	10
		6,908	11
		1,103	12
		3,256	13
		8	21
-----		-----	
XOCAH		IE	
78,927,599	0		
18,773,795	1		
15,583,432	2		
5,249,507	3		
1,352,528	4		
325,631	5		
81,629	6		
29,524	7		
16,702	8		
6,584	9		
1,036	10		
3,253	11		
-----		-----	
		MIDR	
		120,313,768	0
		37,451	1
-----		-----	
		MIDR	
		119,752,215	0
		599,005	1

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Weighted counts for each amount field

F1 ----- 3,377,471,487,015	F13 ----- 238,750,610,989	F28 ----- 167,489,780	F43 ----- 11,235,692,612
F2 ----- 164,583,903,645	F14 ----- 174,671,125,223	F29 ----- 4,066,482,490	F44 ----- 2,531,380,181
F3 ----- 47,913,603,247	F15 ----- (7,069,366,810)	F33 ----- 4,534,209,130,085	F45 ----- 31,835,322
F4 ----- 103,439,343,195	F16 ----- 19,326,985,194	F34 ----- 1,005,697,368,769	F46 ----- 3,499,325,642
F5 ----- 12,761,860,135	F17 ----- 130,679,170,031	F35 ----- 598,861,059,099	F47 ----- 728,461,287
F6 ----- 4,421,577,258	F18 ----- 53,202,710,159	F36 ----- 3,087,831,390,821	F48 ----- 216,509,707
F7 ----- 177,051,439,698	F22 ----- 6,207,593,638	F37 ----- 665,727,030,596	F49 ----- 665,317,259
F8 ----- 245,604,688,348	F23 ----- 2,420,233,500	F38 ----- 681,589,464,040	F50 ----- 657,476,124,035
F9 ----- 5,841,315,749	F24 ----- 1,681,407,500	F39 ----- 665,875,178,130	F51 ----- 654,639,931,941
F10 ----- (2,281,238,727)	F25 ----- 14,043,688,067	F40 ----- 2,917,205,244,365	F52 ----- 28,094,030,977
F11 ----- 45,505,285,565	F26 ----- 2,785,403,904	F41 ----- 1,595,738,010,629	F53 ----- 2,826,228,367
F12 ----- 344,784,365,172	F27 ----- 8,979,860,652	F42 ----- 617,823,042,606	F54 ----- 45,315,479

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F55 ----- 32,099,967	F68 ----- 707,185,002,976	F87 ----- 33,963,913,127	F104 ----- 4,421,067,608
F56 ----- 2,190,801,741	F69 ----- (42,820,671,489)	F88 ----- 36,574,246,619	F105 ----- 5,789,752,659
F57 ----- 686,538,830,184	F70 ----- 17,125,157,158	F89 ----- 2,857,717,572	F106 ----- 8,791,986,077
F58 ----- 533,082,618,818	F71 ----- 953,822,500	F90 ----- 50,463,460,780	F107 ----- 21,755,893,902
F59 ----- 140,506,381,555	F72 ----- 41,828,903,397	F91 ----- 2,881,179,816	F108 ----- 56,117,397,926
F60 ----- 226,886,320,101	F73 ----- 26,991,350,902	F94 ----- 18,974,991,690	F109 ----- 345,918,201,013
F61 ----- 3,562,895,005	F74 ----- 124,199,624,935	F95 ----- 3,502,980,328	F111 ----- 47,205,514,946
F62 ----- 2,105,130,049	F75 ----- 71,249,125,173	F96 ----- 847,951,029,553	F112 ----- 31,063,306,413
F63 ----- 23,157,224,083	F82 ----- 232,715,070,092	F97 ----- 338,622,985,166	F114 ----- 65,915,868,640
F64 ----- 32,124,586,739	F83 ----- 65,371,626,091	F100 ----- 36,761,932,835	F115 ----- 1,179,275,262
F65 ----- 1,305,256,595	F84 ----- 20,620,356,589	F101 ----- 10,800,871,349	F116 ----- 18,846,948,840
F66 ----- 108,516,515		F102 ----- 27,366,197,650	F117 ----- 260,752,933,544
F67 ----- 56,858,507	F86 ----- 85,165,410,529	F103 ----- 13,241,361,411	F118 ----- 36,421,623,694

1996 STATISTICS OF INCOME PUBLIC USE TAX FILE

F120 ----- 162,604,187,425	F130 ----- 48,820,514,560	F139 ----- 3,385,978,088	F148 ----- 13,041,478,814
F121 ----- 7,457,818,053	F131 ----- 31,898,258,626	F140 ----- 31,282,349,498	F149 ----- 58,767,948,986
F122 ----- 42,800,867,876	F132 ----- 25,079,932,757	F141 ----- 146,440,636,068	F150 ----- 12,864,089,951
F123 ----- 4,930,445,852	F133 ----- 63,291,623,989	F142 ----- 4,262,006,204	F151 ----- 40,996,724
F124 ----- 715,495,252	F134 ----- 11,289,013,647	F143 ----- 8,547,513,686	F152 ----- 8,140,947
F125 ----- 34,137,505,628	F135 ----- 16,795,846,046	F144 ----- 716,014,631	F153 ----- 5,033,645
F126 ----- 9,944,650,161	F136 ----- 1,251,530,595	F145 ----- 3,487,640,274	F154 ----- 58,677,076
F127 ----- 5,712,091,234	F137 ----- 19,080,372,357	F146 ----- 167,723,941,798	F155 ----- 527,364,006
F128 ----- 28,896,719,777	F138 ----- 107,255,006,939	F147 ----- 24,303,561,255	F156 ----- 5,826,258,796

1996 STATISTICS OF INCOME PUBLIC USE TAX FILE

F157

11,821,818,545

F158

1,250,558,844

F159

49,815,303

F160

48,460,141,988

F161

21,221,754,861

F163

60,680,556,321

F164

572,930,063,500

F165

2,628,728,011

F166

47,381,733,932

F167

26,561,931,010

F168

23,952,220,658

F171

2,494,538,974

1996 PUBLIC USE TAX FILE

1996 FEDERAL TAX FORMS (with element numbers referenced)

1996 STATE NON-PUBLIC USE TAX FILE

FIELD NUMBERS

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

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

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

-- Record Layout --

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

Another example, Line 8a, Taxable Interest Income, on the Form 1040 (see below) has a field number of 2. This field number is cross referenced to the Taxable Interest Income line on the 1996 Core Record Layout, which contains the number 2 to the left of the line (see above).

8a Taxable Interest Income ----- 2

For the year Jan. 1–Dec. 31, 1996, or other tax year beginning , 1996, ending , 19 OMB No. 1545-0074

Label

(See page 11.)

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

Presidential Election Campaign (See page 11.)

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

Your social security number Spouse's social security number

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

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

Filing Status

Check only one box.

