

US Treasury Department
Internal Revenue Service



**TAX MODEL
1966
STATISTICS OF INCOME**

general description
individual
nonbusiness file

Statistics Division
May 1968

1966 Tax Model/Individual Income Tax Returns

A General Description of the Tax Model File

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Introduction

The Individual Tax Model is primarily a research tool that will accurately test hypotheses regarding income, deductions, tax base, tax rates, or any combination of these factors. The Tax Model consists of (1) a file of 86,610 records selected randomly from the Statistics of Income sample of 383,600 Form 1040 and 1040A returns (input file--this file is available to research organizations at cost); (2) a generalized manipulation program designed to select, compute, compare, arrange, and recode data in the input file; and (3) a table generator program that will select, weight, and tabulate specified items in the manipulated input file, and provide for stub and column identification in a flexible format of 20 lines by 12 columns, in up to 10 tables per run.

The Model file (input file) can be partitioned into as many as 10 equal parts by use of the "select" code if it is desirable to replicate an experiment using several randomly selected sets of tax records.

The returns in the Model file are stratified by size of adjusted gross income, and type of return (presence or absence of Business or Farm Schedules). The Model file contains 81 data items, and 7 codes that provide identifying and characteristics information.

This general description indicates the codes and items that are included in the Tax Model file, the layout of the file, and the sampling rates for each class of return. Facsimiles of the tax return from which the information was abstracted are also included.

Technical Description of File

Each Data Record in the file, representing one tax return, is composed of one hundred (100), 10 digit, fixed point, numeric words the first 81 of which contain data. Logical Tape Records are made up of 5 data records. Logical tape records are separated by a 3/4 inch inter record gap (IRG). There is no special indication of the end of a logical tape record other than the IRG, and no indication of the end of a data record. Data are recorded at a density of 556 bits per inch on standard 2,400 foot, 1/2 inch, 7 channel, mylar tape in Binary Coded Decimal (BCD) notation with both horizontal and vertical even parity. Each logical tape record is preceded by a Delta (CB8421 in BCD). Numeric words are 10 or fewer characters because zero suppression eliminates up to 5 non-significant high order zeroes per word. The end of a data word is recognized by the zone bits in the units positions.

Header and trailer labels are 80 alphabetic characters in length. Alpha words are 5 characters in tape. No deltas precede tape labels. The last reel of the file carries an end-of-file (EOF) indication in the second, third and fourth characters of the trailer label. All other reels carry an end-of-reel indication (EOR) in the same positions.

The file was created using IBM 729-V Tape Drives.

Codes and Items in Tax Model File

<u>Digit Pos. in Field 0</u>	<u>Code</u>	<u>Field</u>	<u>Item</u>
0,1	District	37	Total Ordinary Gain
2,3	Sample	38	Total Other Gain
4	Form of deduction	63	Net Gain - Other Property
5	Tax Status	64	Net Loss - Other Property
6	Dependent Parent	76	Short-Term Capital Loss Carryover
7	Marital Status	77	Net Short-Term Gain after Carryover
8	Select	78	Net Short-Term Loss after Carryover
		79	Long-Term Capital Loss Carryover
		80	Net Long-Term Gain after Carryover
		81	Net Long-Term Loss after Carryover
		82	Net Loss before Limitation
		83	Net Capital Gain in AGI
		84	Net Capital Loss in AGI
			<u>Deductions</u>
		11	Total Deductions
		44	Total Medical - Group I
		45	Drug - Group II
		46	Total Medical - Group II
		47	Allowable Medical
		48	Total Contributions
		49	Real Estate Tax
		50	Gasoline Tax
		51	General Sales Tax
		52	State & Local Income Tax
		53	Personal Property Tax
		54	Total Tax
		55	Home Mortgage Interest
		56	Total Interest
		57	Total Other Deductions
			<u>Adjustments to Income</u>
		40	Sick Pay
		41	Moving Expense
		42	Employee Business Expense
		43	Self-Employed Pension Payment
			<u>Tax Credits</u>
		58	Retirement Income Credit
		59	Investment Credit
		60	Foreign Tax Credit
		61	All Other Credits

Codes and Items in Tax Model File "-Cont."

<u>Field</u>	<u>Item</u>	<u>Field</u>	<u>Item</u>
	<u>Tax Related Items: Form 1040, page 1</u>		
12	Jaxable Income	1. 2	Blank Code Fields
13	Tax Savings - Income Averaging	3	Weight Word
14	Income Tax Before Credits	85-96	Blank Fields
15	Income Tax After Credits	97	Sort Field (see Explanation)
16	Recomputed Tax on Prior-Year Investment Credit	98	Social Security Number (see Explanation)
17	Self-Employment Tax	99	Document Locator Number (see Explanation)
18	Income Tax Withheld		
19	1966 Estimated Tax Payments		
20	Excess FICA Withheld		
21	½ Excess Net Long-Term Capital Gain		
22	Credit for Non-Highway Federal Gasoline Tax		
23	Tax Withheld by Regulated Investment Company		
24	Balance Due		
25	Tax Paid with Return		
26	Total Overpayment		

1 2 3 4 5 6 7 8 9 0		1 Blank Words - For Codes Created in Manipulation		3 Weight Word	4 Exemptions				8 Retirement, Vacation, Finger, etc.	9 Total Income (Add 1-8)
					4 Taxpayer(s)	5 Age	6 Married	7 Dependents		
10 Total Loss (AOI -)	11 Total Deductions	12 Taxable Income	13 Tax Savings - Income Averaging	14 Income Tax Before Credits	15 Income Tax After Credits	16 Recomputed Tax Investment Cr.	17 Self-Employment Tax	18 Income Tax Withholding	19 1966 Estimated Tax Payments and Credits	
20 Excess FICA Withheld	21 Excess Net L-T Gain	22 Credit For Non-Highway Fed. Gasoline Tax Form 4136	23 Tax Withheld by Reg. Inv. Co., Form 2019 or Type Not Specified	24 Balance Due	25 Tax Paid With Return	26 Total Overpayment	27 Total Domestic and Foreign	28 Refund	29 Capital Gains + Refundable	
30 Dividends in Total Income	31 Total Interest Income	32 Business Income or Loss				36 Other Personal Income	37 Total Ordinary Income (Add 30, 31, 32, 36)	38 Pension Income Income	39 Other Income Income	
40 Bank Pay	41 Moving Expenses	42 Repairs Business Expenses	43 Self-Employed Business Deduction	44 Group I Total Deduction	45 Group II Total Deduction	46 Group III Total Deduction	47 Allowable Deduction	48 Total Deductible	49 Total Deductible	
50 Gasoline	51 General Sales	52 State and Local Income	53 Personal Property	54 Total	55 Home Mortgage	56 Total	57 Total Other Deductions	58 Retirement Income	59 Investment	
60 Foreign Tax	61 All Other	62 Pensions and Annuities		63 Other Property		64 Rents		65 Royalty		
66 Net Gain	67 Net Loss			68 Net Income	69 Net Loss	70 Net Income	71 Net Loss			
70 Net Profit	71 Net Loss	72 Net Income	73 Net Loss	74 Net Income	75 Net Loss	76 Short-Term Capital Loss Carryover	77 Long After Carryover	78 Long After Carryover	79 Long-Term Capital Gain Carryover	
80 Gain After Carryover	81 Loss After Carryover	82 Net Loss Before Limitation	83 Net Capital		85 86 87 88 89					
83 Gain in Alt	84 Loss in Alt									
90	91	92	93	94	95	96	97 Joint Field	98 Social Security Number	99 Document Locator Number	

