

Department of the Treasury
Internal Revenue Service



general
description

1970 Tax Model

**Individual
Income Tax
Returns**

Statistics
Division
December 1972

1970 Individual Tax Model/General Description

CONTENTS

	Page
Introduction.....	1
Tape Record Layout.....	3
Explanation of Codes.....	4
Explanation of Fields.....	13
Sample Description.....	24
Technical Description of File.....	25
Tape Header and Trailer Labels.....	28
1970 Tax Return Forms.....	33
Form 1040, U. S. Individual Income Tax Return.....	33
Schedule A, Itemized Deductions.....	35
Schedule B, Dividend and Interest Income.....	36
Schedule D, Sales or Exchanges of Property.....	37
Schedule E, Supplemental Income Schedule.....	40
Schedule R, Retirement Income Credit Computation	41
Schedule G, Income Averaging	42
Form 4625, Computation of Minimum Tax.....	46

INTRODUCTION

The Individual Tax Model consists of a file of 95,316 Federal tax returns subsampled from the Statistics of Income sample of over 276,000 Forms 1040 filed for 1970. This file is used in conjunction with (1) a generalized manipulation program designed to select, compute, compare, arrange, and recode the data in the input file, and (2) 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 print format.

The Tax Model file, which is designed to simulate the administrative and revenue impact of tax law changes (as well as to provide general statistical tables), can be used by government or private researchers in two ways:

(1) The user can specify in writing the types of manipulations to be made and outline the format of the tabulations measuring these changes. If the Service determines that the specifications can be handled using the Model's programs, the IRS will prepare tables on a reimbursable basis insofar as the job does not interfere with the regular statistical processing.

(2) The user may purchase the Model file and develop his own programs to manipulate the data and/or produce the desired tabulations.

This general description provides an explanation of the codes and items, the file layout, sample counts and weights, technical specifications concerning the tapes (for those who wish to purchase the file), and facsimiles of Federal tax return forms for a reference to the line items which were abstracted for the 1970 program. Certain codes and fields are designated

INTRODUCTION--Cont.d

"For Statistics Division use only" in the explanations that follow. For those who purchase copies of this file, this means that either (1) the item has little or no value to the user because it was computed for a special internal purpose or (2) the item has been deleted to prevent disclosure of the individual taxpayer.

Explanation of Codes in Tape File

Code 9, columns 0, 1--RECORDED DISTRICT - Internal Revenue District in which return was filed (original district codes appearing to the right of the District name are in Code 4, columns 4 and 5), for Statistics Division use only.

Central Region

01 - Cincinnati, Ohio.....	31
02 - Cleveland, Ohio.....	34
03 - Detroit, Michigan.....	38
04 - Indianapolis, Indiana.....	35
05 - Louisville, Kentucky.....	61
06 - Parkersburg, West Virginia...	55

Mid-Atlantic Region

07 - Baltimore, Maryland.....	52
08 - Washington, D. C.	53
09 - Newark, New Jersey.....	22
10 - Philadelphia, Pennsylvania...	23
11 - Pittsburgh, Pennsylvania.....	25
12 - Richmond, Virginia.....	54
13 - Wilmington, Delaware.....	51

Midwest Region

14 - Aberdeen, South Dakota.....	46
15 - Chicago, Illinois.....	32
16 - Des Moines, Iowa.....	42
17 - Fargo, North Dakota.....	45
18 - Milwaukee, Wisconsin.....	39
19 - Omaha, Nebraska.....	47
20 - St. Louis, Missouri.....	43
21 - St. Paul, Minnesota.....	41
22 - Springfield, Illinois.....	37

North Atlantic Region

23 - Albany, New York.....	14
24 - Augusta, Maine.....	01
25 - Boston, Massachusetts.....	04
26 - Brooklyn, New York.....	11
27 - Buffalo, New York.....	16
28 - Burlington, Vermont.....	03
29 - Hartford, Connecticut.....	06
30 - Manhattan, New York.....	13
31 - Portsmouth, New Hampshire....	02
32 - Providence, Rhode Island.....	05

Southeast Region

33 - Atlanta, Georgia.....	58
34 - Birmingham, Alabama.....	63
35 - Columbia, South Carolina...	57
36 - Greensboro, North Carolina.....	56
37 - Jackson, Mississippi.....	64
38 - Jacksonville, Florida.....	59
39 - Nashville, Tennessee.....	62

Southwest Region

40 - Albuquerque, New Mexico.....	85
41 - Austin, Texas.....	74
42 - Cheyenne, Wyoming.....	83
43 - Dallas, Texas.....	75
44 - Denver, Colorado.....	84
45 - Little Rock, Arkansas.....	71
46 - New Orleans, Louisiana.....	72
47 - Oklahoma City, Oklahoma.....	73
48 - Wichita, Kansas.....	48

Western Region

49 - Anchorage, Alaska.....	92
50 - Boise, Idaho.....	82
51 - Helena, Montana.....	81
52 - Honolulu, Hawaii.....	99
53 - Los Angeles, California.....	95
54 - Phoenix, Arizona.....	86
55 - Portland, Oregon.....	93
56 - Reno, Nevada.....	88
57 - Salt Lake City, Utah.....	87
58 - San Francisco, California.....	94
59 - Seattle, Washington.....	91

Office of International Operations

60 - OIG ¹	98
61 - Puerto Rico ²	66

1/ Returns of U. S. citizens residing abroad, in the Virgin Islands, and in the Panama Canal Zone.

2/ Returns of U. S. citizens residing in Puerto Rico.

Explanation of Codes in Tape File--Cont.d

Code 2, columns 2, 3--SAMPLE - Stratum in which return was classified prior to selection in the sample.

Sample Weight for 1970 Individual Tax Model

Sample Code	Sample Stratum	Estimated Population Minus Reject Codes 1 and 2	Tax Model Sample	Weight
	Nonbusiness Returns			
11	AGI under 10,000	44,592,929	6,634	6721.88
12	10,000 under 15,000	12,580,325	4,763	2641.26
13	15,000 under 20,000	5,005,286	6,277	797.40
14	20,000 under 50,000	2,934,515	7,742	379.04
15	50,000 under 100,000	237,155	6,298	37.66
16	100,000 under 200,000	44,678	8,891	5.03
17	200,000 or more	11,819	11,819	1.00
	Business Returns (Schedule C/F attached)			
21	AGI under 10,000	4,172,922	2,768	1507.56
22	10,000 under 15,000	2,272,180	3,020	752.38
23	15,000 under 20,000	1,098,899	2,924	375.82
24	20,000 under 30,000	779,408	2,847	273.76
25	30,000 under 50,000	357,517	2,611	136.93
26	50,000 under 100,000	148,728	2,704	55.00
27	100,000 under 200,000	30,661	6,115	5.01
28	200,000 or more	19,903	19,903	1.00

Explanation of Codes in Tape File--Cont.d

Code 4, columns 4, 5--ORIGINAL INTERNAL REVENUE DISTRICTS - See code values listed to the right of District names in the explanation of Code 0; columns 0, 1, for Statistics Division use only.

Code 6, columns 6, 7--STATE - Coded for taxpayer's address as appearing on the top of page 1 of Form 1040, for Statistics Division use only.

<u>STATE</u>	<u>STATE CODE</u>
Alabama	01
Alaska	02
Arizona	03
Arkansas	04
California	05
Colorado	06
Connecticut	07
Delaware	08
District of Columbia	09
Florida	10
Georgia	11
Hawaii	12
Idaho	13
Illinois	14
Indiana	15
Iowa	16
Kansas	17
Kentucky	18
Louisiana	19
Maine	20
Maryland	21
Massachusetts	22
Michigan	23
Minnesota	24
Mississippi	25
Missouri	26
Montana	27
Nebraska	28
Nevada	29
New Hampshire	30
New Jersey	31
New Mexico	32

Explanation of Codes in Tape File--Cont.d

<u>STATE</u>	<u>STATE CODE</u>
New York	33
North Carolina	34
North Dakota	35
Ohio	36
Oklahoma	37
Oregon	38
Pennsylvania	39
Rhode Island	40
South Carolina	41
South Dakota	42
Tennessee	43
Texas	44
Utah	45
Vermont	46
Virginia	47
Washington	48
West Virginia	49
Wisconsin	50
Wyoming	51
Puerto Rico	53
CP:IO	52 + 54
U.S. citizens residing abroad reporting U.S. addresses	52
U.S. citizens residing abroad reporting foreign addresses	54

Explanation of Codes in Tape File--Cont.d

Code 8, columns 8, 9--NATIONAL SELECT CODE - for Statistics Division use only.

Code 10, columns 10, 11--DISTRICT SELECT CODE - for Statistics Division use only.

Code 12, columns 12, 13--Blank

Code 14, columns 14, 15--Blank

Code 16, columns 16, 17--CHILDREN AT HOME - Coded from the number of dependent children who lived at home, as shown on page 1, line 9 of Form 1040.

Children at Home Exemption

Total Children at Home

Exemption(s).....00-99

Code 18, columns 18, 19--CHILDREN AWAY FROM HOME - Coded for the number of names listed with an indication of the relationship of child or stepchild, as shown on page 2, line 33, column b, of Form 1040.

Children Away From Home Exemption

Total Children Away From Home

Exemption(s).....00-99

Code 20, columns 20, 21--Blank

Code 22, columns 22, 23--OTHER THAN AGE OR BLIND EXEMPTIONS - Computed from total exemptions, page 1, line 11 of Form 1040 less: age; taxpayer; blind; parent; and, child exemptions

Other than age of blind exemptions.....01-99

Code 24, columns 24, 25--TOTAL EXEMPTIONS - Coded from number of exemptions, as shown on page 1, line 11 of Form 1040.

Total exemptions.....01-99

Code 26, column 26--MARITAL STATUS - Coded from "Filing Status," page 1, lines 1-6 of Form 1040.