- 1 Single
2 Married filing joint return (even if only one had income)
3 Married filing separate return. Enter spouse's social security no. above and full name here.
4 Head of household (with qualifying person).
5 Qualifying widow(er) with dependent child

Exemptions

If more than six dependents, see the instructions for line 6c.

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

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

Income

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

If you did not get a W-2, see the instructions for line 7.

Enclose, but do not attach, any payment. Also, please enclose Form 1040-V (see the instructions for line 62).

Main income table with lines 7 through 22.

Adjusted Gross Income

If line 31 is under \$28,495 (under \$9,500 if a child did not live with you), see the instructions for line 54.

Adjusted Gross Income table with lines 23a through 31.

Tax Computation

32 Amount from line 31 (adjusted gross income)
33a Check if: You were 65 or older, Blind; Spouse was 65 or older, Blind.
34 Enter the larger of your: Itemized deductions from Schedule A, line 28, OR Standard deduction shown below for your filing status.
35 Subtract line 34 from line 32
36 If line 32 is \$88,475 or less, multiply \$2,550 by the total number of exemptions claimed on line 6d.
37 Taxable income. Subtract line 36 from line 35.
38 Tax. See instructions. Check if total includes any tax from a Form(s) 8814 b Form 4972

If you want the IRS to figure your tax, see the instructions for line 37.

Credits

39 Credit for child and dependent care expenses. Attach Form 2441
40 Credit for the elderly or the disabled. Attach Schedule R
41 Foreign tax credit. Attach Form 1116
42 Other. Check if from a Form 3800 b Form 8396 c Form 8801 d Form (specify)
43 Add lines 39 through 42
44 Subtract line 43 from line 38. If line 43 is more than line 38, enter -0-

Other Taxes

45 Self-employment tax. Attach Schedule SE
46 Alternative minimum tax. Attach Form 6251
47 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137
48 Tax on qualified retirement plans, including IRAs. If required, attach Form 5329
49 Advance earned income credit payments from Form(s) W-2
50 Household employment taxes. Attach Schedule H
51 Add lines 44 through 50. This is your total tax.

Payments

52 Federal income tax withheld from Forms W-2 and 1099
53 1996 estimated tax payments and amount applied from 1995 return
54 Earned income credit. Attach Schedule EIC if you have a qualifying child. Nontaxable earned income: amount and type
55 Amount paid with Form 4868 (request for extension)
56 Excess social security and RRTA tax withheld (see inst.)
57 Other payments. Check if from a Form 2439 b Form 4136
58 Add lines 52 through 57. These are your total payments

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

Refund

59 If line 58 is more than line 51, subtract line 51 from line 58. This is the amount you OVERPAID
60a Amount of line 59 you want REFUNDED TO YOU
b Routing number c Type: Checking Savings
d Account number
61 Amount of line 59 you want APPLIED TO YOUR 1997 ESTIMATED TAX

Have it sent directly to your bank account! See inst. and fill in 60b, c, and d.

Amount You Owe

62 If line 51 is more than line 58, subtract line 58 from line 51. This is the AMOUNT YOU OWE. For details on how to pay and use Form 1040-V, see instructions
63 Estimated tax penalty. Also include on line 62

Sign Here

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

Keep a copy of this return for your records.

Your signature Date Your occupation
Spouse's signature. If a joint return, BOTH must sign. Date Spouse's occupation

Paid Preparer's Use Only

Preparer's signature Date Check if self-employed Preparer's social security no.
Firm's name (or yours if self-employed) and address EIN ZIP code





Need More Information or Forms? You can use a personal computer, fax, or phone to get what you need. See page 5.

Capital Gain Tax Worksheet—Line 38
(keep for your records)



Use this worksheet to figure your tax **only** if (a) you are filing Schedule D and both lines 17 and 18 of Schedule D are gains, or (b) you reported capital gain distributions directly on Form 1040, line 13, **and**:

Your filing status is:	AND	Form 1040, line 37, is over:	Your filing status is:	AND	Form 1040, line 37, is over:
Single		\$58,150	Head of household		\$83,050
Married filing jointly or Qualifying widow(er)		\$96,900	Married filing separately		\$48,450

1. Enter the amount from Form 1040, line 37 1. _____
2. If you are filing Schedule D, enter the **smaller** of Schedule D, line 17 or line 18. Otherwise, enter the capital gain distributions reported on Form 1040, line 13 2. _____
3. If you are filing Form 4952, enter the amount from Form 4952, line 4e 3. _____
4. Subtract line 3 from line 2. If zero or less, **stop**; you **cannot** use this worksheet to figure your tax. Instead, use the Tax Table or Tax Rate Schedules, whichever applies 4. _____
5. Subtract line 4 from line 1 5. _____
6. Enter \$40,100 (\$24,000 if single; \$20,050 if married filing separately; \$32,150 if head of household) 6. _____
7. Enter the **larger** of line 5 or line 6 7. _____
8. Subtract line 7 from line 1 8. _____
9. Figure the tax on the amount on line 7. Use the Tax Table or Tax Rate Schedules, whichever applies 9. _____
10. Multiply line 8 by 28% (.28) 10. _____
11. Add lines 9 and 10 11. _____
12. Figure the tax on the amount on line 1. Use the Tax Table or Tax Rate Schedules, whichever applies 12. _____
13. **Tax.** Enter the **smaller** of line 11 or line 12 here and on Form 1040, line 38 13. _____

9. Interest paid on a home mortgage **not** used to buy, build, or substantially improve your home.
10. Investment interest expense reported on **Form 4952**.
11. Foreign tax credit.
12. Net operating loss deduction.

Caution: Form 6251 should be filled in for a child under age 14 if the total of the child's adjusted gross income from Form 1040, line 32, exceeds the child's earned income by more than \$1,300.

Line 47

Social Security and Medicare Tax on Tip Income Not Reported to Employer

If you received tips of \$20 or more in any month and you did not report the full amount to your employer, you must pay the social security and Medicare or railroad retirement (RRTA) tax on the unreported tips. You must also pay this tax if your W-2 form(s) shows allocated tips that you are including in your income on Form 1040, line 7.

To figure the tax, use **Form 4137**, Social Security and Medicare Tax on Unreported Tip Income. To pay the RRTA tax, contact your employer. Your employer will figure and collect the tax.

Caution: You may be charged a penalty equal to 50% of the social security and Medicare tax due on tips you received but did not report to your employer.

Line 48

Tax on Qualified Retirement Plans, Including IRAs

If **any** of the following apply, see **Form 5329** and its instructions to find out if you owe this tax and if you must file Form 5329.