Explanation of Codes and Items in Tape File

Columns in
Field 00
 0, 1

Code

District (IRS District in which return was filed)

Southeast Region:

Greensboro, N. C.....	56
Columbia, S. C.....	57
Atlanta, Ga.....	58
Jacksonville, Fla.....	59
Nashville, Tenn.....	62
Birmingham, Ala.....	63
Jackson, Miss.....	64

North-Atlantic Region:

Augusta, Maine.....	01
Portsmouth, N. H.....	02
Burlington, Vt.....	03
Boston, Mass.....	04
Providence, R. I.....	05
Hartford, Conn.....	06
Brooklyn, N. Y.....	11
Manhattan, N. Y.....	13
Albany, N. Y.....	14
Buffalo, N. Y.....	16
Puerto Rico.....	66
CP:IO.....	98

Midwest Region:

Chicago, Ill.....	36
Springfield, Ill.....	37
Milwaukee, Wis.....	39
St. Paul, Minn.....	41
Des Moines, Iowa.....	42
St. Louis, Mo.....	43
Fargo, N. Dak.....	45
Aberdeen, South Dak.....	46
Omaha, Nebr.....	47
Detroit, Mich.....	38

Central Region:

Cincinnati, Ohio.....	31
Cleveland, Ohio.....	34
Indianapolis, Ind.....	35
Parkersburg, West Va.....	55
Louisville, Ky.....	61

Explanation of Codes and Items in Tape File "-Cont."

Columns in
Field 00
0, 1

Code
District (IRS District in which return was filed)

Southwest Region:

Wichita, Kansas.....	48
Little Rock, Ark.....	71
New Orleans, La.....	72
Oklahoma City, Okla.....	73
Austin, Texas.....	74
Dallas, Texas.....	75
Cheyenne, Wyo.....	83
Denver, Colorado.....	84
Albuquerque, N. Mex.....	85

Mid-Atlantic Region:

Newark, N. J.....	22
1/Philadelphia, Pa.....	23
2/Philadelphia, Pa.....	24
Pittsburgh, Pa.....	25
Wilmington, Del.....	51
Baltimore, Md.....	52
Washington, D. C.....	53
Richmond, Va.....	54

Western Region:

Helena, Montana.....	81
Boise, Idaho.....	82
Phoenix, Ariz.....	86
Salt Lake City, Utah.....	87
Reno, Nev.....	88
Seattle, Wash.....	91
Anchorage, Alaska.....	92
Portland, Oregon.....	93
San Francisco, Calif.....	94
Los Angeles, Calif.....	95
Honolulu, Hawaii.....	99

3/International Operations:

Puerto Rico.....	66
All other IO returns.....	98

1/ Philadelphia District Office returns with the mailing address other than Philadelphia, Pennsylvania.

2/ Philadelphia District Office returns with the mailing address of Philadelphia, Pennsylvania.

3/ Returns of resident aliens, citizens residing in U.S. possessions, and citizens residing abroad are filed with the Office of International Operations.

<u>Columns (in field 0)</u>	<u>Code</u>
2, 3 Sample	
00	Form 1040A Returns
01	Nonbusiness with AGI under \$10,000; loss under \$200,000
02	Business with AGI under \$10,000; loss under \$200,000
03	Nonbusiness with AGI \$10,000 under \$50,000
04	Business with AGI \$10,000 under \$30,000
05	Nonbusiness with AGI \$50,000 under \$100,000
06	Business with AGI \$30,000 under \$100,000
07	Nonbusiness with AGI \$100,000 under \$200,000
08	Business with AGI \$100,000 under \$200,000
09	Form 1040, (1040W) Prior Year Delinquent with AGI under \$50,000; loss under \$200,000
17	Nonbusiness with AGI of \$200,000 and over; loss of \$200,000 and over
18	Business with AGI of \$200,000 and over; loss of \$200,000 and over
19	Form 1040, (1040W) Prior Year Delinquent with AGI \$50,000 and over; loss \$200,000 and over
4	Form of Deduction
1	Itemized deduction returns
2	Standard deduction returns
3	Returns with positive total income
4	Minimum standard deduction returns
5	Itemized without schedule
5	Tax Status
1	Taxable, using normal tax and surtax computation
2	Taxable, using normal tax and surtax computation and income averaging
3	Taxable, using alternative tax computation
4	Taxable, using alternative tax computation and income averaging
5	Returns with no taxable income
6	Nontaxable (after credits), using normal tax and surtax computation
7	Nontaxable (after credits), using normal tax and surtax computation, and income averaging
8	Nontaxable (after credits), using alternative tax computation
9	Nontaxable (after credits), using alternative tax computation and income averaging

Columns (in field 0)

Code--Continued

6 DP-MD (Dependent Parents Medical Deduction)

- 1 Yes
- 2 No

7 Marital Status

- 1 Single (not head of household or surviving spouse)
- 2 Married filing joint return
- 3 Married filing separate return
- 4 Unmarried head of household
- 5 Surviving widow (widower) with dependent children

8 Select -- Randomly divides file into 10 mutually exclusive subsamples of equal size. Each record contains a code from 0 to 9.

9 Blank -- may be used during manipulation

<u>Field</u>	<u>Item</u>
1, 2	Blank Code Fields -- the Tax Model manipulation program permits storage of up to 10 two-digit codes created during manipulation in these two fields.
3	Weight Word - contains the sample weight applicable to the return for making national estimates.
4	Taxpayer(s) Exemption -- lines 2a and 2b (Regular, page 1.
5	Age Exemption -- lines 2a and 2b (65 or over), page 1
6	Blind Exemption -- lines 2a and 2b (Blind), page 1.
7	Dependent Exemption -- the sum of lines 3a and 3b, page 1.
8	Salaries and Wages -- line 5
9	Total Income (AGI+) -- line 9 (line 7 on Form 1040A).
10	Total Loss (AGI-) -- line 9 (line 7 on Form 1040A).
11	Total Deductions -- in conjunction with the "Form of deduction" code (Field 0, col. 4) this figure is: line 11a of Form 1040 returns with adjusted gross income \$5,000 or more, or the amount computed, based on the tax reported, for all Forms 1040A and 1040 under \$5,000 where the taxpayer used the "Tax Table". The amount of total deductions on many nontaxable returns exceeds adjusted gross income reduced by the amount of exemptions. A few "separate returns" (marital status code 3) are coded as itemized deduction returns yet they have no total deductions reported. In such cases it is assumed that the spouse itemized and claimed all of the deductions.
12	Taxable Income -- for itemized deduction returns, line 11d of Form 1040. For Form 1040 returns with income \$5,000 or more and with the standard deduction, line 11d. For standard deduction Form 1040 returns with income under \$5,000, and for all Form 1040A returns, the taxable income was computed based on the appropriate marital status and form of deduction.
13	Tax Savings, Income Averaging -- a computed amount which is the difference between the tax liability under income averaging and the tax liability if income averaging was not used.