Explanation of Codes in Tape File--Cont.

Marital Status

Single returns	1
Joint returns	2
Separate returns (spouse filing)	3
Head of household returns	4
Surviving spouse returns	5
Separate returns (spouse not filing)	6

Code 27, column 27--TAX STATUS - Indicates type of tax computation used and whether return was taxable or nontaxable (presence or absence of amount in field 22).

Tax Status

Returns with taxable income:	
Normal tax and surtax (non-computes).....	1
Nontaxable normal tax and surtax.....	2
Normal tax.....	3
Normal tax and surtax (income averaging).....	4
Alternative tax	5
Nontaxable alternative tax	6
Nontaxable normal and surtax (income averaging)....	7
No taxable income	8

Code 28, column 28--TAXPAYER SEX - Sex of taxpayer and type of return coded from page 1, lines 1 - 8 of Form 1040.

Taxpayer Sex

Joint returns:	
Both 65 and over or both under 65	1
Husband under 65, and wife 65 or over	2
Husband 65 or over, and wife under 65	3
Other than joint returns:	
Male return	4
Female return	5

Code 29, column 29--RETIREMENT INCOME RULE - Coded according to rule under which retirement income was computed on Part I, Schedule R of Form 1040.

Retirement Income Rule

Returns with no retirement income credit	0
(A) General rule non-joint returns:	
(1) Retiree under 65	1
(2) Retiree 65 or over	2
(B) General rule joint returns:	
(1) One retiree under 65	3
(2) One retiree 65 or older	4

Retirement Income rule (continued)

(3) Two retirees under 65	5
(4) Two retirees 65 or older	6
(5) One retiree under 65 and one 65 or older	7
(C) Alternative rule returns:	
(1) All retirees	8

Code 30, column 30--FILING PERIOD - Coded for full or part year as shown on top lines of page 1 of Form 1040.

Filing Period--tax year ending:

Before January 1, 1965.....	1
On December 31, 1970.....	2
All Other Dates.....	3

Code 31, column 31--FORM OF DEDUCTION - Coded according to type of deduction used in computation of taxable income.

Form of Deduction

Itemized with Detail Shown.....	1
10 Percent Standard.....	2
Itemized Without Detail.....	3
No Adjusted Gross Income.....	4
Low Income Allowance:	
Subject to Income Phase-Out.....	5
Current Year with 9 or More Exemptions.....	6
Prior Year and Non-Calendar Year.....	7
Current Year Separate	8

Code 32, column 32--REGION - Indicates Internal Revenue Region in which return was filed; for Statistics Division use only.

Region by Code

Central Region.....	1
Mid-Atlantic Region.....	2
Midwest Region.....	3
North-Atlantic Region.....	4
Southeast Region.....	5
Southwest Region.....	6
Western Region.....	7
International Operations	8

Code 33, column 33--TAXPAYER EXEMPTIONS - Coded from "Regular" page 1, lines 7 and 8 of Form 1040.

TXPYR Taxpayer's Exemption

One Exemption.....	1
Two Exemptions.....	2

Explanation of Codes in Tape File--Cont.d

Code 34, column 34--AGE EXEMPTIONS - Coded from "65 or more," page 1, lines 7 and 8 of Form 1040.

Age Exemption

No Age Exemption.....	0
One Age Exemption.....	1
Two Age Exemptions.....	2

Code 35, column 35--BLIND EXEMPTIONS - Coded from "Blind," page 1, lines 7 and 8 of Form 1040.

Blind Exemptions

No Exemption.....	0
One Exemption.....	1
Two Exemptions.....	2

Code 36, column 36--TAXABLE-NONTAXABLE - Coded according to presence or absence of an amount in either field 22 (tax after credits), or field 104 (additional tax).

Taxable/Nontaxable

Taxable Returns.....	1
Nontaxable Returns.....	2

Code 37, column 37--PARENTS EXEMPTIONS - Coded for the number of names listed with an indication of the relationship of parent as shown on page 2, line 33, column (b) of Form 1040.

Dependent Parents Exemptions

None.....	0
One.....	1
Two.....	2
Three.....	3
Four.....	4

Code 38, column 38--UNDEFINED CODE--has no meaning, but may contain 0, 1, 2, or 3. Do not use this code.

Explanation of Codes in Tape File--Cont.d

Code 39, column 39--RETIREES - Coded for the number of retirees shown in the computation of retirement income credit on Schedule R, Part I, columns A, B, or C of Form 1040.

Number of Retirees

None.....	0
One.....	1
Two.....	2

Code 40, column 40--PENSION AND ANNUITIES METHOD - Coded according to the method by which the taxable portion of pension and annuity was computed on page 1, Part I, of Schedule E and R of Form 1040.

Pension and Annuities Method

No Pension or Annuity.....	0
Noncontributory.....	1
Contributory:	
Life Expectancy Method,	
Partial Taxable.....	2
Three Year Method, Fully	
Taxable.....	3
Three Year Method	
Partially Taxable.....	4
Three Year Method, None	
Taxable.....	5

Codes 41-49, columns 41-49--Blank

DOCUMENT LOCATOR NUMBER, columns 50-55--Blank, for Statistics Division use.

SOCIAL SECURITY NUMBER, columns 56-60--Blank, for Statistics Division use.

Explanation of Fields in Tape File

Field

- 1 AGE EXEMPTION - line 7 and 8, "65 and over," page 1 of Form 1040.
- 2 TAXPAYER EXEMPTION - line 7 and 8, "Regular," page 1 of Form 1040.
- 3 BLIND EXEMPTION - line 7 and 8, "Blind," page 1 of Form 1040.
- 4 PARENT EXEMPTION - coded for the number of names listed with and indication of the relationship of parent, line 33, column b, page 2 of Form 1040.
- 5 OTHER EXEMPTIONS - computed equal to total line 11, exemptions (field 6) less all other exemption fields (fields 1, 2, 3, 4, 7, and 8).
- 6 TOTAL EXEMPTIONS - line 11, page 1 of Form 1040.
- 7 CHILDREN AT HOME - line 9, page 1 of Form 1040.
- 8 CHILDREN AWAY - coded for the number of names listed with an indication of the relationship of child or stepchild, line 33, column b, page 2 of Form 1040.
- 9 NUMBER FIELD - blank.
- 10 NUMBER FIELD - blank.
- 11 SALARIES AND WAGES - line 12, page 1 of Form 1040.
- 12 ADJUSTED GROSS INCOME - line 18, if positive, page 1 of Form 1040.
- 13 ADJUSTED GROSS DEFICIT - line 18, if negative, page 1 of Form 1040.
- 14 DIVIDENDS IN AGI - line 13c, page 1 of Form 1040.
- 15 DIVIDENDS EXCLUSION - line 13b, page 1 of Form 1040.
- 16 DIVIDENDS BEFORE EXCLUSION - line 13a, page 1 of Form 1040.
- 17 INTEREST RECEIVED - line 14, page 1 of Form 1040.

1 3 4/18 phone
2 2/20
3

Explanation of Fields in Tape File--Cont.d

<u>Field</u>	
18	STATUTORY ADJUSTMENTS - line 17, page 1 of Form 1040.
19	TOTAL DEDUCTIONS - line 47, page 2 of Form 1040.
20	TAXABLE INCOME - line 50, page 2 of Form 1040.
21	MINIMUM TAX AFTER ADJUSTMENTS - line 19, page 1 of Form 4625.
22	INCOME TAX AFTER CREDITS - line 23, page 1 of Form 1040.
23	TAX SURCHARGE - line 20, page 1 of Form 1040.
24	TAX SAVINGS FROM INCOME AVERAGING - for those returns using income averaging (tax status codes 4 and 7) the difference between tax computed by the regular method and tax computed using the income averaging method.
25	LONG-TERM CAPITAL GAIN IN EXCESS OF SHORT-TERM CAPITAL LOSS - a computed amount equal to field 45 less field 44.
26	BALANCE FOR PARTIAL TAX - for returns using the alternative tax computation (tax status codes 5 and 6) line 19, Part II, Schedule D of Form 1040.
27	INCOME TAX BEFORE CREDITS - line 21, page 1 of Form 1040.
28	INCOME TAX WITHHELD - line 26, page 1 of Form 1040.
29	EXCESS FICA WITHHELD - line 62, page 2 of Form 1040.
30	TOTAL ORDINARY LOSS - line 22, if negative, page 2, Schedule D of Form 1040.
31	1970 ESTIMATED TAX PAYMENTS - line 27, page 1 of Form 1040.
32	BALANCE DUE - line 30, page 1 of Form 1040.
33	TAXABLE INCOME ADJUSTED FOR INCOME AVERAGING - for returns using income averaging (tax status codes 4 and 7) a comparative amount computed equal to amount of taxable income that would have been necessary to generate a tax at regular rates equal to the tax before credits for those returns using income averaging; for all other returns taxable income from line 50, page 2 of Form 1040.