1. You received any early distributions from (a) a qualified retirement plan (including your IRA), (b) an annuity, or (c) a modified endowment contract entered into after June 20, 1988.
 2. You made excess contributions to your IRA.
 3. You were born before July 1, 1925, and did not take the minimum required distribution from your qualified retirement plan.
 4. You received a distribution in excess of \$155,000 from a qualified retirement plan.
- Exception.** If **only** item 1 above applies to you **and** distribution code 1 is shown in box 7 of your **Form 1099-R**, you do not have to file Form 5329. Instead, multiply the taxable amount of the distribution by 10% (.10) and enter the result on line 48. The taxable amount of the distribution is the part of the distribution you reported on line 15b or line 16b of Form 1040 or on Form 4972. Also, enter "No" on the dotted line next to line 48 to indicate that you do not have to file Form 5329. **But** if distribution code 1 is incorrectly shown in box 7, you must file Form 5329.

number. To find out if you can take the credit, see the form or publication indicated.

- Mortgage interest credit. If a state or local government gave you a mortgage credit certificate, see **Form 8396**.
- Credit for prior year minimum tax. If you paid alternative minimum tax in a prior year, see **Form 8801**.
- Qualified electric vehicle credit. If you placed a new electric vehicle in service in 1996, see **Form 8834**.
- General business credit. This credit consists of a number of credits that usually apply only to individuals who are partners, shareholders in an S corporation, self-employed, or who have rental property. See **Form 3800** or **Pub. 334**, Tax Guide for Small Business.
- Empowerment zone employment credit. See **Form 8844**.

Line 43

If you sold fuel produced from a nonconventional source, see Internal Revenue Code section 29 to find out if you can take the **nonconventional source fuel credit**. If you can, attach a schedule showing how you figured the credit. Include the credit in the total on line 43. Enter the amount and "FNS" on the dotted line next to line 43.

Other Taxes

Line 46

Alternative Minimum Tax

Use the worksheet on the next page to see if you should complete **Form 6251**, Alternative Minimum Tax—Individuals.

Exception. If you claimed or received any of the following items, **do not** use the worksheet on the next page. Instead, fill in Form 6251.

1. Accelerated depreciation.
2. Income from incentive stock options.
3. Tax-exempt interest from private activity bonds.
4. Intangible drilling, circulation, research, experimental, or mining exploration/development costs.
5. Amortization of pollution-control facilities or depletion.
6. Income or (loss) from tax-shelter farm activities or passive activities.
7. Percentage-of-completion income from long-term contracts.
8. Installment sale income.

Label (See page 15.) Use the IRS label. Otherwise, please print in ALL CAPITAL LETTERS.

OMB No. 1545-0085

L A B E L H E R E	Your first name	Init.	Last name	
	If a joint return, spouse's first name	Init.	Last name	
	Home address (number and street). If you have a P.O. box, see page 15.			Apt. no.
	City, town or post office. If you have a foreign address, see page 15.		State	ZIP code

Your social security number

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

Spouse's social security number

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

For Privacy Act and Paperwork Reduction Act Notice, see page 9.

Presidential Election Campaign Fund (See page 15.)

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

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

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

6a **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.

b **Spouse**

No. of boxes checked on lines 6a and 6b

c **Dependents.** If more than six dependents, see page 17.

(1) First name	Last name	(2) Dependent's social security number. If born in Dec. 1996, see page 18.	(3) Dependent's relationship to you	(4) No. of months lived in your home in 1996

No. of your children on line 6c who:

- lived with you
- did not live with you due to divorce or separation (see page 18)
- Dependents on 6c not entered above

Add numbers entered in boxes above

d Total number of exemptions claimed

7 Wages, salaries, tips, etc. This should be shown in box 1 of your W-2 form(s). Attach Form(s) W-2. 7 \$

8a Taxable interest income. If over \$400, attach Schedule 1. 8a \$

b Tax-exempt interest. DO NOT include on line 8a. 8b \$

9 Dividends. If over \$400, attach Schedule 1. 9 \$

10a Total IRA distributions. 10a \$ 10b Taxable amount (see page 20). 10b \$

11a Total pensions and annuities. 11a \$ 11b Taxable amount (see page 20). 11b \$

12 Unemployment compensation. 12 \$

13a Social security benefits. 13a \$ 13b Taxable amount (see page 22). 13b \$

14 Add lines 7 through 13b (far right column). This is your total income. ▶ 14 \$

15a Your IRA deduction (see page 22). 15a \$

b Spouse's IRA deduction (see page 22). 15b \$

c Add lines 15a and 15b. These are your total adjustments. 15c \$

16 Subtract line 15c from line 14. This is your adjusted gross income. If under \$28,495 (under \$9,500 if a child did not live with you), see the instructions for line 29c on page 29. ▶ 16 \$



Use the IRS label here

Form fields for name, address, and contact information.

Your social security number

Grid for entering your social security number.

Spouse's social security number

Grid for entering spouse's social security number.

Presidential Election Campaign (See page 7.)

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

Do you want \$3 to go to this fund? Yes No

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

Income

Attach Copy B of Form(s) W-2 here.

Enclose, but do not attach, any payment with your return.

Note: You must check Yes or No.

Income lines 1 through 6: Total wages, taxable interest, unemployment compensation, adjusted gross income, and taxable income.

Payments and tax

Payment and tax lines 7 through 10: Federal income tax withheld, earned income credit, total payments, and tax.

Refund

Have it sent directly to your bank account! See page 13 and fill in 11b, c, and d.

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

b Routing number

c Type: Checking, Savings; d Account number

Amount you owe

12 If line 10 is larger than line 9, subtract line 9 from line 10. This is the amount you owe.

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

Sign here

Signature and occupation fields for taxpayer and spouse.

Keep copy for your records.

For Official Use Only

Grid for official use only.

Use this form if

- Your filing status is single or married filing jointly.
- You do not claim any dependents.
- You had **only** wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund dividends, and your taxable interest income was \$400 or less. **But** if you earned tips, including allocated tips, that are not included in box 5 and box 7 of your W-2, you may not be able to use Form 1040EZ. See page 8.
- You did not receive any advance earned income credit payments.
- You (and your spouse if married) were under 65 on January 1, 1997, and not blind at the end of 1996.
- Your taxable income (line 6) is less than \$50,000.

If you are not sure about your filing status, see page 7. If you have questions about dependents, use Tele-Tax topic 354 (see page 18). If you **can't use this form**, use Tele-Tax topic 352 (see page 18).

Filling in your return

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

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



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

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

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

Worksheet for dependents who checked "Yes" on line 5

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

- | | |
|--|------------------------|
| A. Enter the amount from line 1 on the front. | A. _____ |
| B. Minimum standard deduction. | B. _____ 650.00 |
| C. Enter the LARGER of line A or line B here. | C. _____ |
| D. Maximum standard deduction. If single, enter 4,000.00; if married, enter 6,700.00. | D. _____ |
| E. Enter the SMALLER of line C or line D here. This is your standard deduction. | E. _____ |
| F. Exemption amount. | |
| • If single, enter 0. | |
| • If married and both you and your spouse can be claimed as dependents, enter 0. | |
| • If married and only one of you can be claimed as a dependent, enter 2,550.00. | F. _____ |
| G. Add lines E and F. Enter the total here and on line 5 on the front. | G. _____ |

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

- Single, enter 6,550.00. This is the total of your standard deduction (4,000.00) and personal exemption (2,550.00).
- Married, enter 11,800.00. This is the total of your standard deduction (6,700.00), exemption for yourself (2,550.00), and exemption for your spouse (2,550.00).