<u>Field</u>	<u>Item</u>
14	Income Tax Before Credits -- line 12, Form 1040 (line 8, Form 1040A). For Forms 1040, the tax was the result of (1) the regular tax computation (tax status code 1); (2) the alternative tax computation (tax status code 2); (3) income averaging (income averaging field); or (4) application of rates in effect prior to 1966 on prior year delinquent returns (sample codes 09 and 19). The tax reported by the taxpayer computed under (1) and (2) above was accepted if within a +5 percent tolerance. If the reported tax was outside the tolerance, the tax was recomputed, and if necessary the tax status and/or marital status codes were changed. The tax reported by the taxpayer computed under (3) or (4) above was generally accepted without change.
15	Income Tax After Credits -- line 14a (line 8 on Form 1040A).
16	Recomputed Tax -- line 14b, tax from recomputing prior-year investment credit.
17	Self-Employment Tax -- line 15.
18	Income Tax Withheld -- line 17 (line 9 on Form 1040A).
19	1966 Estimated Tax Payment -- line 18, this includes prior-year overpayment credited to 1966 taxes.
20	Excess FICA Withheld -- line 19.
21	$\frac{1}{2}$ Excess Net Long-Term Capital Gain -- computed amount used in tax computation.
22	Credit Nonhighway Federal Gasoline Tax -- line 20.
23	Tax Withheld by Regulated Investment Company -- line 20, if Form 2439 is attached.
24	Balance Due -- line 22 (line 10 on Form 1040A).
25	Tax Paid with Return -- equal to or less than balance due on line 22.
26	Total Overpayment -- line 23.
27	Total Dividends -- line 1a, page 2, Part II.
28	Dividend Exclusion -- line 1b, Part II, limited to a maximum of \$200 on joint returns, and \$100 on all other returns.

<u>Field</u>	<u>Item</u>
29	Capital Gain Dividends -- line 1c, Part II.
30	Dividends in Total Income -- line 1f, Part II.
31	Total Interest -- line 2d, Part II.
32	Nonfarm Net Profit -- line 4, Part II, if positive
33	Nonfarm Net Loss -- line 4, Part II, if negative.
34	Farm Net Profit -- line 6, Part II, if positive.
35	Farm Net Loss -- line 6, Part II, if negative.
36	Other Sources, Income -- line 7, Part II, if the result is positive. Includes any positive adjustment necessary to balance the sources of income and loss to adjusted gross income.
37	Total Ordinary Gain -- line 2, column i, Part II, Schedule D.
38	Total Other Gain -- line 3, column j, Part II, Schedule D.
39	Other Sources, Loss -- line 7, Part II, if the result is negative. Includes any negative adjustment necessary to balance the sources of income and loss to adjusted gross income.
40	Sick Pay Adjustment -- line 1, Part III, as reported by the taxpayer and may exceed gross salaries and wages, and/or the \$5,200 maximum limitation.
41	Moving Expenses -- line 2, Part III, as reported by the taxpayer. In some cases no gross salaries and wages were reported.
42	Employee Business Expenses -- line 3, Part III, as reported by the taxpayer and in some cases may exceed gross salaries and wages.
43	Self-employed Pension Payment -- line 4, Part III, as reported by the taxpayer and in some cases may exceed the maximum limitation.
44	Total Medical Deduction, Group I -- line 7, Medical and dental expenses, Part IV, for taxpayer and wife if either is 65 years of age or older, or for each 65-year-old (or over) dependent parent of taxpayer or wife. Medical and

<u>Field</u>	<u>Item</u>
44 (cont.)	dental expenses for these persons may be deducted in full. Edited from line 3, Form 2948 if filed by taxpayer.
45	Drug Deduction, Group II -- line 3, Medical and Dental expenses, Part IV, for taxpayer, wife, and dependents under 65 years of age, and all other dependents regardless of age. Edited from line 6, Form 2948, if filed by taxpayer.
46	Total Medical Deduction, Group II -- line 7, Medical and dental expenses, Part IV, for taxpayer, wife, and dependents regardless of age. Edited from line 10, Form 2948, if filed by taxpayer.
47	Allowable Medical Deduction -- line 7, Medical and dental expenses, Part IV, reflects what the taxpayer reported and, in some cases, may exceed the maximum dollar limitation specified in IRC Section 213(c) and (g).
48	Total Contributions -- line 4, Contributions, Part IV, represents what the taxpayer claimed, and, in some cases, may exceed 30 percent of adjusted gross income. These returns with excess deductions include those with unlimited charitable contributions deduction.
49	Real Estate Taxes Paid -- Part IV.
50	Gasoline Taxes Paid -- Part IV.
51	General Sales Taxes Paid -- Part IV.
52	State and local Income Taxes Paid -- Part IV.
53	Personal Property Tax Paid -- Part IV.
54	Total Taxes Paid -- Part IV.
55	Home Mortgage Interest -- Part IV.
56	Total Interest -- Part IV.
57	Total Other Deductions -- Part IV, Total Miscellaneous deductions; includes any positive adjustment necessary to balance the various itemized deductions to the total.
58	Retirement Income Credit -- line 1, Part V.

<u>Field</u>	<u>Item</u>
59	Investment Credit -- line 2, Part V.
60	Foreign Tax Credit -- line 3, Part V.
61	All Other Credits -- line 4, Part V, tax free covenant bonds, plus credit for partially tax-exempt interest and credit for a throwback tax on trust income distributions.
62	Pensions and Annuities -- sum of line A6 and B5, Part I, Schedule B.
63	Net Gain, Other Property -- line 3, col. g, Part III, Sch. D, if positive.
64	Net Loss, Other Property -- line 3, col. g, Part III, Sch. D, if negative.
65	Rent Income -- rent portion of line 2, Part II, Schedule B, if positive.
66	Rent Loss - rent portion of line 2, Part II, Schedule B, if negative.
67	Royalty Income -- royalty portion of line 2, Part II, Schedule B, if positive.
68	Royalty Loss - royalty portion of line 2, Part II, Schedule B, if negative.
69	Royalty Depletion -- line 1, col. 4, Part II, Schedule B.
70	Partnership Income -- line 1, Part III, Schedule B, if positive.
71	Partnership Loss -- line 1, Part III, Schedule B, if negative.
72	Small Business Corporation Income -- line 2, Part III, Schedule B, if positive.
73	Small Business Corporation Loss -- line 2, Part III, Schedule B, if negative.
74	Estate and Trust Income -- line 3, Part III, Schedule B, if positive.
75	Estate and Trust Loss -- line 3, Part III, Schedule B, if negative.