Explanation of Fields in Tape File--Cont.d

Field

34	AMOUNT FIELD - blank.
35	AMOUNT FIELD - blank.
36	TAX PAID WITH RETURN - amount of the check or money order submitted with the return.
37	OVERPAYMENT CREDITED - line 32a, page 1 of Form 1040.
38	OVERPAYMENT REFUNDED - line 32b, page 1 of Form 1040.
39	SELF-EMPLOYMENT TAX - line 56, page 2 of Form 1040.
40	INCOME TAX BEFORE INCOME AVERAGING - for returns using income averaging (tax status codes 4 and 7) this is a computed amount equal to the amount of tax that would have been incurred had income averaging not been used by the taxpayer.
41	SHORT-TERM CAPITAL LOSS CARRYOVER - line 4, Part I, Schedule D of Form 1040.
42	LONG-TERM CAPITAL LOSS CARRYOVER - line 12, Part I, Schedule D of Form 1040.
43	NET SHORT-TERM GAIN AFTER CARRYOVER - line 5, if positive, Part I, Schedule D of Form 1040.
44	NET SHORT-TERM LOSS AFTER CARRYOVER - line 5, if negative, Part I, Schedule D of Form 1040.
45	NET LONG-TERM GAIN AFTER CARRYOVER - line 13, if positive, Part I, Schedule D of Form 1040.
46	NET LONG-TERM LOSS AFTER CARRYOVER - line 13, if negative, Part I, Schedule D of Form 1040.
47	NET CAPITAL GAIN - line 15b, if positive, Part I, Schedule D of Form 1040.
48	NET CAPITAL LOSS - line 15b, if negative, Part I, Schedule D of Form 1040.
49	NET LOSS BEFORE LIMITATION - line 14, if negative, Part I, Schedule D of Form 1040.

Explanation of Fields in Tape File--Cont.d

<u>Field</u>	
50	ONE-HALF EXCESS LONG-TERM GAIN - one-half of field 45 or line 15a, Part I, Schedule D of Form 1040.
51	ALTERNATIVE TAX - line 39, Part IV, Schedule D of Form 1040.
52	TOTAL ORDINARY GAIN - line 22 (if positive), Part III, Schedule D of Form 1040
53	OTHER PROPERTY NET GAIN - computed positive amount equal to total ordinary gain (field 52) less Section 1245 gain (field 147) and, Section 1250 gain (field 148).
54	OTHER PROPERTY NET LOSS - computed negative amount equal to total ordinary gain (field 52) less Section 1245 gain (field 147), Section 1250 gain (field 148), and total ordinary loss (field 30).
55	HOME MORTGAGE INTEREST EXPENSE - edited from line description under Interest Expense, Schedule A of Form 1040.
56	INSTALLMENT PURCHASES INTEREST EXPENSE - edited from line description under Interest Expense, Schedule A of Form 1040.
57	TOTAL INTEREST EXPENSE - line 15, Schedule A of Form 1040.
58	BUSINESS OR PROFESSION NET PROFIT - line 35, if positive, page 2 of Form 1040.
59	BUSINESS OR PROFESSION NET LOSS - line 35, if negative, page 2 of Form 1040.
60	RENT NET INCOME - edited as designated from Part II, Schedule E of Form 1040.
61	RENT NET LOSS - edited as designated from Part II, Schedule E of Form 1040.
62	ROYALTIES NET INCOME - edited as designated from Part II, Schedule E of Form 1040.
63	ROYALTIES NET LOSS - edited as designated from Part II, Schedule E of Form 1040.

Explanation of Fields in Tape File--Cont.d

Field

- 64 PARTNERSHIP NET PROFIT - edited as designated from Part III, Schedule E of Form 1040.
- 65 PARTNERSHIP NET LOSS - edited as designated from Part III, Schedule E of Form 1040.
- 66 ESTATE AND TRUST NET INCOME - edited as designated from Part III, Schedule E of Form 1040.
- 67 ESTATE AND TRUST NET LOSS - edited as designated from Part III, Schedule E of Form 1040.
- 68 SMALL BUSINESS CORPORATION NET PROFIT - edited as designated from Part III, Schedule E of Form 1040.
- 69 SMALL BUSINESS CORPORATION NET LOSS - edited as designated from Part III, Schedule E of Form 1040.
- 70 FARM NET PROFIT - line 38, if positive, page 2 of Form 1040.
- 71 FARM NET LOSS - line 38, if negative, page 2 of Form 1040.
- 72 MISCELLANEOUS INCOME - line 39, if positive, page 2 of Form 1040.
- 73 MISCELLANEOUS LOSS - line 39, if negative, page 2 of Form 1040.
- 74 SOCIAL SECURITY AND OTHER EXCLUSIONS FROM RETIREMENT INCOME - line 2a, Part I, Schedule R of Form 1040.
- 75 BASE FOR RETIREMENT INCOME CREDITS - line 7a, Part I, Schedule R of Form 1040.
- 76 TENTATIVE RETIREMENT INCOME CREDITS - line 8, Part I, Schedule R of Form 1040.
- 77 EXCESS INVESTMENT INTEREST - line 1a, Form 4625.
- 78 OTHER TAX CREDITS - computed amount equal to total credits less investment credit (field 79), foreign tax credits (field 80), and retirement income credits (field 81).
- 79 INVESTMENT CREDITS - line 53, page 2 of Form 1040.
- 80 FOREIGN TAX CREDITS - line 54, page 2 of Form 1040.

Explanation of Fields in Tape File--Cont.d

Field

- 81 RETIREMENT INCOME CREDITS - line 52, page 2 of Form 1040.
- 82 EXEMPT INCOME EARNED ABROAD - line 9, Part III of Form 2555.
- 83 TOTAL DIVIDENDS AND DISTRIBUTIONS - line 13a, page 1 of Form 1040.
- 84 NONTAXABLE DIVIDENDS AND DISTRIBUTIONS - line 4, Part I, Schedule B of Form 1040.
- 85 CAPITAL GAINS DISTRIBUTIONS - line 3, Part I, Schedule B of Form 1040.
- 86 DEPLETION - line 1h, Form 4625.
- 87 CAPITAL GAINS TAXED AT 50 PERCENT - a computed amount either field 50 (one-half excess long term capital gains) when that amount is \$50,000 or less (\$25,000 for marital status codes 3 and 6) or the larger of \$50,000 (\$25,000 for marital status codes 3 and 6) or $\frac{1}{2}$ of field 126 (long-term gains from installment sales) when field 50 ($\frac{1}{2}$ excess long-term capital gains) is greater than \$50,000 (\$25,000 for marital status codes 3 and 6).
- 88 CAPITAL GAINS TAXED AT 59 PERCENT - a computed amount equal to field 50 (one-half excess long-term gains) less field 87 (capital gains taxed at 50%).
- 89 CASH CONTRIBUTIONS - line 11, Schedule A of Form 1040.
- 90 TOTAL CONTRIBUTIONS - line 14, Schedule A of Form 1040.
- 91 PENSION AND ANNUITIES TAXABLE PORTION - line 5, Part I, Schedule E of Form 1040.
- 92 PENSION AND ANNUITIES CONTRIBUTION TO PLAN - line 2, Part I, Schedule E of Form 1040, if answer "yes."
- 93 1970 NET OPERATING LOSS CARRYOVER - line 10, Form 4625.
- 94 PENSION AND ANNUITIES AMOUNT EXCLUDABLE - line 4, Part I, Schedule E of Form 1040.
- 95 PENSION AND ANNUITIES RECEIVED THIS YEAR - line 3, Part I, Schedule E of Form 1040.

Explanation of Fields in Tape File--Cont.d

<u>Field</u>	
96	REAL ESTATE TAXES PAID - edited as designated under "Taxes," Schedule A of Form 1040.
97	GASOLINE TAXES PAID - edited as designated under "Taxes," Schedule A of Form 1040.
98	GENERAL SALES TAXES PAID - edited as designated under "Taxes," Schedule A of Form 1040.
99	STATE AND LOCAL TAXES PAID - edited as designated under "Taxes," Schedule A of Form 1040.
100	PERSONAL PROPERTY TAXES PAID - edited as designated under "Taxes," Schedule A of Form 1040.
101	TOTAL TAXES PAID - line 10, Schedule A of Form 1040.
102	OTHER TAXES PAID - computed amount equal to total taxes paid (field 101) less real estate taxes paid (field 96), gasoline taxes paid (field 97), general sales taxes paid (field 98), state and local taxes paid (field 99), and personal property taxes paid (field 100).
103	RECOMPUTED TAX - line 57, page 2 of Form 1040.
104	ADDITIONAL TAX - line 58, page 2 of Form 1040.
105	TAX ON TIP INCOME - computed amount equal to sum of line 59 + line 60 on page 2 of Form 1040.
106	OTHER MISCELLANEOUS DEDUCTIONS - computed amount equal to total miscellaneous deductions (field 107) less child care deduction (field 108).
107	TOTAL MISCELLANEOUS DEDUCTIONS - line 16, Schedule A of Form 1040.
108	CHILD CARE DEDUCTION - edited as designated under "Miscellaneous Deduction," Schedule A of Form 1040.

Explanation of Fields in Tape File--Cont.d

<u>Field</u>	
109	TAX INCREASE DUE TO SURCHARGE - the increase in tax due to surcharge less any tax credit increase due to that increase in tax.
110	INCREASE IN TAX CREDITS DUE TO SURCHARGE - the increase in tax credits due to the surcharge.
111	ONE-HALF INSURANCE PREMIUM - line 1, Schedule A of Form 1040.
112	MEDICINE AND DRUGS IN EXCESS OF 1% - line 4, Schedule A of Form 1040.
113	MEDICAL AND DENTAL IN EXCESS OF 3% - line 8, Schedule A of Form 1040.
114	TOTAL MEDICAL AND DENTAL EXPENSES - line 9, Schedule A of Form 1040.
115	ADDITIONAL LOW INCOME ALLOWANCE - for returns with FEDED code = 5; \$900 minus (\$100 times total exemptions) minus field 117. Only positive amounts retained.
116	BASIC LOW INCOME ALLOWANCE - 1) for returns with FEDED code = 5: \$200 plus (\$100 times total exemptions) with a maximum of \$1,000. 2) for returns with FEDED codes 6, 7, or 8, and marital status codes 1, 2, 4, or 5: \$200 plus (\$100 times total exemptions) with a maximum of \$1,000. 3) for returns with FEDED code 6, 7, or 8, and marital status codes 3 or 6: \$100 plus (\$100 times total exemptions) with a maximum of \$500.
117	INCOME PHASE-OUT - for returns with FEDED code = 5: one-half excess of AGI minus \$1,100 minus (\$625 times total exemptions). Only positive amounts retained.
118	TOTAL TAX PREFERENCE INCOME - line 2 of Form 4625.
119	TAX PREFERENCES SUBJECT TO INCOME TAX - line 8 of Form 4625.
120	TAX PREFERENCE LESS EXCLUSION - line 4 of Form 4625.
121	TENTATIVE RETIREMENT CREDIT - line 15 of Form 4625.
122	NET TENTATIVE RETIREMENT TAX - line 16 of Form 4625.