Mailing your return

Mail your return by **April 15, 1997**. Use the envelope that came with your booklet. If you do not have that envelope, see page 28 for the address to use.

Paid preparer's use only

See page 14.

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

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



SCHEDULES A&B
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Schedule A—Itemized Deductions

(Schedule B is on back)

OMB No. 1545-0074

1996

Attachment
Sequence No. **07**

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

Name(s) shown on Form 1040

Your social security number

Medical and Dental Expenses	1	Caution: Do not include expenses reimbursed or paid by others. Medical and dental expenses (see page A-1)	1			
	2	Enter amount from Form 1040, line 32, 2				
	3	Multiply line 2 above by 7.5% (.075)	3			
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-				4
Taxes You Paid (See page A-1.)	5	State and local income taxes	5			
	6	Real estate taxes (see page A-2)	6			
	7	Personal property taxes	7			
	8	Other taxes. List type and amount ▶	8			
	9	Add lines 5 through 8				9
Interest You Paid (See page A-2.)	10	Home mortgage interest and points reported to you on Form 1098	10			
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-2 and show that person's name, identifying no., and address ▶	11			
	12	Points not reported to you on Form 1098. See page A-3 for special rules	12			
	13	Investment interest. If required, attach Form 4952. (See page A-3.)	13			
Note: Personal interest is not deductible.	14	Add lines 10 through 13				14
Gifts to Charity If you made a gift and got a benefit for it, see page A-3.	15	Gifts by cash or check. If you made any gift of \$250 or more, see page A-3	15			
	16	Other than by cash or check. If any gift of \$250 or more, see page A-3. If over \$500, you MUST attach Form 8283	16			
	17	Carryover from prior year	17			
	18	Add lines 15 through 17				18
Casualty and Theft Losses	19	Casualty or theft loss(es). Attach Form 4684. (See page A-4.)				19
Job Expenses and Most Other Miscellaneous Deductions (See page A-4 for expenses to deduct here.)	20	Unreimbursed employee expenses—job travel, union dues, job education, etc. If required, you MUST attach Form 2106 or 2106-EZ. (See page A-4.) ▶	20			
	21	Tax preparation fees	21			
	22	Other expenses—investment, safe deposit box, etc. List type and amount ▶	22			
	23	Add lines 20 through 22	23			
	24	Enter amount from Form 1040, line 32, 24				
	25	Multiply line 24 above by 2% (.02)	25			
	26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-				26
Other Miscellaneous Deductions	27	Other—from list on page A-4. List type and amount ▶				27
Total Itemized Deductions	28	Is Form 1040, line 32, over \$117,950 (over \$58,975 if married filing separately)? NO. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter on Form 1040, line 34, the larger of this amount or your standard deduction. YES. Your deduction may be limited. See page A-5 for the amount to enter.				28

- Deduction for repayment of amounts under a claim of right if over \$3,000. See **Pub. 525**, Taxable and Nontaxable Income, for details.

- Certain unrecovered investment in a pension. See **Pub. 529** for details.

- Impairment-related work expenses of a disabled person.

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

Total Itemized Deductions

Line 28

If the amount on Form 1040, line 32, is over \$117,950 (over \$58,975 if married filing separately), use the worksheet on this page to figure the amount to enter on line 28.

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



1. Add the amounts on Schedule A, lines 4, 9, 14, 18, 19, 26, and 27	1. _____
2. Add the amounts on Schedule A, lines 4, 13, and 19, plus any gambling losses included on line 27	2. _____
Caution: <i>Be sure your total gambling losses are clearly identified on the dotted line next to line 27.</i>	
3. Subtract line 2 from line 1. If the result is zero, stop here ; enter the amount from line 1 above on Schedule A, line 28, and see the Note below	3. _____
4. Multiply line 3 above by 80% (.80)	4. _____
5. Enter the amount from Form 1040, line 32	5. _____
6. Enter \$117,950 (\$58,975 if married filing separately)	6. _____
7. Subtract line 6 from line 5. If the result is zero or less, stop here ; enter the amount from line 1 above on Schedule A, line 28, and see the Note below	7. _____
8. Multiply line 7 above by 3% (.03)	8. _____
9. Enter the smaller of line 4 or line 8	9. _____
10. Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule A, line 28, and see the Note below	10. _____

Note: *Also enter on Form 1040, line 34, the **larger** of the amount you enter on Schedule A, line 28, or your standard deduction.*

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

Your social security number

Schedule B—Interest and Dividend Income

Attachment Sequence No. 08

Part I

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

Interest Income

(See page B-1.)

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

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

Form with dotted lines for listing interest payers.

Table with columns for Amount and rows for interest income entries (lines 1-4).

Part II Dividend Income

(See page B-1.)

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

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

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

Form with dotted lines for listing dividend payers.

Table with columns for Amount and rows for dividend income entries (lines 5-10).

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

*If you do not need Schedule D to report any other gains or losses, see the instructions for Form 1040, line 13.

Part III Foreign Accounts and Trusts

(See page B-1.)

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

- 11a At any time during 1996, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account?
b If "Yes," enter the name of the foreign country
12 During 1996, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," see page B-2 for other forms you may have to file

Table with Yes/No columns for foreign account and trust questions.



**SCHEDULE C
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business

(Sole Proprietorship)

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

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

OMB No. 1545-0074

1996

Attachment
Sequence No. **09**

Name of proprietor	Social security number (SSN)
A Principal business or profession, including product or service (see page C-1)	B Enter principal business code (see page C-6) ▶
C Business name. If no separate business name, leave blank.	D Employer ID number (EIN), if any
E Business address (including suite or room no.) ▶ City, town or post office, state, and ZIP code	
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶	
G Did you "materially participate" in the operation of this business during 1996? If "No," see page C-2 for limit on losses. <input type="checkbox"/> Yes <input type="checkbox"/> No	
H If you started or acquired this business during 1996, check here <input type="checkbox"/>	

Part I Income

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

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

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

**SCHEDULE D
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedule D (Form 1040).**
▶ **Use lines 20 and 22 for more space to list transactions for lines 1 and 9.**