<u>Field</u>	<u>Item</u>
76	Short-Term Capital Loss Carryover -- line 3, col. g, Part I, Schedule D.
77	Short-Term Gain after Carryover -- line 4, col. g, Part I, Schedule D, if positive.
78	Short-Term Loss after Carryover -- line 4, col. g, Part I, Schedule D, if negative.
79	Long-Term Capital Loss Carryover -- line 7, Part I, Schedule D.
80	Net Long-Term Capital Gain after Carryover -- line 9, Part I, Schedule D, if positive.
81	Net Long-Term Capital Loss after Carryover -- line 9, Part I, Schedule D, if negative.
82	Net Loss Before Limitation -- line 10, Part I, Sch. D.
83	Net Capital Gain in AGI -- line 12, col. g, Part I, Schedule D, if positive.
84	Net Capital Loss in AGI -- line 12, col. g, Part I, Schedule D, if negative.
85-96	Blank Fields -- used for computations and storage of data created during manipulation run.
97	Sort Field -- a code may be put in this field during manipulation that will provide a sorting of the file on the basis of any code or field. This permits production of statistical tables by the specified characteristic with only one pass of the file. This field will be blank in copies of the Tax Model file provided to government and nongovernment research agencies.
98	Social Security Number -- taxpayer identification that will be a blank field in copies of the Tax Model file provided to government and nongovernment research agencies.
99	Document Locator Number -- information required to provide identification of specific tax returns. This will be a "blank field" in copies of the Tax Model file provided to government and nongovernment research agencies.

HEADER LABEL

1 HDR b n n n n n b b b b b - n n n b 2530803000 n n n n - 999 b										
Header	Tape Number		Sequence Number	TO		Job	Run	File	Charge	
									Julian Date	Retention Cycle

2530503000 b b b b I N D b T M b M A N I P b F I L E b b b b 25305										
FROM		ALPHA IDENTIFICATION							CHARGE	
Job	Run	File	Charge							

b = blank
 n = number inserted
 by the program

TRAILER LABEL

1 EOF b n n n n n n n n n n n n n n n n b b b b b b b b b b									
End of File	Block count	Record Count			Hash Total		Blank		

Blank	Blank	Blank	Blank
-------	-------	-------	-------

The Sample

The sample for the Tax Model was designed to provide national level estimates. Since the Tax Model sample is approximately one-fifth the size of the Statistics of Income sample, it can be anticipated that the sampling variability of Tax Model estimates will be slightly more than twice that of similar estimates from the Statistics of Income sample. Measures of sampling variability for selected estimates are provided in *Statistics of Income--1966, Individual Income Tax Returns*.

Although it is possible to identify returns for each State by use of the IRS District code, we do not recommend that the Tax Model file be used to provide subnational data estimates. The number of returns for each State are inadequate to provide reliable estimates for most data items, and therefore no sample weights were calculated for each State (or District).

The sample code identifies the stratum from which a return was selected and indicates the weight factor to be applied for that return. Because of the way returns are processed prior to sampling, there are a few cases where the adjusted gross income is outside the range for the sample code assigned. Similarly a few returns with business data (Schedule C or F) are classified in nonbusiness sample codes and vice versa. However, in all cases, the sample code assigned to the return is governing and should not be changed.