Explanation of Fields in Tape File--Cont.d

<u>Field</u>	
123	TENTATIVE TAX AFTER CREDITS - line 19 of Form 4625.
124	TAX PREFERENCE EXCLUSION - line 3 of Form 4625.
125	CAPITAL GAINS TAX PREFERENCE - line 1(i) of Form 4625.
126	LONG-TERM GAINS FROM INSTALLMENT SALES - line 27, Part IV, Schedule D of Form 1040.
127	CREDIT FOR FEDERAL TAX ON GASOLINE - line 63, Part VI of Form 1040.
128	TOTAL OTHER PAYMENTS - line 65, Part VII of Form 1040.
129	OTHER INTEREST EXPENSE - computed amount equal to total interest expense (field 57) minus home mortgage interest expense and interest on installment purchases (fields 55 and 56).
130	OTHER CONTRIBUTIONS - computed amount equal to total contributions (field 90) minus cash contributions (field 89).
131	OTHER TAX PRE-PAYMENTS - computed amount equal to total other payments (field 128) minus the sum of excess FICA withheld (field 29) and credit for federal tax on gasoline (field 127). However, for returns with total other payments (field 128) of \$900,000 or more the amount computed was equal to the sum of excess FICA withheld (field 29) plus credit for tax on gasoline (field 128).
132	TOTAL TAX LIABILITY - computed amount equal to the sum of income tax after credits (field 22), self-employment tax (field 39), recomputed tax (field 103), additional tax (field 104) and tax on tip income (field 105).
133	ALTERNATIVE COMPUTATION, SOCIAL SECURITY AND OTHER EXCLUSIONS - line 2a, Part I, Schedule R of Form 1040.
134	ALTERNATIVE COMPUTATION, ALTERNATIVE BASE FOR CREDIT - line 7 (b), Part I, Schedule R of Form 1040.
135	RENTAL HOUSING ACCELERATED DEPRECIATION - line 1(b)(1) of Form 4625.

Explanation of Fields in Tape File--Cont.d

<u>Field</u>	
136	OTHER REAL PROPERTY ACCELERATED DEPRECIATION - line 1(b)(2) of Form 4625.
137	PERSONAL PROPERTY ACCELERATED DEPRECIATION - line 1(c) of Form 4625.
138	CERTAIN POLLUTION CONTROL AMORTIZATION - line 1(d) of Form 4625.
139	RAILROAD ROLLING STOCK AMORTIZATION - line 1(e) of Form 4625.
140	STOCK OPTIONS - line 1(f) of Form 4625.
141	FINANCIAL INSTITUTIONS BAD DEBT RESERVE - line 1(g) of Form 4625.
142	MARGINAL TAX BASE - the portion of taxable income (field 20) or balance for partial tax (field 26) which is taxed at the highest rate.
143	SICK PAY ADJUSTMENT - line 41, page 2 of Form 1040.
144	MOVING EXPENSE ADJUSTMENT - line 42, page 2 of Form 1040.
145	EMPLOYEE BUSINESS EXPENSE - line 43, page 2 of Form 1040.
146	PAYMENTS TO A RETIREMENT PLAN - line 44, page 2 of Form 1040.
147	SECTION 1245 ORDINARY GAIN - line 41, Part V, Schedule D of Form 1040.
148	SECTION 1250 ORDINARY GAIN - line 44, Part V, Schedule D of Form 1040.
149	SECTION 1231 GAIN - line 47, if positive, Part VII, Schedule D of Form 1040.
150	SECTION 1231 LOSS - line 47, if negative, Part VII, Schedule D of Form 1040.
151-153	SOFT FIELDS - blank, for Statistics Division use.

Explanation of Fields in Tape File-- Cont.

Field

- 154 RETURN IDENTIFICATION NUMBER - blank, for Statistics Division use.
- 155 (this field is blank)
- 156 NATIONAL WEIGHT - Contains national sample weight appropriate to the return.
- 157 DISTRICT WEIGHT - blank, for Statistics Division use.

SAMPLE DESCRIPTION

The 1970 Individual Tax Model file is a random subsample of 95,316 returns selected from the Statistics of Income sample of over 276,000 Forms 1040 filed for 1970. Since the Model sample is about one-third the size of the full sample, the relative sampling variability of estimates derived from the Model can be expected to be somewhat less than twice that of similar estimates produced from the larger sample. A description of the Statistics of Income sample, as well as measures of sampling variability for selected estimates, are shown in the complete report, Statistics of Income--1970, Individual Income Tax Returns.

Sample counts and weighting factors for the Model file are shown on page 5. The sample code identifies the stratum from which a return was selected and indicates the weight factor to be applied to 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 schedules (Schedules 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.

Each "data record" in the file, representing one tax return, is composed of 846 bytes. Logical tape records are made up of 5 data records and 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.

Tape characters are recorded in EBCDIC (extended binary coded decimal interchange) on standard 2,400 1/2 inch, nine-track tape, at a density of 1600 bpi (bytes per inch) in the PE (phase encoding) mode. In this mode a 1-bit and a 0-bit are recorded as signals of opposite polarity in ODD parity (a parity bit is set to 1 or 0 so that there is always an ODD number of 1-bits in a nine-bit character).

Each code and data field is numeric and defined as packed decimal. In the packed decimal format, each byte contains two decimal digits, except the byte containing the units digit. This byte contains the unit digit and the sign of the field. Each code and field, except document locator number and social security number, is defined as being signed and contains the bit configuration for the plus sign (C, binary 1100). DLN and SSN are unsigned and contains the bit configuration for the plus sign (F, binary 1111).

Codes are defined as 1 or 2 bytes in length. The one-byte codes contain a decimal digit from 0 thru 9. The two-byte codes contain three decimal digits in the range 000 thru 099. The largest decimal value is 99. The six-byte DLN contains 11 decimal digits and the

five-byte SSN contains 9 decimal digits. The remaining fields in the file are five-bytes in length and contain 9 decimal digits with leading zeroes. The first 10 fields are number fields and contain decimal values in the range of 0 thru 99. Fields 11 thru 150 have a maximum of eight significant digits. The district weight field contains zeroes. The national weight field contains an integer weight value.

The file is a single data set on multiple volumes and uses IBM 360 Standard labels. A standard set of 360 labels consists of a volume label, two header labels and two trailer labels. All labels are 80 characters in length, recorded in EBCDIC, in ODD parity.

The IBM Standard value label (VOL1) is used to identify the tape volume and its owner. It is always the first record on an IBM Standard labeled tape.

The volume label is followed by data set label 1 (HDR1). The HDR1 label contains such information as "HDR1", the data set name, expiration date and block count.

Data set label 2 (HDR2) follows data set label 1. The HDR2 label contains such information as "HDR2", the record format, ie; fixed, variable or underfined length, record length, block length, and other attributes of the data set.

The HDR2 label is followed by a tape mark, the data set or part of the data set for multiple volumes, a tape mark, a data set label 1 (EOV1 or EOF1) containing the same information as the "HDR1" label, a

data set label 2 (EOV2 or EOF2) containing the same information as the "HDR2" label. An EOV2 label is followed by a tape mark. An EOF2 label is followed by two tape marks which indicate the end of the data set.

Format of IBM Standard Volume Label (VOL1)

<u>Position</u>	<u>Number of Bytes</u>	<u>Field Number and Name</u>	<u>Contents</u>
1 - 3	3	1 - Label Identifier	VOL
4	1	2 - Label Number	1
5 - 10	6	3 - Volume Serial Number	
11	1	4 - Reserved	0
12 - 21	10	5 - VTOC Pointer (Direct access only)	blanks
22 - 31	10	6 - Reserved	blanks
32 - 41	10	7 - Reserved	blanks
42 - 51	10	8 - Owners Name	
52 - 80	29	9 - Reserved	blanks

Format of IBM Standard Data Set Label 1

<u>Position</u>	<u>Number of Bytes</u>	<u>Field Number and Name</u>	<u>Contents</u>
1 - 3	3	1 - Label Identifier	HDR -- for a header label (at the beginning of a data set). EOV -- for a trailer label (at the end of a tape volume, when the data set continues on another volume). EOF -- for a trailer label (at the end of a data set).
4	1	2 - Label Number	1
5 - 21	17	3 - Data Set Identifier	TAPE.SM1004A4
22 - 27	6	4 - Data Set Serial Number	TAPE serial number of the first volume of the data set.
28 - 31	4	5 - Volume Sequence Number	Sequence number of the volume in the data set. The number is in the range 0001 - 9999
32 - 35	4	6 - Data Set Sequence Number	1
36 - 39	4	7 - Generation Number	blanks
40 - 41	2	8 - Version Number	blanks
42 - 47	6	9 - Creation Date	In the format byydd
48 - 53	6	10 - Expiration Date	In the format byydd
54	1	11 - Data Set Security	0 -- no security protection

Format of IBM Standard Data Set Label 1 (cont'd)

<u>Position</u>	<u>Number of Bytes</u>	<u>Field Number and Name</u>	<u>Contents</u>
55 - 60	6	12 - Block Count	Zeros for a header and block count for a trailer.
61 - 73	13	13 - System Code	
74 - 80	7	14 - Reserved	blanks

Format of IBM Standard Data Set Label 2

<u>Position</u>	<u>Number of Bytes</u>	<u>Field Number and Name</u>	<u>Contents</u>
1 - 3	3	1 - Label Identifier	HDR -- for a header label (at the beginning) of a data set EOV -- for a trailer label (at the end of a tape volume, when the data set continues on another volume). EOF -- for a trailer label (at the end of a data set).
4	1	2 - Label Number	Always 2
5	1	3 - Record Format	F -- Fixed Length
6 - 10	5	4 - Block Length	04230
11 - 15	5	5 - Record Length	00846
16	1	6 - Tape Density	3 - for 1600 bpi
17	1	7 - Data Set Position	0 - for first volume 1 - for other volumes of data set
18 - 34	17	8 - Job/Job step Identification	
35 - 36	2	9 - Tape Recording Technique	blank
37	1	10 - Printer Control Character	blank
38	1	11 - Reserved	blank
39	1	12 - Block Attribute	B -- blocked records
40 - 80	41	13 - Reserved	

Comments on IBM Standard Labels used with the 360 Version of the Tax Model

The information provided on header labels for the 7074 Tax Model runs were Data Center conventions and may not have been useful to other users. The format of the IBM Standard Labels are standard; however, most of the information is not used and will vary each time we create a file.