OMB No. 1545-0074

1996

Attachment
Sequence No. **12**

Name(s) shown on Form 1040

Your social security number

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

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-3)	(e) Cost or other basis (see page D-3)	(f) LOSS If (e) is more than (d), subtract (d) from (e)	(g) GAIN If (d) is more than (e), subtract (e) from (d)
1						
2	Enter your short-term totals, if any, from line 21		2			
3	Total short-term sales price amounts. Add column (d) of lines 1 and 2		3			
4	Short-term gain from Forms 2119 and 6252, and short-term gain or loss from Forms 4684, 6781, and 8824				4	
5	Net short-term gain or loss from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5	
6	Short-term capital loss carryover. Enter the amount, if any, from line 9 of your 1995 Capital Loss Carryover Worksheet				6	
7	Add lines 1 through 6 in columns (f) and (g)				7	()
8	Net short-term capital gain or (loss). Combine columns (f) and (g) of line 7 ▶				8	

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

9						
10	Enter your long-term totals, if any, from line 23		10			
11	Total long-term sales price amounts. Add column (d) of lines 9 and 10		11			
12	Gain from Form 4797; long-term gain from Forms 2119, 2439, and 6252; and long-term gain or loss from Forms 4684, 6781, and 8824				12	
13	Net long-term gain or loss from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				13	
14	Capital gain distributions				14	
15	Long-term capital loss carryover. Enter the amount, if any, from line 14 of your 1995 Capital Loss Carryover Worksheet				15	
16	Add lines 9 through 15 in columns (f) and (g)				16	()
17	Net long-term capital gain or (loss). Combine columns (f) and (g) of line 16 ▶				17	

Part III Summary of Parts I and II

18	Combine lines 8 and 17. If a loss, go to line 19. If a gain, enter the gain on Form 1040, line 13. Note: If both lines 17 and 18 are gains, see the Capital Gain Tax Worksheet on page 23					18	
19	If line 18 is a loss, enter here and as a (loss) on Form 1040, line 13, the smaller of these losses: a The loss on line 18; or b (\$3,000) or, if married filing separately, (\$1,500) Note: See the Capital Loss Carryover Worksheet on page D-3 if the loss on line 18 exceeds the loss on line 19 or if Form 1040, line 35, is a loss.					19	()

**SCHEDULE E
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

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

OMB No. 1545-0074

1996

Attachment
Sequence No. **13**

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

Name(s) shown on return

Your social security number

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

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

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

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

Your social security number

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

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

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

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

Part III Income or Loss From Estates and Trusts

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

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

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

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

Part V Summary

Summary table with 5 columns: (a) Name, (b) Employer identification number, (c) Excess inclusion from Schedules Q, line 2c, (d) Taxable income (net loss) from Schedules Q, line 1b, and (e) Income from Schedules Q, line 3b. Includes lines 39, 40, 41, and 42.



**SCHEDULE SE
(Form 1040)**

Self-Employment Tax

OMB No. 1545-0074

1996

Attachment
Sequence No. **17**

Department of the Treasury
Internal Revenue Service (99)

▶ See Instructions for Schedule SE (Form 1040).

▶ Attach to Form 1040.

Name of person with self-employment income (as shown on Form 1040)	Social security number of person with self-employment income ▶
---	---

Who Must File Schedule SE

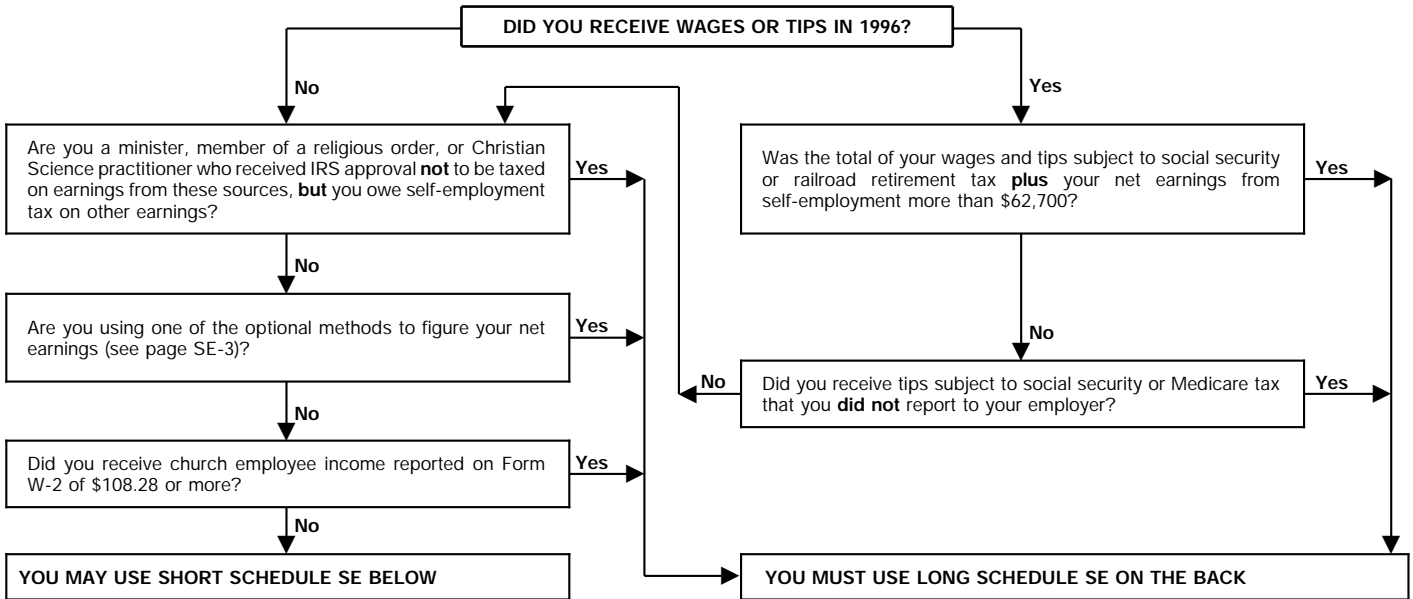
You must file Schedule SE if:

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

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

Exception. If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361 and received IRS approval not to be taxed on those earnings, **do not** file Schedule SE. Instead, write "Exempt-Form 4361" on Form 1040, line 45.