SAMPLE WEIGHTS -- 1966 TAX MODEL FILE

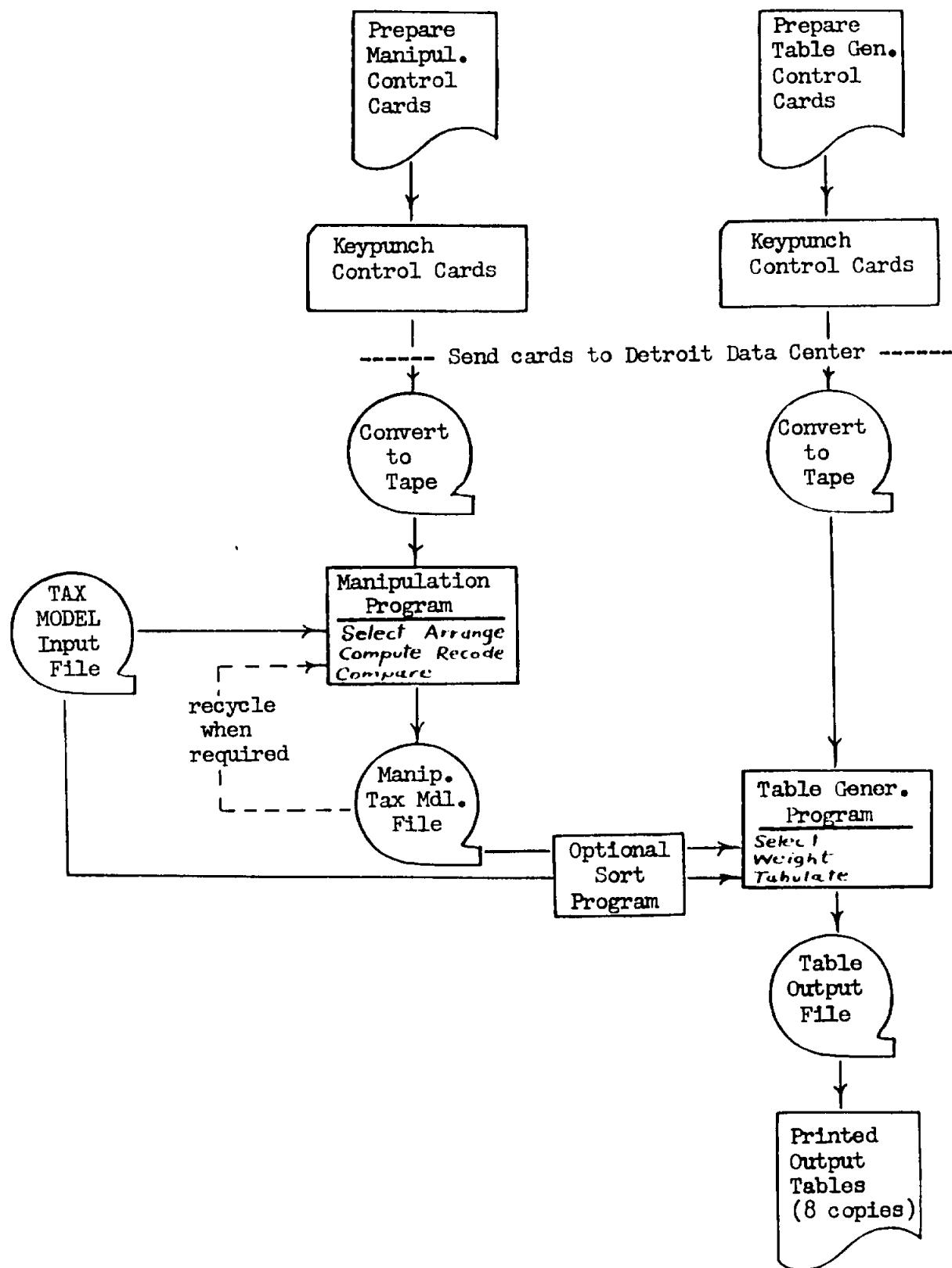
INDIVIDUAL INCOME TAX RETURNS

Sample Code and Description of Sample Classes by Size of AGI (if applicable)	Sample count less no income returns	Estimated Population	Estimated total of no income returns filed	Estimated population less no income returns (3) - (4)	Weighting factor (5) ÷ (2)
(1)	(2)	(3)	(4)	(5)	(6)
<u>Non-Business</u>					
0 Form 1040A	4,666	19,138,869	212,993	18,925,876	4,056.12
1 Under \$10,000	7,600	30,963,920	491,220	30,472,700	4,009.57
3 \$10,000 - \$50,000	15,193	10,708,055	33,420	10,674,635	702.60
5 \$50,000 - \$100,000	3,267	114,490	677	113,813	34.84
7 \$100,000 under \$200,000	12,012	24,216	194	24,022	2.00
17 \$200,000 and over	7,085	7,085	-	7,085	1.00
<u>Business, Sch. C & F</u>					
2 Under \$10,000	5,080	7,195,745	60,803	7,134,942	1,404.52
4 \$10,000 - \$30,000	6,240	2,197,904	7,272	2,190,632	351.06
6 \$30,000 - \$100,000	9,730	343,645	1,348	342,297	35.18
8 \$100,000 under \$200,000	9,524	19,141	96	19,045	2.00
18 \$200,000 and over	5,753	5,753	-	5,753	1.00
<u>Prior Yr. Delinquent</u>					
9 Under \$50,000	267	258,034	8,534	249,500	934.46
19 \$50,000 and over	193	195	2	193	1.00
Total.....	86,610	70,977,052	816,559	70,160,493	-

1/ Equals total for sample code 7 of 31,301, less 7,085.

2/ Equals total for sample code 8 of 24,894, less 5,753.

INDIVIDUAL TAX MODEL COMPUTER FLOW CHART



Form 1040

U.S. Individual Income Tax Return

for the year January 1-December 31, 1966, or other taxable year beginning

1966, ending 19 U.S. Treasury Department—Internal Revenue Service

1966

Please print or type

Attach Copy B of Form W-2 here

Attach Check or Money Order here

▲

Sign here ►

Sign here

Signature of preparer other than taxpayer.

Your social security number
(Husband's, if joint return)

Your occupation

Wife's number, if joint return

Wife's occupation

▲ Enter the name and address used on your return for 1965 (if the same as above, write "Same"). If none filed, give reason. If changing from separate to joint or joint to separate returns, enter 1965 names and addresses.

Your present employer and address

Wife's present employer and address, if joint return

Filing Status—check only one:

1a Single
 1b Married filing joint return (even if only one had income)
 1c Married filing separately. If your husband or wife is also filing a return give his or her first name and social security number.
 1d Unmarried Head of Household
 1e Surviving widow(er) with dependent child

Income
 If joint return, include all income of both husband and wife

5	Wages, salaries, tips, etc. If not shown on attached Forms W-2 attach explanation ►
6	Other income (from page 2, Part II, line 8)
7	Total (add lines 5 and 6)
8	Adjustments (from page 2, Part III, line 5)
9	Total income (subtract line 8 from line 7)

▲ Figure tax by using either line 10 or 11

Tax Computation
 10 Tax Table—If you do not itemize deductions and line 9 is less than \$5,000, find your tax from tables in instructions. Do not use lines 11a, b, c, or d. Enter tax on line 12.
 11 Tax Rate Schedule—
 11a If you itemize deductions, enter total from page 2, Part IV. If you do not itemize deductions, and line 9 is \$5,000 or more enter the larger of:
 (1) 10 percent of line 9 or;
 (2) \$200 (\$100 if married and filing separate return) plus \$100 for each exemption claimed on line 4, above.
 Deduction under (1) or (2) limited to \$1,000 (\$500 if married and filing separately).
 11b Subtract line 11a from line 9
 11c Multiply total number of exemptions on line 4, above, by \$600
 11d Subtract line 11c from line 11b. Enter balance on this line. (Figure your tax on this amount by using tax rate schedule on page 11 of instructions.) Enter tax on line 12.

Tax Credits Payments

12 Tax (from either Tax Table, see line 10, or Tax Rate Schedule, see line 11) ►
 13 Total credits (from page 2, Part V, line 5) ►
 14a Income tax (subtract line 13 from line 12)
 14b Tax from recomputing prior year investment credit (attach statement).
 15 Self-employment tax (Schedule C-3 or F-1) ►
 16 Total tax (add lines 14a, 14b, and 15) ►
 17 Total Federal income tax withheld (attach Forms W-2) ►
 18 1966 Estimated tax payments (include 1965 overpayment allowed as a credit) ►
 19 Excess F.I.C.A. Tax Withheld (two or more employers—see page 5 of Inst.) ►
 20 Nonhighway Federal gasoline tax—Form 4136, Reg. Inv.—Form 2439
 21 Total (add lines 17, 18, 19, and 20)

Tax Due or Refund
 22 If payments (line 21) are less than tax (line 16), enter Balance Due. Pay in full with this return ►
 23 If payments (line 21) are larger than tax (line 16), enter Overpayment ►►►
 24 Amount of line 23 you wish credited to 1967 Estimated Tax
 25 Subtract line 24 from 23. Apply to: U.S. Savings Bonds, with excess refunded or Refund only

▲ Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.

Date

Date

FEB-16-1966

Sign here ► If joint return, BOTH HUSBAND AND WIFE MUST SIGN even if only one had income.

Sign here

Signature of preparer other than taxpayer.

Address

PART I. Exemptions Complete only for dependents claimed on line 3b, page 1

Form 1040--1966--Page 2

(a) NAME (if more space is needed attach schedule)	(b) Relationship	(c) Months lived in your home. If born or died during year write "B" or "D"	(d) Did dependent have income of \$600 or more?	(e) Amount YOU furnished for dependent's support, if 100%, write "ALL"	(f) Amount furnished by OTHERS including dependent
1				\$	\$
2					
3 Total number of dependents listed above. Enter here and on page 1, line 3b ►►►					

PART II. Income from sources other than wages, etc.

1a Dividends and other distributions on stock (Name of payer—write (H), (W), (J), for stock held by husband, wife, or jointly)

.....
.....
.....

Total line 1a ►►►

1b Exclusion (see instructions)

1c Capital gain distributions

1d Nontaxable distributions

1e Total lines 1b, 1c, and 1d

1f Taxable dividends (line 1a less line 1e—not less than zero) ►►►

2 Interest (name of payer)

2a Earnings from savings and loan assoc., mutual savings banks, credit unions, etc.

.....
.....
.....
Total line 2a |

2b Interest on bank deposits (other than mutual savings)

.....
.....
.....
Total line 2b |

2c Other interest (bonds, etc.)