There are three types of labels and a total of five labels on each reel. Most of the information will vary from reel to reel and is not used by the operating system.

A narrative description of each type of label as defined in the IBM Publication is included because a regular format is difficult to lay out.

A regular IBM-360 user needs the following information:

1. Volume serial number - on outside of reel.
2. Data set name (DSN or DSNAME) - as requested.
3. Record length - 846 bytes.
4. Record format - FB for fixed block.

Non-360 users would need the tape density, blocksize and recording mode.

For your information and as a reference for any user, a layout of the three types of labels may be found in the IBM Publication - "IBM System/360 Operating System, Tape Labels, Order Number GC 28-6680-3".

VOL1 is figure 5 on page 32, Data Set Label 1 is figure 6 on page 36 and Data Set Label 2 is figure 7 on page 42.

Farm

1040

US

Department of the Treasury / Internal Revenue Service
Individual Income Tax Return



1970

For the year January 1-December 31, 1970, or other taxable year beginning 1970, ending 1970, ending 19

First name and initial (If joint return, use first names and middle initials of both) _____ Last name _____ Your social security number _____

Present home address (Number and street or rural route) _____ Spouse's social security number _____

City, town or post office, State and ZIP code _____

Occupation Yours _____ Spouse's _____

Please attach Copy B of Form W-2 to back

Filing Status--check only one:

- 1 Single; 2 Married filing jointly (even if only one had income)
- 3 Married filing separately and spouse is also filing. If this item checked give spouse's social security number in space above and enter last name here ▶
- 4 Unmarried Head of Household
- 5 Surviving widow(er) with dependent child
- 6 Married filing separately and spouse is not filing

Exemptions

- Regular, 65 or over / Blind Enter number of boxes checked
- 7 Yourself
 - 8 Spouse (applies only if item 2 or 6 is checked)
 - 9 First names of your dependent children who lived with you _____ Enter number ▶
 - 10 Number of other dependents (from line 34) _____ ▶
 - 11 Total exemptions claimed _____ ▶ *Exemp*

12 Wages, salaries, tips, etc. (Attach Forms W-2 to back. If unavailable, attach explanation) . 12 _____

13a Dividends (see pages 5 and 9 of instr.) \$ _____ 13b Less exclusion \$ _____ Balance ▶ 13c _____

14 Interest. Enter total here (also list in Part II of Schedule B, if total is over \$100) . 14 _____

15 Income other than wages, dividends, and interest (from line 40) . 15 _____

16 Total (add lines 12, 13c, 14 and 15) . 16 _____

17 Adjustments to income (such as "sick pay," moving expense, etc. from line 45) . 17 _____

18 Adjusted gross income (subtract line 17 from line 16) . 18 _____

Please attach Check or Money Order here

See page 2 of instructions for rules under which the IRS will figure your tax and surcharge. If you do not itemize deductions and line 18 is under \$10,000, find tax in Tables. Enter tax on line 19. If you itemize deductions or line 18 is \$10,000 or more, go to line 46 to figure tax.

19 Tax (Check if from: Tax Tables 1-15 , Tax Rate Schedule X, Y, or Z , Schedule D , or Schedule G) 19 _____

20 Tax surcharge. See Tax Surcharge Tables A, B and C in instructions. (If you claim retirement income credit, use Schedule R to figure surcharge.) 20 _____

21 Total (add lines 19 and 20) . 21 _____

22 Total credits (from line 55) . 22 _____

23 Income tax (subtract line 22 from line 21) . 23 _____

24 Other taxes (from line 61) . 24 _____

25 Total (add lines 23 and 24) . 25 _____

26 Total Federal income tax withheld (attach Forms W-2 to back) 26 _____

27 1970 Estimated tax payments (include 1969 overpayment allowed as a credit) 27 _____

28 Other payments (from line 65) . 28 _____

29 Total (add lines 26, 27, and 28) . 29 _____

30 If line 25 is larger than line 29, enter BALANCE DUE. Pay in full with return . ▶ 30 _____

31 If line 29 is larger than line 25, enter OVERPAYMENT . ▶ 31 _____

32 Line 31 to be: (a) Credited on 1971 estimated tax ▶ \$ _____ ; (b) Refunded ▶ \$ _____

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.

Sign here ▶ Your signature _____ Date _____

Signature of preparer other than taxpayer, based on all information of which he has any knowledge. _____ Date _____

Spouse's signature (if filing jointly, BOTH must sign even if only one had income) _____ Address _____

Make check or money order payable to Internal Revenue Service.

Foreign Accounts (check appropriate box) Did you, at any time during the taxable year, have any interest in or signature or other authority over a bank, securities or other financial account in a foreign country (except in a U.S. military banking facility operated by a U.S. financial institution)? Yes No. If "Yes," attach Form 4683. (For definitions, see Form 4683.)

PART I.—Additional Exemptions (Complete only for other dependents claimed on line 10)

33	NAME	(a) Relation (SIC)	(c) Months lived in your home if born or died during year write "B" or "D"	(d) D-I dependent has income of \$625 or more?	(e) Amount YOU furnished for dependent's support, if 100% write "ALL"	(f) Amount furnished by OTHERS including dependent.
					\$	\$

34 Total number of dependents listed above. Enter here and on line 10. ▶

PART II.—Income other than Wages, Dividends, and Interest

35	Business income (or loss) (attach Schedule C)	35
36	Sale or exchange of property (attach Schedule D)	36
37	Pensions and annuities, rents and royalties, partnerships, estates or trusts, etc. (attach Schedule E)	37
38	Farm income (or loss) (attach Schedule F)	38
39	Miscellaneous income (state nature and source)	39
40	Total (add lines 35, 36, 37, 38, and 39). Enter here and on line 15 ▶	40

PART III.—Adjustments to Income

41	"Sick pay" if included in line 12 (attach Form 2440 or other required statement)	41
42	Moving expense (attach Form 3903)	42
43	Employee business expense (attach Form 2106 or other statement)	43
44	Payments as a self-employed person to a retirement plan, etc. (attach Form 2950SE)	44
45	Total adjustments (add lines 41, 42, 43, and 44). Enter here and on line 17. ▶	45

PART IV.—Tax Computation

46	Adjusted gross income (from line 18)	46
47	(a) If you itemize deductions, enter total from Schedule A, line 22 (f) If you do not itemize deductions, and line 46 is \$10,000 or more, enter \$1,000 (\$500 if married and filing separately)	47
48	Subtract line 47 from line 46	48
49	Multiply total number of exemptions claimed on line 11, by \$625	49
50	Taxable income. Subtract line 49 from line 48. (Figure your tax on this amount by using Tax Rate Schedule X, Y, or Z unless the alternative tax or income averaging is applicable.) Enter tax on line 51	50
51	Tax. Enter here and on line 19. ▶	51

PART V.—Credits

52	Retirement income credit (attach Schedule R)	52
53	Investment credit (attach Form 3468)	53
54	Foreign tax credit (attach Form 1116)	54
55	Total credits (add lines 52, 53, and 54). Enter here and on line 22. ▶	55

PART VI.—Other Taxes

56	Self-employment tax (attach Schedule SE)	56
57	Tax from recomputing prior-year investment credit (attach Form 4255)	57
58	Minimum tax. See instructions on page 7. Check here <input type="checkbox"/> , if Form 4625 is attached.	58
59	Social security tax on unreported tip income (attach Form 4137)	59
60	Uncollected employee social security tax on tips (from Forms W-2)	60
61	Total (add lines 56, 57, 58, 59, and 60). Enter here and on line 24. ▶	61

PART VII.—Other Payments

62	Excess F.I.C.A. tax withheld (two or more employers—see instructions on page 7)	62
63	Credit for Federal tax on gasoline, special fuels, and lubricating oil (attach Form 4136)	63
64	Regulated Investment Company Credit (attach Form 2439)	64
65	Total (add lines 62, 63, and 64). Enter here and on line 28. ▶	65

**Schedules A&B—Itemized Deductions AND
Dividend and Interest Income**

(Form 1040)
Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040.