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



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

1 Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a	1		
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; and Schedule K-1 (Form 1065), line 15a (other than farming). Ministers and members of religious orders see page SE-1 for amounts to report on this line. See page SE-2 for other income to report	2		
3 Combine lines 1 and 2	3		
4 Net earnings from self-employment. Multiply line 3 by 92.35% (.9235). If less than \$400, do not file this schedule; you do not owe self-employment tax ▶	4		
5 Self-employment tax. If the amount on line 4 is: <ul style="list-style-type: none"> • \$62,700 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 45. • More than \$62,700, multiply line 4 by 2.9% (.029). Then, add \$7,774.80 to the result. Enter the total here and on Form 1040, line 45. 	5		
6 Deduction for one-half of self-employment tax. Multiply line 5 by 50% (.5). Enter the result here and on Form 1040, line 25	6		

Name of person with self-employment income (as shown on Form 1040)	Social security number of person with self-employment income ▶
---	---

Section B—Long Schedule SE

Part I Self-Employment Tax

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

A If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I. <input type="checkbox"/>			
1 Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a. Note: Skip this line if you use the farm optional method. See page SE-3	1		
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; and Schedule K-1 (Form 1065), line 15a (other than farming). Ministers and members of religious orders see page SE-1 for amounts to report on this line. See page SE-2 for other income to report. Note: Skip this line if you use the nonfarm optional method. See page SE-3.	2		
3 Combine lines 1 and 2	3		
4a If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3	4a		
b If you elected one or both of the optional methods, enter the total of lines 15 and 17 here	4b		
c Combine lines 4a and 4b. If less than \$400, do not file this schedule; you do not owe self-employment tax. Exception. If less than \$400 and you had church employee income , enter -0- and continue ▶	4c		
5a Enter your church employee income from Form W-2. Caution: See page SE-1 for definition of church employee income	5a		
b Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-	5b		
6 Net earnings from self-employment. Add lines 4c and 5b	6		
7 Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 1996	7	62,700	00
8a Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation	8a		
b Unreported tips subject to social security tax (from Form 4137, line 9)	8b		
c Add lines 8a and 8b	8c		
9 Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 . ▶	9		
10 Multiply the smaller of line 6 or line 9 by 12.4% (.124)	10		
11 Multiply line 6 by 2.9% (.029).	11		
12 Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 45	12		
13 Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 25	13		

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

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

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



▶ Attach to Form 1040.

▶ See separate instructions.

Name(s) shown on Form 1040

Your social security number

You need to understand the following terms to complete this form:
Qualifying Person(s), Dependent Care Benefits, Qualified Expenses, and **Earned Income.** See **Important Terms** on page 1 of the Form 2441 instructions.

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

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

2 Add the amounts in column (d) of line 1 **2**

3 Enter the number of **qualifying persons** cared for in 1996 ▶

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

Caution: If the care was provided in your home, you may owe employment taxes. See the instructions for Form 1040, line 50.

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

4 Enter the amount of qualified expenses you incurred and paid in 1996. DO NOT enter more than \$2,400 for one qualifying person or \$4,800 for two or more persons. If you completed Part III, enter the amount from line 25	4																																			
5 Enter YOUR earned income	5																																			
6 If married filing a joint return, enter YOUR SPOUSE'S earned income (if student or disabled, see the instructions); all others , enter the amount from line 5	6																																			
7 Enter the smallest of line 4, 5, or 6	7																																			
8 Enter the amount from Form 1040, line 32	8																																			
9 Enter on line 9 the decimal amount shown below that applies to the amount on line 8																																				
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <table border="0"> <tr> <th style="text-align: left;">If line 8 is—</th> <th style="text-align: left;">Decimal amount is</th> </tr> <tr> <td style="border-bottom: 1px solid black;">Over But not over</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>\$0—10,000</td> <td>.30</td> </tr> <tr> <td>10,000—12,000</td> <td>.29</td> </tr> <tr> <td>12,000—14,000</td> <td>.28</td> </tr> <tr> <td>14,000—16,000</td> <td>.27</td> </tr> <tr> <td>16,000—18,000</td> <td>.26</td> </tr> <tr> <td>18,000—20,000</td> <td>.25</td> </tr> </table> </td> <td style="width: 50%; vertical-align: top;"> <table border="0"> <tr> <th style="text-align: left;">If line 8 is—</th> <th style="text-align: left;">Decimal amount is</th> </tr> <tr> <td style="border-bottom: 1px solid black;">Over But not over</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>\$20,000—22,000</td> <td>.24</td> </tr> <tr> <td>22,000—24,000</td> <td>.23</td> </tr> <tr> <td>24,000—26,000</td> <td>.22</td> </tr> <tr> <td>26,000—28,000</td> <td>.21</td> </tr> <tr> <td>28,000—No limit</td> <td>.20</td> </tr> </table> </td> </tr> </table>	<table border="0"> <tr> <th style="text-align: left;">If line 8 is—</th> <th style="text-align: left;">Decimal amount is</th> </tr> <tr> <td style="border-bottom: 1px solid black;">Over But not over</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>\$0—10,000</td> <td>.30</td> </tr> <tr> <td>10,000—12,000</td> <td>.29</td> </tr> <tr> <td>12,000—14,000</td> <td>.28</td> </tr> <tr> <td>14,000—16,000</td> <td>.27</td> </tr> <tr> <td>16,000—18,000</td> <td>.26</td> </tr> <tr> <td>18,000—20,000</td> <td>.25</td> </tr> </table>	If line 8 is—	Decimal amount is	Over But not over		\$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	<table border="0"> <tr> <th style="text-align: left;">If line 8 is—</th> <th style="text-align: left;">Decimal amount is</th> </tr> <tr> <td style="border-bottom: 1px solid black;">Over But not over</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>\$20,000—22,000</td> <td>.24</td> </tr> <tr> <td>22,000—24,000</td> <td>.23</td> </tr> <tr> <td>24,000—26,000</td> <td>.22</td> </tr> <tr> <td>26,000—28,000</td> <td>.21</td> </tr> <tr> <td>28,000—No limit</td> <td>.20</td> </tr> </table>	If line 8 is—	Decimal amount is	Over But not over		\$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	9			× .
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22,000—24,000	.23																																			
24,000—26,000	.22																																			
26,000—28,000	.21																																			
28,000—No limit	.20																																			
10 Multiply line 7 by the decimal amount on line 9. Enter the result. Then, see the instructions for the amount of credit to enter on Form 1040, line 39	10																																			

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

Name(s) shown on return	Identifying number
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Part I Tentative Credit

1a Current year investment credit (Form 3468, Part I)	1a		
b Current year work opportunity credit (Form 5884, Part I)	1b		
c Current year credit for alcohol used as fuel (Form 6478)	1c		
d Current year credit for increasing research activities (Form 6765, Part I)	1d		
e Current year low-income housing credit (Form 8586, Part I)	1e		
f Current year enhanced oil recovery credit (Form 8830, Part I)	1f		
g Current year disabled access credit (Form 8826, Part I)	1g		
h Current year renewable electricity production credit (Form 8835, Part I)	1h		
i Current year Indian employment credit (Form 8845, Part I)	1i		
j Current year credit for employer social security and Medicare taxes paid on certain employee tips (Form 8846, Part I)	1j		
k Current year orphan drug credit (Form 8820, Part I)	1k		
l Current year credit for contributions to selected community development corporations (Form 8847, Part I)	1l		
m Current year trans-Alaska pipeline liability fund credit (see instructions)	1m		
n Current year general business credit. Add lines 1a through 1m	1n		
2 Passive activity credits included on line 1n (see instructions)	2		
3 Subtract line 2 from line 1n	3		
4 Passive activity credits allowed for 1996 (see instructions)	4		
5 Carryforward of general business, WIN, or ESOP credit to 1996 (see instructions for the schedule to attach)	5		
6 Carryback of general business credit to 1996 (see instructions)	6		
7 Tentative general business credit. Add lines 3 through 6	7		