.....
.....
.....
Total line 2c |

2d Total interest income (lines 2a, 2b, & 2c) ►►►

3 Pensions and annuities, rents and royalties, partnerships, estates or trusts, etc. (Sch. B)

4 Business income (Schedule C)

5 Sale or exchange of property (Schedule D)

6 Farm income (Schedule F)

7 Miscellaneous income (state nature)

Total line 7 ►►►

8 TOTAL (add lines 1f through 7. Enter here and on page 1, line 6) ►►►

PART III. Adjustments

1 "Sick pay" if included in line 5, page 1 (attach Form 2440 or other required statement)

2 Moving expenses (attach Form 3903)

3 Employee business expense (attach Form 2106 or other statement)

4 Payments by self-employed persons to retirement plans, etc. (attach Form 2950SL)

5 TOTAL ADJUSTMENTS (lines 1 through 4). Enter here and on page 1, line 8

EXPENSE ACCOUNT INFORMATION—If you had an expense allowance or charged expenses to your employer, check here and see page 7 of instructions.**PART IV. Itemized deductions—Use only if you do not use tax table or standard deduction.**

Medical and dental expense (not compensated by insurance or otherwise)—Attach itemized list. If 65 or over see instructions.

1 Total cost of medicine and drugs . . . . .	.....
2 Enter 1% of line 9, page 1 . . . . .	.....
3 Subtract line 2 from line 1 . . . . .	.....
4 Other medical, dental expenses (include hospital insurance premiums) . . . . .	.....
5 Total (add lines 3 and 4) . . . . .	.....
6 Enter 3% of line 9, page 1 . . . . .	.....
7 Subtract line 6 from line 5; see page 8 of instructions for maximum limitation ►►►	.....

Contributions.—Cash—including checks, money orders, etc. (itemize)

1 Total cash contributions . . . . .	.....
2 Other than cash (see instructions for required statement). Enter total of such items here.	.....
3 Carryover from prior years (see page 8 of inst.).	.....
4 Total contributions (add lines 1, 2, and 3—see instructions for limitation)	►►►

Taxes.—Real estate . . . . .	.....
State and local gasoline . . . . .	.....
General sales (see page 15 of instructions) . . . . .	.....
State and local income . . . . .	.....
Personal property . . . . .	.....
	Total taxes ►►►

Interest expense.—Home Mortgage

Other (itemize)

Total interest expense ►►►

Miscellaneous deductions.—(see page 9 of instructions)

Total Miscellaneous ►►►	.....
TOTAL DEDUCTIONS (for page 1, line 11a) ►►►	.....

PART V. Credits

1 Retirement income credit (Schedule B) . . . . .	.....
2 Investment credit (Form 3468) . . . . .	.....
3 Foreign tax credit (Form 1116) . . . . .	.....
4 Tax-free covenant bonds credit . . . . .	.....
5 TOTAL CREDITS (add lines 1 through 4). Enter here and on page 1, line 13 .....	.....

1040A U.S. Individual Income Tax Return		1966																									
<small>U.S. Treasury Department Form Internal Revenue Service</small>		<small>If item 7 is \$10,000 or more, or if interest, dividends, and nonwithheld wages are over \$200, use Form 1040.</small>																									
<small>Please print.</small>		<small>2. Your social security number (Husband's if joint return)</small>																									
<small>3. Wife's number, if joint return</small>		<small>4. Check one: <input type="checkbox"/> a. Single; <input type="checkbox"/> b. Married filing joint return (even if only one had income); <input type="checkbox"/> c. Married filing separately --If your husband or wife is also filing a return give his or her first name and social security number.</small>																									
<small>Enter the name and address used on your return for 1965. (If the same as above, write "Same.") If none filed, give reason. If changing from separate to joint or joint to separate returns, enter 1965 names and addresses.</small>																											
<small>5. Enter total wages, salaries, tips, etc. Enclose Forms W-2, Copy B. If not shown on enclosed Forms W-2 attach explanation.</small>																											
<small>6a. Interest Yours ► Wife's ►</small>																											
<small>6b. Dividends: Yours—before exclusion \$..... After ► (See inst.) Wife's—before exclusion \$..... After ►</small>																											
<small>7. Total income (add items 5, 6a, and 6b) ►</small>																											
<small>8. Tax from Tax Table or tax computation schedule ►</small>																											
<small>9. Total Federal Income tax withheld (from Forms W-2) ►</small>																											
<small>10. If item 8 is larger than item 9, enter Balance due ►</small>																											
<small>11. If item 9 is larger than item 8, enter Refund ►</small>																											
<small>12. EXEMPTIONS FOR YOURSELF—AND WIFE (only if all her income is included in this return, or she had no income) Check boxes which apply ►</small>																											
<small>13. First names of your dependent children who lived with you ► Enter number ►</small>																											
<small>14. DEPENDENTS OTHER THAN THOSE CLAIMED IN ITEM 13. <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;"><small>(a) NAME ► Enter figure 1 in the last column to right for each name listed (if more space is needed, attach schedule)</small></td> <td style="width: 25%;"><small>(b) Relationship</small></td> <td style="width: 25%;"><small>(c) Months lived in your home. If born or died during year also write "B" or "D"</small></td> <td style="width: 25%;"><small>(d) Did dependent have income of \$600 or more?</small></td> <td style="width: 25%;"><small>(e) Amount YOU furnished for dependent's support. If 100% write "ALL"</small></td> <td style="width: 25%;"><small>(f) Amount furnished by OTHERS including dependent. See Instruction 14</small></td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table> </small>				<small>(a) NAME ► Enter figure 1 in the last column to right for each name listed (if more space is needed, attach schedule)</small>	<small>(b) Relationship</small>	<small>(c) Months lived in your home. If born or died during year also write "B" or "D"</small>	<small>(d) Did dependent have income of \$600 or more?</small>	<small>(e) Amount YOU furnished for dependent's support. If 100% write "ALL"</small>	<small>(f) Amount furnished by OTHERS including dependent. See Instruction 14</small>																		
<small>(a) NAME ► Enter figure 1 in the last column to right for each name listed (if more space is needed, attach schedule)</small>	<small>(b) Relationship</small>	<small>(c) Months lived in your home. If born or died during year also write "B" or "D"</small>	<small>(d) Did dependent have income of \$600 or more?</small>	<small>(e) Amount YOU furnished for dependent's support. If 100% write "ALL"</small>	<small>(f) Amount furnished by OTHERS including dependent. See Instruction 14</small>																						
<small>15. TOTAL EXEMPTIONS FROM ITEMS 12, 13, AND 14 ABOVE... ►</small>																											
<small>Your present employer</small>		<small>Wife's present employer</small>		<small>Enter number ►</small>																							
<small>City and State where employed</small>		<small>City and State where employed</small>		<small>Enter number ►</small>																							
<small>If you had an expense allowance or charged expenses to your employer, see instructions for "Reimbursed Expenses" and check here [] if appropriate.</small>																											
<small>Sign here ► Under penalties of perjury, I declare that to the best of my knowledge and belief this is a true, correct, and complete return.</small>																											
<small>If joint return, BOTH HUSBAND AND WIFE MUST SIGN even if only one had income.</small>				<small>Date</small>																							

SCHEDULE B
(Form 1040)U.S. Treasury Department
Internal Revenue ServiceSupplemental Schedule of Income and
Retirement Income Credit

(From pensions and annuities, rents and royalties, partnerships, and estates or trusts)

Attach this schedule to your income tax return, Form 1040

1966

Name and address as shown on page 1 of Form 1040

Part I.—PENSION AND ANNUITY INCOME

A.—General Rule (If you did not contribute to the cost of the pension or annuity, enter the total amount received on line 6 and omit lines 1 through 5.)