1970

Name(s) as shown on Form 1040

Your Social Security Number

Schedule A—Itemized Deductions (Schedule B on back)

<p>Medical and dental expenses (not compensated by insurance or otherwise) for medicine and drugs, doctors, dentists, nurses, hospital care, insurance premiums for medical care, etc.</p>		<p>Contributions.—Cash—including checks, money orders, etc. (Itemize—see instructions on page 8 for examples)</p>	
1 One half (but not more than \$150) of insurance premiums for medical care	11,000		
2 Medicine and drugs			
3 Enter 1% of line 18, Form 1040			
4 Subtract line 3 from line 2. Enter difference (if less than zero, enter zero)	11,000		
5 Itemize other medical and dental expenses. Include hearing aids, dentures, eyeglasses, transportation, balance of insurance premiums for medical care not entered on line 1, etc.	1,200.00		
6 Total (add lines 4 and 5)		11	
7 Enter 3% of line 18, Form 1040		12	
8 Subtract line 7 from line 6. Enter difference (if less than zero, enter zero)	11,000	13	
9 Total deductible medical and dental expenses (Add lines 1 and 8. Enter here and on line 17, below.) ▶	12,200.00	14	
Taxes.—Real estate		15	
State and local gasoline (see gas tax tables)			
General sales (see sales tax tables)			
State and local income			
Personal property			
10 Total taxes (Enter here and on line 18, below.) ▶		16	

Summary of Itemized Deductions

A

17 Total deductible medical and dental expenses (from line 9)	
18 Total taxes (from line 10)	
19 Total contributions (from line 14)	
20 Total interest expense (from line 15)	
21 Total miscellaneous deductions (from line 16)	
22 TOTAL ITEMIZED DEDUCTIONS. (Add lines 17 through 21. Enter here and on Form 1040, line 47) ▶	

Schedule B—Dividend and Interest Income

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

Your Social Security Number

Part I Dividend Income

Note: If gross dividends and other distributions on stock are \$100 or less, do not complete this part. But enter gross dividends less the sum of capital gain distributions and non-taxable distributions, if any, on Form 1040, line 13a. (see note below)

1 Gross dividends and other distributions on stock. (List payers and amounts—write (H), (W), (J), for stock held by husband, wife, or jointly)

Part II Interest Income

Note: If interest is \$100 or less, do not complete this part. But enter amount of interest received on Form 1040, line 14.

1 Earnings from savings and loan associations and credit unions (list payers and amounts)

Table with multiple rows for listing dividend and interest income. The table is mostly empty with some shaded areas for totals and specific interest categories.

2 Other interest on bank deposits, bonds, tax refunds, etc. (list payers and amounts)

B

2 Total of line 1

3 Capital gain distributions (see instructions on page 9. Enter here and on Schedule D, Part I, line 7.) See note below

4 Nontaxable distributions (see instructions on page 9)

5 Total (add lines 3 and 4)

6 Dividends before exclusion (subtract line 5 from line 2). Enter here and on Form 1040, line 13a

3 Total interest income. Enter here and on Form 1040, line 14

Note: If you received capital gain distributions and Schedule D is not needed to report any other gains or losses or to compute the alternative tax, you need not file Schedule D. Instead, enter 50 percent of capital gain distributions on Form 1040, line 39, under "Miscellaneous Income," and identify the source as "50% of cap. gain dist."

**SCHEDULE D
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Sales or Exchanges of Property

➤ Attach to Form 1040.

1970

Name(s) as shown on Form 1040

Social Security Number

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



a. Kind of property. Indicate security, real estate, or other (specify)	b. Description (Examples: 100 sh. of "Z" Co., 2 story brick, etc.)	c. How acquired. Enter letter symbol (see instr.)	d. Date acquired (mo., day, yr.)	e. Date sold (mo., day, yr.)	f. Gross sales price	g. Depreciation allowed (or allowable) since acquisition	h. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	i. Gain (or loss) (plus or less h)
1								

- 2 Enter your share of net short-term gain (or loss) from partnerships and fiduciaries
- 3 Enter net gain (or loss) from lines 1 and 2
- 4 Enter unused short-term capital loss carryover from preceding taxable years (attach statement)
- 5 Net short-term gain (or loss) from lines 3 and 4

Long-term capital gains and losses—assets held more than 6 months

6								
---	--	--	--	--	--	--	--	--

- 7 Capital gain distributions
- 8 Enter gain from Part VII, line 47 or line 51(a), whichever applicable
- 9 Enter your share of net long-term gain (or loss) from partnerships and fiduciaries
- 10 Enter your share of net long-term gain from small business corporations (Subchapter S)
- 11 Net gain (or loss) from lines 6 through 10
- 12 Enter unused long-term capital loss carryover from preceding taxable years (attach statement)
- 13 Net long-term gain (or loss) from lines 11 and 12

14 Combine the amounts shown on lines 9 and 13, and enter the net gain (or loss) here

- 15 If line 14 shows a gain—
 - (a) Enter 50% of line 13 or 50% of line 14, whichever is smaller (see Part IV for computation of alternative tax). Enter zero if there is a loss or no entry on line 13
 - (b) Subtract line 15(a) from line 14. Enter here and on line 17, Part II

- 16 If line 14 shows a loss—
 - (a) Add lines 4 and 12 (if lines 4 and 12 are blank, enter a zero here and on lines 16(b) and 16(c) and go to line 16(d))
 - (b) Combine lines 3 and 11—if gain, enter gain; if loss, enter zero
 - (c) Enter smallest of (i) line 15(a) less line 16(b); (ii) line 48, Form 1040 (line 18, Form 1040 if tax table used) disregarding capital gains and/or losses—determine this figure via a side computation; or (iii) \$1,000
 - (d) Combine lines 3 and 11—if loss, enter loss; if gain, enter zero here and on line 16(e), and go to line 16(i)
 - (e) Enter smallest of (i) line 48, Form 1040 (line 18, Form 1040 if tax table used) disregarding capital gains and/or losses, less line 16(c)—determine this figure via a side computation; (ii) \$1,000 (\$500 if married and filing separately); (iii) if line 3 is zero or shows a gain, 50% of line 16(d); (iv) if line 11 is zero or shows a gain, amount on line 16(d); or, (v) if lines 3 and 11 show losses, line 3 added to 50% of line 11.
 - (f) Enter here, and on line 17, Part II, the sum of lines 16(c) and 16(e)—(Do not enter an amount greater than \$1,000)

Part II Summary of Schedule D Gains and Losses

- 17 Net gain (or loss) from line 15(b) or 16(f), Part I
- 18 Net gain (or loss) from line 22, Part III
- 19 Total net gain (or loss), combining lines 17 and 18. Enter here and on line 35, Form 1040

Part VI Gain from Disposition of Depreciable Real Property Held More than 6 Months (Section 125C)
(If held one year or less, see instructions for columns (j) and (k))

a. Kind of property (if necessary, attach description)		b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis and expense of sale
43					
f. Total depreciation allowed (or allowable)	g. Adjusted basis (a less f)	h. Total price (d less g)	Additional Depreciation (See instructions)		k. Enter column h or column j, whichever is lesser
			i. After 12/31/68 and before 1/1/70	j. After 12/31/69	
l. Column k times applicable percentage (see instr.)	m. Enter excess, if any, of h over i	n. Enter l or m, whichever is lesser	o. Column g times applicable percentage (see instr.)	p. Ordinary gain (i plus o)	q. Other gain (h less p)

44 Total ordinary gain. Enter here and on line 20 and identify as gain from line 44
 45 Total other gain. Enter here and on line 46 and identify as gain from line 45

Part VII Sale or Exchange of Property Used in Trade or Business and Involuntary Conversions (Section 1231)
The first \$100 of loss for each casualty or theft of property (other than (a) trade or business property, or (b) property held for income producing purposes) is not deductible.

a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Depreciation allowed (or allowable)	f. Cost or other basis and expense of sale	g. Gain (or loss) (d plus e less f)
46						

47 Combine the amounts on line 46

48 Net loss (losses over gains) from involuntary conversions included on line 47, due to casualties and thefts.
If such gains equal or exceed such losses, leave this line blank (attach schedule)
Note: Go to line 49 if there is a net loss on line 48; otherwise, (I) if the amount on line 47 is a gain, enter such gain on line 8, Part I, and do NOT complete the rest of Part VII, or (II) if the amount on line 47 is other than a gain, omit lines 49, 50, and 51(a), and enter such amount on line 51(b)(i).

49 If line 48 contains loss(es) which are to be treated as an itemized deduction on Schedule A (for example, personal-use type property loss(es)), enter such loss(es) here and on line 16, Schedule A. Identify as loss(es) from line 49, Schedule D

50 Recompute line 48, excluding any losses reported on line 49. Enter here and on line 20, Part III. Identify as gain or loss from line 50, Part VII

51 Recompute line 47, excluding gains and losses contained in the net loss reported on line 48:
 (a) If gain, enter here and on line 8, Part I
 (b) If other than a gain,
 (i) Enter amount
 (ii) If line 51(b)(i) contains loss(es) which are to be treated as an itemized deduction on Schedule A (for example, personal-use type property loss(es)), enter such loss(es) here and on line 16, Schedule A. Identify as loss(es) from line 51(b)(i), Schedule D
 (iii) Recompute line 51(b)(i), excluding any losses reported on line 51(b)(ii). Enter here and on line 20, Part III. Identify as gain or loss from line 51(b)(ii), Part VII

Income Averaging

▶ See instructions on pages 3 and 4.
▶ Attach to Form 1040.

1970

Name(s) as shown on Form 1040

Your social security number

Taxable Income and Adjustments

	(a) Computation year 1970	(b) 1st preceding base period year 1969	(c) 2d preceding base period year 1968	(d) 3d preceding base period year 1967	(e) 4th preceding base period year 1966
1 Taxable income (see instruction 1)					
2 Income earned outside of the United States or within U.S. possessions and excluded under sections 911 and 931					
3 Excess community income and certain amounts received by owner-employees subject to a penalty under section 72(m)(5). See instruction 3					
4 Accumulation distributions subject to section 668(a)					
5 Adjusted taxable income or base period income. (Line 1 plus line 2, less lines 3 and 4). If less than zero, enter zero					

Computation of Averagable Income

6 Adjusted taxable income from line 5, column (a)	
7 30% of the sum of line 5, columns (b), (c), (d), and (e)	
8 Averagable income (line 6 less line 7)	

Complete the remaining parts of this form only if line 8 is more than \$3,000. If \$3,000 or less, you do not qualify for income averaging. Do not fill in rest of form.