Part II General Business Credit Limitation Based on Amount of Tax

8 Regular tax before credits: • Individuals. Enter amount from Form 1040, line 38 • Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1) • Other filers. Enter regular tax before credits from your return				
9a Credit for child and dependent care expenses (Form 2441, line 10)	9a			
b Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	9b			
c Mortgage interest credit (Form 8396, line 11)	9c			
d Foreign tax credit (Form 1116, line 32, or Form 1118, Sch. B, line 12)	9d			
e Possessions tax credit (Form 5735)	9e			
f Credit for fuel from a nonconventional source	9f			
g Qualified electric vehicle credit (Form 8834, line 19)	9g			
h Add lines 9a through 9g	9h			
10 Net regular tax. Subtract line 9h from line 8	10			
11 Alternative minimum tax: • Individuals. Enter amount from Form 6251, line 28 • Corporations. Enter amount from Form 4626, line 15 • Estates and trusts. Enter amount from Form 1041, Schedule I, line 41				
12 Net income tax. Add lines 10 and 11	12			
13 Tentative minimum tax (see instructions): • Individuals. Enter amount from Form 6251, line 26 • Corporations. Enter amount from Form 4626, line 13 • Estates and trusts. Enter amount from Form 1041, Schedule I, line 37	13			
14 If line 10 is more than \$25,000, enter 25% (.25) of the excess (see instructions)	14			
15 Enter the greater of line 13 or line 14	15			
16 Subtract line 15 from line 12. If zero or less, enter -0-	16			
17 General business credit allowed for current year. Enter the smaller of line 7 or line 16 here and on Form 1040, line 42; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return. Individuals, estates, and trusts: See instructions if the credit for increasing research activities is claimed. C corporations: See instructions for Schedule A if any regular investment credit carryforward is claimed. See the instructions if the corporation has had a post-1986 "ownership change."	17			

Recapture of Investment Credit

▶ **Attach to your income tax return.**

Name(s) as shown on return	Identifying number
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Properties	Type of property—State whether rehabilitation, energy, reforestation, or transition property. (See the Instructions for Form 3468 for the year the investment credit property was placed in service for definitions.) If rehabilitation property, also show type of building. If energy property, show type.
A	
B	
C	
D	

Original Investment Credit

Computation Steps: (See Specific Instructions)	Properties			
	A	B	C	D
1 Original rate of credit				
2 Date property was placed in service				
3 Cost or other basis				
4 Original estimated useful life or class of property				
5 Applicable percentage				
6 Original qualified investment (Multiply line 3 by the percentage on line 5.)				
7 Original credit (Multiply line 6 by the percentage on line 1.)				
8 Date property ceased to be qualified investment credit property				
9 Number of full years between the date on line 2 and the date on line 8				

Computation of Recapture Tax

10 Recapture percentage (from instructions)				
11 Tentative recapture tax (Multiply line 7 by the percentage on line 10.)				
12 Add line 11, columns A through D				
13 Enter the recapture tax from property ceasing to be at risk, or for which there was an increase in nonqualified-nonrecourse financing (Attach separate computation.)				
14 Add lines 12 and 13.				
15 Portion of original credit (line 7) not used to offset tax in any year, plus any carryback and carryforward of credits you can now apply to the original credit year because you have freed up tax liability in the amount of the tax recaptured (Do not enter more than line 14—see instructions.)				
16 Total increase in tax. Subtract line 15 from line 14. Enter here and on the appropriate line of your tax return				

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 7 hr., 53 min.
- Learning about the law or the form** 2 hr., 23 min.
- Preparing, copying, assembling, and sending the form to the IRS** 2 hr., 37 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions for the tax return with which this form is filed.

General Instructions

Section references are to the Internal Revenue Code before amendment by the Revenue Reconciliation Act of 1990 (RRA of 1990), unless otherwise noted.

Purpose of Form

Use Form 4255 to figure the increase in tax for the recapture of investment credit claimed.

You must refigure the credit if you claimed it in an earlier year, but disposed of the property before the end of the recapture period or the useful life you used to figure the original credit, whichever applies. Refigure the credit for all property (except nonrecovery placed in service before 1991) when the property ceases to be investment credit property before the end of 5 full years after the property is placed in service (recapture period). For nonrecovery property placed in service before 1991, refigure the credit when the property ceases to be investment credit property before the end of the useful life used to figure the credit. See the line 10 instructions for details.

You must also refigure the credit if you returned leased property (on which you had taken a credit) to the lessor before the end of the recapture period or useful life.

▶ See separate instructions.

▶ Attach to Form 1040 or Form 1040NR.

Name(s) shown on Form 1040

Your social security number

Part I Adjustments and Preferences

1	If you itemized deductions on Schedule A (Form 1040), go to line 2. Otherwise, enter your standard deduction from Form 1040, line 34, here and go to line 6	1		
2	Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4 or 2½% of Form 1040, line 32	2		
3	Taxes. Enter the amount from Schedule A (Form 1040), line 9.	3		
4	Certain interest on a home mortgage not used to buy, build, or improve your home	4		
5	Miscellaneous itemized deductions. Enter the amount from Schedule A (Form 1040), line 26	5		
6	Refund of taxes. Enter any tax refund from Form 1040, line 10 or line 21	6	()
7	Investment interest. Enter difference between regular tax and AMT deduction	7		
8	Post-1986 depreciation. Enter difference between regular tax and AMT depreciation	8		
9	Adjusted gain or loss. Enter difference between AMT and regular tax gain or loss	9		
10	Incentive stock options. Enter excess of AMT income over regular tax income	10		
11	Passive activities. Enter difference between AMT and regular tax income or loss	11		
12	Beneficiaries of estates and trusts. Enter the amount from Schedule K-1 (Form 1041), line 8	12		
13	Tax-exempt interest from private activity bonds issued after 8/7/86	13		
14	Other. Enter the amount, if any, for each item below and enter the total on line 14.	14		
a	Charitable contributions			
b	Circulation expenditures			
c	Depletion			
d	Depreciation (pre-1987)			
e	Installment sales			
f	Intangible drilling costs			
g	Long-term contracts			
h	Loss limitations			
i	Mining costs			
j	Patron's adjustment			
k	Pollution control facilities			
l	Research and experimental			
m	Tax shelter farm activities			
n	Related adjustments			
15	Total Adjustments and Preferences. Combine lines 1 through 14 ▶	15		