1 Investment in contract		4 Amount received this year	
2 Expected return		5 Amount excludable (line 4 multiplied by line 3)	
3 Percentage of income to be excluded (line 1 divided by line 2)	%	6 Taxable portion (excess of line 4 over line 5)	

B.—Special Rule—Where your employer has contributed part of the cost and your own contribution will be recovered tax-free within 3 years. If your cost was fully recovered in prior years, enter the total amount received on line 5 and omit lines 1 through 4.

1 Cost of annuity (amounts you paid)		4 Amount received this year	
2 Cost received tax-free in past years		5 Taxable portion (excess, if any, of line 4 over line 3)	
3 Remainder of cost (line 1 less line 2)			

Part II.—RENT AND ROYALTY INCOME

1. Kind and location of property	2. Total amount of rents	3. Total amount of royalties	4. Depreciation (explain in Part IV) or depletion (attach computation)	5. Repairs (attach itemized list)	6. Other expenses (attach itemized list)
1 Totals					
2 Net income (or loss) from rents and royalties (column 2 plus column 3 less columns 4, 5, and 6)					
3					
4					
5					
6					

Part III.—INCOME OR LOSSES FROM PARTNERSHIPS, ESTATES OR TRUSTS, ETC.

1 Partnerships (name, address, and nature of income)
2 Small business corporations (subchapter S—name and address)
3 Estates or trusts (name and address)

Total of Parts I, II, and III (Enter here and on page 2, Part II, line 3, Form 1040)

Part IV.—SCHEDULE FOR DEPRECIATION CLAIMED IN PART II ABOVE—This schedule is designed for taxpayers using the alternative guidelines and administrative procedures described in Revenue Procedures 62-21 and 65-13 as well as for those taxpayers who wish to continue using practices authorized prior to these revenue procedures. Where double headings appear use the first heading for depreciation under Revenue Procedures 62-21 and 65-13 and the second heading for other authorized practices.

1. Group and guideline class —OR— Description of property	2. Cost or other basis at beginning of year —OR— Cost or other basis	3. Asset additions in year (amount) —OR— Date acquired	4. Asset retirements in year (amount) (applicable only to Rev. Proc. 62-21)	5. Depreciation allowed or allowable in prior years	6. Method of computing depreciation	7. Class life —OR— Rate (%) or life	8. Depreciation for this year
1 Total additional first-year depreciation (do not include in items below) →							
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Schedule B (Form 1040) 1966

Part V.—RETIREMENT INCOME CREDIT**A.—General Rule**

If separate return, use column B only. If joint return, use column A for wife and column B for husband→

Did you receive earned income in excess of \$600 in each of any 10 calendar years before 1966? (Widows or widowers see instructions, page B-3) If answer above is "Yes" in either column, furnish all information below in that column.

A	B
<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Yes	<input type="checkbox"/> No

1 Retirement income for taxable year:**(a) For taxpayers under 65 years of age:**

Enter only income received from pensions and annuities under public retirement systems (e.g. Fed., State Govts., etc.) included on page 1, line 9, Form 1040.

(b) For taxpayers 65 years of age or older:

Enter total of pensions and annuities, interest, and dividends included on page 1, line 9, Form 1040, and gross rents from Part II, column 2 of this schedule

2 Maximum amount of retirement income for credit computation**3 Deduct:**

(a) Amounts received as pensions or annuities under the Social Security Act, the Railroad Retirement Acts, and certain other exclusions from gross income

(b) Earned income received (Does not apply to persons 72 years of age or over):

(1) Taxpayers under 62 years of age, enter amount in excess of \$900

(2) Taxpayers 62 or over but under 72, enter amount determined as follows:

if \$1,200 or less, enter zero

if over \$1,200 but not over \$1,700, enter $\frac{1}{2}$ of amount over \$1,200;

or if over \$1,700, enter excess over \$1,450

4 Total of lines 3(a) and 3(b)**5 Balance (line 2 minus line 4)****6 Line 5 or line 1, whichever is smaller****7 (a) Total (add amounts on line 6, columns A and B)**

If line 7(a) is less than \$2,286 and this is a joint return and both husband and wife are age 65 or over, complete the Alternative Computation in B below which may result in a larger credit.

(b) Amount from line 7 of part B below, if applicable**8 Tentative credit. Enter 15% of line 7(a) or 15% of line 7(b), whichever is greater****LIMITATION ON RETIREMENT INCOME CREDIT****9 Amount of tax shown on page 1, line 12, Form 1040****10 Less: Total of any amounts shown on page 2, Part V, lines 3 and 4, Form 1040****11 Subtract line 10 from line 9****12 Credit. Enter here and on page 2, Part V, line 1, Form 1040, the amount on line 11 or line 8, whichever is smaller****B.—Alternative Computation (after completing lines 1 through 7(a) above)**

This method available if: a. You are married and filing a joint return;
b. Both husband and wife are 65 or over, AND
c. Either one, or both received earned income in excess of \$600 in each of any 10 calendar years before 1966.

Furnish the information called for below for both husband and wife even if only one answered "Yes" in column A or B above.

1 Retirement income of both husband and wife from pensions and annuities, interest, and dividends included on page 1, line 9, Form 1040, and gross rents from Part II, column 2 of this schedule**2 Maximum amount of retirement income for credit computation**

2.286 00

3 Deduct:

(a) Amounts received as pensions or annuities under the Social Security Act, the Railroad Retirement Acts, and certain other exclusions from gross income

(b) Earned income received (Does not apply to persons 72 years of age or over):

if \$1,200 or less, enter zero

if over \$1,200 but not over \$1,700 enter $\frac{1}{2}$ of amount over \$1,200;

if over \$1,700, enter excess over \$1,450

A—WIFE	B—HUSBAND

4 Total of lines 3(a) and 3(b)**5 Total (add amounts on line 4, columns A and B)****6 Balance (subtract line 5 from line 2)****7 Enter here and on line 7(b) of part A above, the amount on line 6 or line 1, whichever is smaller**

SCHEDULE D
(Form 1040)U.S. Treasury Department
Internal Revenue ServiceGains and Losses From Sales or Exchanges
of Property

Attach this schedule to your income tax return, Form 1040

1966

Name and address as shown on page 1 of Form 1040

Part I—CAPITAL ASSETS—Short-term capital gains and losses—assets held not more than 6 months

a. Kind of property and how acquired (see instructions for symbols to indicate how acquired—for example, use "B" for stock acquired by exercise of stock option or by employee stock purchase plan)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	g. Gain or loss (d plus e less f)
1						
2 Enter your share of net short-term gain (or loss) from partnerships and fiduciaries						
3 Enter unused short-term capital loss carryover from preceding taxable years (attach statement)						
4 Net short-term gain (or loss) from lines 1, 2, and 3						