G

Segments of Income Under Averaging

9 Amount from line 7	
10 20% of line 8	
11 Total (add lines 9 and 10)	
12 Amount from line 3, column (a), less any income subject to a penalty under section 72(m)(5) which was included in line 3	
13 Total (add lines 11 and 12)	

Computation of Tax

14 Tax on amount on line 13	
15 Tax on amount on line 11	
16 Tax on amount on line 9	
17 Difference (line 15 less line 16)	
18 Multiply the amount on line 17 by 4	
19 Total (add lines 14 and 18)	
20 Tax on income subject to the penalty under section 72(m)(5) which was included in line 3	
21 Tax on accumulation distributions subject to section 668(a)	
22 Tax (add lines 19, 20 and 21). Enter here and on Form 1040, line 19. Also check Schedule G box on Form 1040, line 19	

Computation of Standard Deduction for 1970 if Adjusted Gross Income is Under \$10,000
 (For base period years see instruction 1 on page 4)

1 Enter 10% of line 18, Form 1040, but not more than \$500 if you are married and filing separately (If you are married filing separately, complete only lines 2 and 3. All other filers complete only lines 4 through 14.)	
2 Enter the sum of \$100 plus \$100 for each exemption claimed on line 11, Form 1040, but not more than \$500	
3 Enter amount from either line 1 or 2. This is your standard deduction. Note: If your spouse uses the percentage standard deduction (line 1), you may not use the low income allowance (line 2)	
4 Basic allowance. Enter the sum of \$200 plus \$100 for each exemption claimed on line 11, Form 1040, but not more than \$1,000	
Computation of additional allowance:	
5 Limitation	\$900.00
6 Enter \$100 for each exemption claimed on line 11, Form 1040	
7 Enter amount from line 18, Form 1040	
8 Enter the sum of \$1,100 plus \$625 for each exemption claimed on line 11, Form 1040	
9 Subtract line 8 from line 7. If less than zero, enter zero	
10 Enter one-half of amount on line 9	
11 Add lines 6 and 10	
12 Additional allowance. Subtract line 11 from line 5. If less than zero, enter zero. (Note: If you are entitled to an additional allowance, you do not qualify for income averaging because your averagable income will not be more than \$3,000.)	
13 Low income allowance. Add lines 4 and 12	
14 Standard deduction. Enter amount from line 1 or line 13, whichever is greater.	

Use this space for additional information such as determining base period income in accordance with General Instruction C or itemizing of line 3, etc.

This schedule must be attached to your Form 1040 to choose the benefits of income averaging. Only individuals who are citizens or residents of the United States throughout 1970 are eligible for averaging. Corporations, estates and trusts do not qualify.

The income averaging method of computing tax may be to your advantage if your income has increased substantially this year. Under this method your 1970 income which exceeds 30 percent of the sum of your four prior years (1966-1969) income is taxed, in effect, by averaging that excess over the five-year period (1966-1970). Basically, the taxable income for each year is the figure utilized. However, since accumulation distributions subject to section 668(a) and certain other items of income described in instruction 3 are not subject to averaging, adjustments to the taxable income, as it appears on Form 1040 for each year, are necessary.

A. WHO MAY FILE.—Generally, you may choose the provisions of income averaging for 1970, by filing Schedule G with your Form 1040 if you meet the requirements of (1) citizenship or residence, and (2) support. On a joint return both husband and wife must meet the requirements.

(1) Citizenship or residence requirement.—You must have been a citizen or resident of the United States throughout 1970. A nonresident alien at any time during the five taxable year period ending with 1970 is not eligible.

(2) Support requirement.—You must have furnished at least 50 percent of your own support for each of the years 1966 through 1969. In a year in which you were married it is only necessary that you together with your wife provided at least 50 percent of the support of both of you. For definition of support see page 5 of the Form 1040 Instructions.

Exceptions. The support requirement is waived if—

(1) You were age 25 or more before the end of 1970 and you were not a full-time student during at least any four of your taxable years beginning after you have attained the age of 21. Thus, generally, if you are age 25 or over and have been out of school for 4 years since age 21, you are eligible for averaging. You are a student for a taxable year if during 5 calendar months of that year you were a full-time student at an educational institution or were pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational institution or of a State or political subdivision of a State.

(2) More than 50 percent of your adjusted taxable income for 1970 (line 5, column (a)) is attributable to work performed by you in substantial part during two or more of the four taxable years preceding 1970, or

(3) You file a joint return for 1970 and not more than 25 percent of the aggregate adjusted gross income (Form 1040, line 18) is attributable to you.

B. PROVISIONS INAPPLICABLE.—If you file Schedule G you may not—

(1) Exclude from income any part of your earned income from sources without the United States (see section 911 and Form 2555) or any income from sources within possessions of the United States (see sections 931-934 and Form 4563).

(2) Use tax tables 1-15 in the Form 1040 instructions. You may, however, use the standard deduction.

(3) Avail yourself of the limitation on tax under section 72(n)(2) for income resulting from certain distributions from an employees' trust.

(4) Avail yourself of the advantages of alternative tax on capital gain under section 1201(b).

C. BASE PERIOD INCOME RULES.—Your base period income for each of your base period years (1966-1969) must be determined in a manner consistent with your return

for 1970. If you make a separate return for 1970, you must determine your separate base period income for each of your base period years. If a husband and wife make a joint return for 1970, they must determine the sum of their separate base period incomes for each base period year. Thus, if you and your wife make a joint return for 1970 and were married and made joint returns with each other for any base period year, your base period income for each such year is to be figured on the basis of your aggregate taxable income for that year. If you make a return for 1970 as a surviving widow(er) (under section 2(a)), your base period income for each of the base period years (1966-1969) is the sum of your base period income and that of your deceased husband (wife) for each such year. If a husband and wife married in 1970 and make a joint return for 1970, and neither person was married from 1966 through 1969, their base period incomes for each of those years is the sum of the husband's separate base period income and that of his wife for each such year.

In some cases the computation of your separate base period income for a base period year may require as many as three computations. The facts in each case determine how many computations are necessary. For instance, if you were married for 1970 and made a joint return with your wife (husband), but had a different wife (husband) for 1970 than for a base period year, two computations are necessary. In such case, your separate base period income for the year in question is the larger of the following amounts:

(1) The amount of your adjusted separate income and deductions for the base period year.

(2) One-half the total amount of base period income resulting from adding your adjusted separate income and deductions to the adjusted separate income and deductions of your wife (husband) for that base period year.

However, if you and your wife file separate returns for 1970, a third computation is necessary. Your separate base period income will be the largest of the amounts determined under (1) and (2) above and:

(3) One-half the total amount of the base period income resulting from adding your adjusted separate income and deductions to the adjusted separate income and deductions of your wife (husband) for 1970 for that base period year.

The amount of your separate income and deductions for a base period year is the excess of your gross income for that year over your allowable deductions. Your separate deductions for any base period year for which you made a separate return are the deductions allowable on that return. If you made a joint return for a base period year, your separate deductions are (1) in the case of deductions allowable in computing your adjusted gross income, the sum of such deductions attributable to your gross income, and (2) in the case of deductions allowable in computing taxable income (exemptions and itemized deductions), the amount resulting from multiplying the amount of such deductions allowable on the joint return by a fraction whose numerator is your adjusted gross income and whose denominator is the aggregate

gate adjusted gross income on the joint return. However, if 85 percent or more of the aggregate adjusted gross income of a husband and wife is attributable to either one, all of the deductions allowable in computing taxable income are allowable to the one to whom such income is attributable. See specific instruction 1 on adjusted gross income.

In computing your separate base period income when community property laws are applicable, you must take into account all of the earned income you earned, without regard to the community property laws, or your share of the community earned income under the community property laws, whichever is greater.

	A & W (Joint Return)	A	W	H
Salary	\$16,000	\$11,500	\$4,500	\$3,000
Dividends	2,000	500	1,500	1,000
Adjusted Gross Income	\$18,000	\$12,000	\$6,000	\$4,000
Total of itemized deductions and personal exemptions	3,600	2,400	1,200 (1)	1,600
Taxable Income (Separate Income and Deductions)	\$14,400	\$9,600	\$4,800	\$2,400

(1) 6000 (W's separate adjusted gross income) \times 3600 (Total of itemized deductions and personal exemptions on A & W's joint return) = 1200

18000 (A and W's adjusted gross income from joint return)

Method No. 1 — W's separate income and deductions \$4,800

Method No. 2 — W and A's taxable income from joint return, \$14,400 \times 50 percent \$7,200

W's separate base period income is \$7,200, the larger of the two methods. H and W's base period income (since there are no adjustments) for 1966 is \$9,600 (H's separate base period income of \$2,400 (unmarried in 1966) plus W's separate base period income of \$7,200).

SPECIFIC INSTRUCTIONS

The following instructions are numbered to correspond with the line numbers on the form.

Taxable Income and Adjustments

1 Except as noted below, enter on this line the amount (never less than zero) from—

- (a) Form 1040 (1970)—line 50
- (b) Schedule T (1969)—line 5
- (c) Form 1040 (1965-68)—line 11d, page 1
- (d) Form 1040A (1966-68)—line 5, page 4 (Tax Computation
Schedule Form
1040A Instructions)

For any year for which you use the tax tables to compute your tax, you may arrive at the amount to be entered in line 1, by subtracting from your adjusted gross income (see below) the standard deduction and \$600 (\$625 for 1970) multiplied by the number of exemptions. Adjusted gross income is—

- (a) Form 1040 (1970)—line 18
- (b) Form 1040 (1969)—line 15c
- (c) Form 1040 (1966-68)—line 9, page 1
- (d) Form 1040A (1966-68)—item 7, page 1

If for 1970, line 18, Form 1040 is less than \$10,000, use schedule on page 2 to compute your standard deduction.