Part II Alternative Minimum Taxable Income

16	Enter the amount from Form 1040, line 35 . If less than zero, enter as a (loss) ▶	16		
17	Net operating loss deduction, if any, from Form 1040, line 21. Enter as a positive amount	17		
18	If Form 1040, line 32, is over \$117,950 (over \$58,975 if married filing separately), and you itemized deductions, enter the amount, if any, from line 9 of the worksheet for Schedule A (Form 1040), line 28	18	()
19	Combine lines 15 through 18 ▶	19		
20	Alternative tax net operating loss deduction. See page 5 of the instructions	20		
21	Alternative Minimum Taxable Income. Subtract line 20 from line 19. (If married filing separately and line 21 is more than \$165,000, see page 5 of the instructions.) ▶	21		

Part III Exemption Amount and Alternative Minimum Tax

22	Exemption Amount. (If this form is for a child under age 14, see page 6 of the instructions.)	22		
	If your filing status is:			
	And line 21 is not over:			
	Enter on line 22:			
	Single or head of household \$112,500 \$33,750			
	Married filing jointly or qualifying widow(er) 150,000 45,000			
	Married filing separately 75,000 22,500			
	If line 21 is over the amount shown above for your filing status, see page 6 of the instructions.			
23	Subtract line 22 from line 21. If zero or less, enter -0- here and on lines 26 and 28 ▶	23		
24	If line 23 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 23 by 26% (.26). Otherwise, multiply line 23 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result	24		
25	Alternative minimum tax foreign tax credit. See page 6 of the instructions	25		
26	Tentative minimum tax. Subtract line 25 from line 24 ▶	26		
27	Enter your tax from Form 1040, line 38 (excluding any amount from Form 4972), minus any foreign tax credit from Form 1040, line 41	27		
28	Alternative Minimum Tax. (If this form is for a child under age 14, see page 7 of the instructions.) Subtract line 27 from line 26. If zero or less, enter -0-. Enter here and on Form 1040, line 46 ▶	28		



Name(s) shown on return

Identifying number

Part I 1996 Passive Activity Loss

Caution: See the instructions for Worksheets 1 and 2 on page 8 before completing Part I.

Rental Real Estate Activities With Active Participation (For the definition of active participation see **Active Participation in a Rental Real Estate Activity** on page 4 of the instructions.)

1a	Activities with net income (from Worksheet 1, column (a))	1a			
b	Activities with net loss (from Worksheet 1, column (b))	1b	()
c	Prior year unallowed losses (from Worksheet 1, column (c))	1c	()
d	Combine lines 1a, 1b, and 1c	1d			

All Other Passive Activities

2a	Activities with net income (from Worksheet 2, column (a))	2a			
b	Activities with net loss (from Worksheet 2, column (b))	2b	()
c	Prior year unallowed losses (from Worksheet 2, column (c))	2c	()
d	Combine lines 2a, 2b, and 2c	2d			

3 Combine lines 1d and 2d. If the result is net income or zero, see the instructions for line 3 on page 9. If this line and line 1d are losses, go to line 4. Otherwise, enter -0- on line 9 and go to line 10. **3**

Part II Special Allowance for Rental Real Estate With Active Participation

Note: Enter all numbers in Part II as positive amounts. See page 9 of the instructions for examples.

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

Part III Total Losses Allowed

10	Add the income, if any, on lines 1a and 2a and enter the total	10			
11	Total losses allowed from all passive activities for 1996. Add lines 9 and 10. See pages 10 and 11 of the instructions to find out how to report the losses on your tax return	11			

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

Department of the Treasury
Internal Revenue Service

▶ Attach to your tax return.

Name(s) shown on return

Identifying number

Part I Net Minimum Tax on Exclusion Items

1	Combine lines 16 through 18 of your 1995 Form 6251. Estates and trusts, see instructions	1		
2	Enter adjustments and preferences treated as exclusion items. See instructions	2		
3	Minimum tax credit net operating loss deduction. See instructions	3	()
4	Combine lines 1, 2, and 3. If zero or less, enter -0- here and on line 15 and go to Part II. If more than \$165,000 and you were married filing separately for 1995, see instructions	4		
5	Enter \$45,000 (\$33,750 if single or head of household for 1995, \$22,500 if married filing separately for 1995). Estates and trusts, enter \$22,500	5		
6	Enter \$150,000 (\$112,500 if single or head of household for 1995, \$75,000 if married filing separately for 1995). Estates and trusts, enter \$75,000	6		
7	Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9	7		
8	Multiply line 7 by 25% (.25)	8		
9	Subtract line 8 from line 5. If zero or less, enter -0-. If this form is for a child under age 14, see instructions	9		
10	Subtract line 9 from line 4. If zero or less, enter -0- here and on line 15, and go to Part II. Form 1040NR filers, see instructions	10		
11	If line 10 is \$175,000 or less (\$87,500 or less if married filing separately for 1995), multiply line 10 by 26% (.26). Otherwise, multiply line 10 by 28% (.28), and subtract \$3,500 (\$1,750 if married filing separately for 1995) from the result	11		
12	Minimum tax foreign tax credit on exclusion items. See instructions	12		
13	Tentative minimum tax on exclusion items. Subtract line 12 from line 11	13		
14	Enter the amount from your 1995 Form 6251, line 27, or Form 1041, Schedule I, line 40	14		
15	Net minimum tax on exclusion items. Subtract line 14 from line 13. If zero or less, enter -0-	15		

Part II Minimum Tax Credit and Carryforward to 1997

16	Enter the amount from your 1995 Form 6251, line 28, or Form 1041, Schedule I, line 41	16		
17	Enter the amount from line 15 above	17		
18	Subtract line 17 from line 16. If less than zero, enter as a negative amount	18		
19	1995 minimum tax credit carryforward. Enter the amount from your 1995 Form 8801, line 26	19		
20	Enter the total of your 1995 unallowed orphan drug credit, 1995 unallowed nonconventional source fuel credit, and 1995 unallowed qualified electric vehicle credit. See instructions	20		
21	Combine lines 18, 19, and 20. If zero or less, stop here and see instructions	21		
22	Enter your 1996 regular income tax liability minus allowable credits. See instructions	22		
23	Enter the amount from your 1996 Form 6251, line 26, or 1996 Form 1041, Schedule I, line 37	23		
24	Subtract line 23 from line 22. If zero or less, enter -0-	24		
25	Minimum tax credit. Enter the smaller of line 21 or line 24. Also enter this amount on the appropriate line of your 1996 tax return. See instructions	25		
26	Minimum tax credit carryforward to 1997. Subtract line 25 from line 21. See instructions	26		

Section references are to the Internal Revenue Code.

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may

become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 1 hr., 33 min.; **Learning about the law or the form**, 1 hr., 13 min.; **Preparing the form**, 1 hr.; **Copying, assembling, and sending the form to the IRS**, 17 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

General Instructions

Purpose of Form

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

Who Should File

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

- An AMT liability in 1995 and adjustments or preferences (other than exclusion items) in 1995,
- A minimum tax credit carryforward from 1995 to 1996, or