Long-term capital gains and losses—assets held more than 6 months (12 months or more for certain livestock)

5 Enter gain from Part II, line 3						
Total long-term gross sales price						
6 Enter the full amount of your share of net long-term gain (or loss) from partnerships and fiduciaries						
7 Enter unused long-term capital loss carryover from preceding taxable years (attach statement)						
8 Capital gain dividends						
9 Net long-term gain (or loss) from lines 5, 6, 7, and 8						
10 Combine the amounts shown on lines 4 and 9, and enter the net gain (or loss) here						
11 If line 10 shows a GAIN—Enter 50% of line 9 or 50% of line 10, whichever is smaller. (Enter zero if there is a loss or no entry on line 9.) (See reverse side for computation of alternative tax)						
12 Subtract line 11 from line 10. Enter here and in Part IV, line 1, on reverse side						
13 If line 10 shows a LOSS—Enter here and in Part IV, line 1, the smallest of the following: (a) the amount on line 10; (b) the amount on page 1, line 11b, Form 1040, computed without regard to capital gains and losses; or (c) \$1,000						

Part II—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY UNDER SECTIONS 1245 AND 1250—
assets held more than 6 months (see instructions for definitions)

Where double headings appear, use the first heading for section 1245 and the second heading for section 1250.

D

a. Kind of property and how acquired (if necessary, attach statement of descriptive details not shown below—write 1245 or 1250 to indicate type of asset)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale
1				
f. Depreciation allowed (or allowable) since acquisition	g. Adjusted basis (d less sum of f-1 and f-2)	h. Total gain (d less g)	i. Ordinary gain (lesser of f-2 or h) OR (see instructions)	j. Other gain (h less i)
1-1. Prior to January 1, 1962 —OR— Prior to January 1, 1964	1-2. After December 31, 1961 —OR— After December 31, 1963			
2 Total ordinary gain. Enter here and in Part IV, line 2, on reverse side				
3 Total other gain. Enter here and in Part I, line 5; however, if the gains do not exceed the losses when this amount is combined with other gains and losses from section 1231 property enter the total of column j in Part III, line 1				

Part III—PROPERTY OTHER THAN CAPITAL ASSETS

a. Kind of property and how acquired (if necessary, attach statement of descriptive details not shown below)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	g. Gain or loss (if plus or less f)
1 Enter gain from Part II, line 3						
2 Enter your share of non-capital gain (or loss) from partnerships and fiduciaries						
3 Net gain (or loss) from lines 1 and 2. Enter here and in Part IV, line 3.						

Part IV—TOTAL GAINS OR LOSSES FROM SALE OR EXCHANGE OF PROPERTY

1 Net gain (or loss) from Part I, line 12 or 13	
2 Total ordinary gain from Part II, line 2	
3 Net gain (or loss) from Part III, line 3	
4 Total net gain (or loss), combine lines 1, 2, and 3. Enter here and on page 2, Part II, line 5, Form 1040.	

COMPUTATION OF ALTERNATIVE TAX—It will usually be to your advantage to use the alternative tax if the net long-term capital gain exceeds the net short-term capital loss, or if there is a net long-term capital gain only, and you are filing (a) a separate return with taxable income exceeding \$26,000, or (b) a joint return, or as a surviving husband or wife, with taxable income exceeding \$52,000, or (c) as a head of household with taxable income exceeding \$38,000.

1 Enter the amount from page 1, line 11d, Form 1040	
2 Enter amount from Part I, line 11, on reverse side	
3 Subtract line 2 from line 1	
4 Enter tax on amount on line 3 (use applicable tax rate schedule on page 11 of Form 1040 instructions)	
5 Enter 50% of line 2	
6 Alternative tax (add lines 4 and 5). If smaller than the tax figured on the amount on page 1, line 11d, Form 1040, enter this alternative tax on page 1, line 12, Form 1040 and write "Alternative" to left of entry	

U.S. Treasury Department—Internal Revenue Service

FORM 2948

MEDICAL AND DENTAL EXPENSE STATEMENT

1966

(Attach this statement to your income tax return or use it as a guide to prepare your own statement. See example on reverse side)

This statement is for the use of taxpayers who are entitled to a larger deduction for medical and dental expenses paid for the persons listed in Group I and who also have expenses for persons described in Group II below. Taxpayers who have expenses for persons in Group I only or Group II only need not use this form but should see the instructions for Form 1040. The medical and dental expenses of persons in Group I do not have to be reduced by the 1 and 3 percent limitations of the taxpayer's total income (line 9, page 1, Form 1040) as is required for persons in Group II below.

GROUP I

- a. **Taxpayer and wife if EITHER is 65 years of age or older.**
- b. **Each 65-year-old (or over) dependent parent of the taxpayer or his wife.**

GROUP II

- a. **Taxpayer and wife if BOTH are under 65 years of age.**
- b. **Dependent parents, who are under 65 years of age, of taxpayer or wife.**
- c. **All other dependents regardless of age.**

Note: For 1967 and after, the 3 percent and 1 percent limitation in figuring the medical and dental expenses will apply to all taxpayers without regard to age.

Name of taxpayer claiming the deduction

Name(s) of dependent parent(s) 65 years of age or over, if any

MEDICAL AND DENTAL EXPENSES FOR PERSONS IN GROUP I

1. Medicine and drugs \$
2. Medical and dental expenses (other than medicine and drugs)
3. Line 1 plus line 2 \$

MEDICAL AND DENTAL EXPENSES FOR PERSONS IN GROUP II

4. Medicine and drugs \$
5. 1% of line 9, page 1, Form 1040
6. Excess, if any, of line 4 over line 5
7. Medical and dental expenses (other than medicine and drugs)
8. Line 6 plus line 7
9. 3% of line 9, page 1, Form 1040
10. Excess, if any, of line 8 over line 9

TOTAL DEDUCTION FOR MEDICAL AND DENTAL EXPENSES

11. Line 3 plus line 10. Enter here and on line 7, Part IV, page 2 of Form 1040 (See "Maximum Limitations" below) \$

MAXIMUM LIMITATIONS

- A. The amount on line 11 may not exceed \$5,000 multiplied by the number of persons claimed as exemptions on the individual income tax return. (If taxpayer or wife is 65 or over and in addition is disabled, see "B.") The deduction is further limited by the following amounts:
 - (1) \$10,000 if the taxpayer is single and not a head of household or a widow or widower entitled to the special tax rates,
 - (2) \$10,000 if the taxpayer is married but files a separate return,
 - (3) \$20,000 if the taxpayer files a joint return, is a head of household, or is a widow or widower entitled to the special tax rates.
- B. If the taxpayer (or his wife) is 65 years of age or over and in addition is disabled, he may qualify for an increased maximum limitation. For this purpose disabled means that any individual is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. For further information, consult your nearest Internal Revenue Service office.