NOTE: If you were not married to and did not file a joint return with the same wife (husband) for every year after 1965, or were not single for all those years, it will be necessary to determine the amount to be entered in columns (b), (c), (d), and (e) in accordance with General Instruction C.

2 Enter on this line for each base period year the net amount of income previously excluded from income because it was earned income derived from sources without the United States or from income within its possessions (sections 911 and 931-934). For 1970 you may not exclude such amounts from gross income and they will therefore be reflected in taxable income.

If you must determine your separate base period income for any of the base period years, show the computation and give names under which the returns were filed in the space provided on page 2. If additional space is needed show your computation on an attachment. An example illustrating such computation follows:

H and W are calendar year taxpayers who were married and otherwise eligible to choose the benefits of income averaging for the taxable year 1970 for which they made a joint return. W, however, was married to and made a joint return with A for the taxable year 1966. H was unmarried for 1966. H and W compute their base period income for 1966 in the following manner:

	A & W (Joint Return)	A	W	H
Salary	\$16,000	\$11,500	\$4,500	\$3,000
Dividends	2,000	500	1,500	1,000
Adjusted Gross Income	\$18,000	\$12,000	\$6,000	\$4,000
Total of itemized deductions and personal exemptions	3,600	2,400	1,200 (1)	1,600
Taxable Income (Separate Income and Deductions)	\$14,400	\$9,600	\$4,800	\$2,400

(1) 6000 (W's separate adjusted gross income) \times 3600 (Total of itemized deductions and personal exemptions on A & W's joint return) = 1200

3 Include income attributable to the following sources in the total to be entered on this line (show itemization in space provided on page 2):

(a) Excess Community Income. If you are married, a resident of a community property state, and file a separate return for 1970, you must include in this line the excess of the community earned income reportable by you over the amount of such income attributable to your services. No adjustment need be made where the community earned income attributable to your services exceeds 50 percent of the aggregate community earned income. The following example illustrates this.—

	Attributable to Service of		
	H	W	Total
Community Earned Income	\$40,000	\$20,000	\$60,000

(1) H filing a separate return has no adjustment since the amount of earned income attributable to his services (\$40,000) exceeds 50 percent of the aggregate community earned income (\$60,000).

(2) W filing a separate return must include in the total for this line \$10,000, the excess of the community earned income reportable by her (\$30,000) over the amount of community earned income attributable to her services (\$20,000).

(b) Certain amounts received by owner-employees. The amount of income resulting from a premature or excessive distribution from a qualified employees' pension plan or trust to an employee who is (or was) also an owner of the business. The amount of such income is the amount subject to a penalty under section 72(m)(5).

Computation of Tax

To figure your tax use tax rate schedule X, Y, or Z in the instruction booklet for Form 1040.

Computation of Minimum Tax
 > Attach to Form 1040
 For the year January 1-December 31, 1970, or other taxable year

46
1970

beginning 1970, ending 19

Name(s) as shown on Form 1040

Your Social Security Number

1 Items of Tax Preference. File this form if the total items of tax preference (line 2) is more than \$15,000 even though there is no minimum tax due. If short period return, see instructions for line 3.		
(a) Excess investment interest		
(b) Accelerated depreciation on real property:		
(1) Low-income rental housing under sec. 167(k)		
(2) Other real property		
(c) Accelerated depreciation on personal property subject to a net lease		
(d) Amortization of certified pollution control facilities		
(e) Amortization of railroad rolling stock		
(f) Stock options		
(g) Reserves for losses on bad debts of financial institutions		
(h) Depletion		
(i) Capital gains		
2 Total items of tax preference (add lines 1(a) through 1(i))		
3 Exclusion. Enter \$30,000. If married filing separately or "certain married individuals living apart," enter \$15,000		
4 Subtract line 3 from line 2		
5 Amount from Form 1040, line 23		
6 Amount from Form 1040, line 57		
7 Add lines 5 and 6		
8 Subtract line 7 from line 4		
9 Multiply amount on line 8 by .10 and enter result		
10 Enter amount of 1970 net operating loss which is a carryover to 1971, if any		
11 Multiply amount on line 10 by .10 and enter result		
12 Minimum Tax. Subtract line 11 from line 9 (if less than zero, enter zero)		
13 Enter minimum tax deferred from prior year until this year		
14 Total minimum tax. Add lines 12 and 13		
If you had no retirement income (see Schedule R, Part I, lines 5(a) and 5(b)), omit lines 15 through 18. Enter amount from line 14 above on line 19 below.		
15 Amount from Schedule R, Part I, line 8		
16 Amount from Schedule R, Part I, line 10 or from Part II, line 19, whichever is applicable		
17 Subtract line 16 from line 15		
18 Enter amount from line 17 or line 14, whichever is smaller		
19 Subtract line 18 from line 14. Enter here and on Form 1040, line 58		

Instructions

WHO MUST FILE.—Individuals with items of tax preference in excess of \$15,000 must file this form even though there is no minimum tax due. If short period return, see note in instructions for line 3.

Line 1—ITEMS OF TAX PREFERENCE

(a) Excess investment interest

Subtract net investment income from investment interest expense and enter balance.

Investment interest expense means interest paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment. However, interest paid or accrued on indebtedness incurred or continued in connection with the construction of property to be used in a trade or business is not to be treated as an investment interest expense.

Property subject to a net lease entered into after October 9, 1969 is property held for investment. Property is considered subject to a net lease if

- (1) the sum of the deductions allowable solely by reason of sec. 162 is less than 15 percent of the rental income produced by the property, or
- (2) the lessor is either guaranteed a specified return or is guaranteed in whole or in part against loss of income.

Net investment income means the excess of investment income over investment expenses.

Investment income consists of the gross income from interest, dividends, rents, and royalties, net short-term capital gain from investment property, and sec. 1245 and sec. 1250 gain if such income, gains, and profits are not derived from the conduct of a trade or business.

Investment expense consists of real property taxes (State and local, foreign), personal property taxes (State and local), bad debts, depreciation (actual deduction unless straight-line method chosen), amortizable bond premium, expenses for production of income, and depletion (actual deduction unless cost depletion chosen) directly connected with the production of investment income.

(b) Accelerated depreciation on real property:

- (1) Low-income rental housing under sec. 167(k)
- (2) Other real property

Enter on the appropriate line(s) the excess of depreciation allowable over the depreciation that would have been allowable if the straight-line method had been used. This excess must be computed on a property by property basis. **Note:** If you amortized certain rehabilitation expenditures for sec. 1250 property over a 5-year period, enter on line (b)(1) the amount by which this amortization exceeds straight-line depreciation over the normal useful life of the improvements.

(c) Accelerated depreciation on personal property subject to a net lease

Enter the excess of depreciation allowable over the depreciation that would have been allowable if the straight-line method had been used. This excess must be computed on a property by property basis.

(d) Amortization of certified pollution control facilities, and

(e) Amortization of railroad rolling stock

For items (d) and (e) with respect to each certified pollution control facility and each unit of railroad rolling stock, enter the amount by which the amortization allowable exceeds the depreciation deduction otherwise allowable.

(f) Stock options

If you received stock subject to qualified or restricted stock options, enter amount by which the fair market

value of the shares at the time of exercise exceeds the option price.

(g) Reserves for losses on bad debts of financial institutions

Enter your share of the excess of the addition to reserve for bad debts over the reasonable addition to the reserve for bad debts that would have been allowable if the bad debt reserve had been maintained for all taxable years on the basis of actual experience. See sec. 57(a)(7).

(h) Depletion

Determine any excess of deduction for depletion allowable under sec. 611 over the adjusted basis of the property at the end of the year (determined without regard to depletion deduction for the taxable year). Enter that amount here. This excess must be computed on a property by property basis.

(i) Capital gains

Enter one-half of the amount by which the net long-term capital gain exceeds the net short-term capital loss for the taxable year. (Amount from Schedule D, Part I, line 15(a). However, if capital gain distributions are reported on Form 1040, line 39, enter amount included on line 39 here.)

Partners, beneficiaries of estates and trusts, etc.

Each partner must take into account separately his distributive share of items of income and deductions which enter into the computation of items of tax preferences. If you are a partner and have elected the optional adjustment to basis (see sec. 743), adjust the applicable items of tax preference to reflect the election.

If you are a:

- beneficiary of an estate or trust; see sec. 58(c);
- shareholder of an electing small business corporation, see sec. 58(d);
- participant in a common trust fund, see sec. 58(e);
- shareholder or holder of beneficial interest in a regulated investment company or a real estate investment trust, see sec. 58(f).

If you have tax preferences attributable to foreign sources, see sec. 58(g).

Line 3—Adjustment in Exclusion for Computing Minimum Tax for Tax Preferences for Short Period Returns

If this return is for a short period, enter your adjusted exclusion on line 3 computed by using this formula:

$$\$30,000 \times \frac{\text{number of days in taxable year}}{365}$$

However, if you are married filing separately or "certain married individuals living apart," substitute \$15,000 for the \$30,000.

Note: If line 2 is more than either the adjusted exclusion or \$15,000, file this form even though there is no minimum tax due.

Line 10—1970 Net Operating Loss Carryover to 1971

Under certain conditions, part or all of the amount shown on line 9 may be deferred to a subsequent year. See sec. 56(b).

Line 13—Minimum Tax Deferred From Prior Year

Enter amount of minimum tax deferred from fiscal year 1969-70, if any. See section 56(b). In computing the amount of minimum tax deferred from fiscal year 1969-70 which is imposed in a subsequent taxable year, the same proration rule applies to the subsequent computation that applied to the computation of the initial minimum tax liability in fiscal year 1969-70. See sec. 301(c) of Public Law 91-172 (Tax Reform Act of 1969).