

Department of the Treasury  
**Internal Revenue Service**

**General  
Description**

**1974  
Individual  
Tax  
Model  
File**

**Individual  
Income Tax  
Returns**

**Statistics  
Division**

**Publication 1023  
(January 1977)**

1974 Individual Tax Model/General Description

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## INTRODUCTION

The Internal Revenue Service Individual Tax Model consists of a sample of 98,645 Federal tax return records selected to represent the 83.3 million Form 1040 and 1040A returns filed for 1974. 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 tabulations, can be used by Government or private researchers in two ways:

- (1) The user may 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 program with no interference with its regular statistical programs, the IRS will prepare the tabulations on a reimbursible basis.
- (2) The user may purchase the Model file and develop the 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, technical specifications concerning the tapes, and facsimiles of Federal tax return forms for a reference to the line items which were abstracted for the 1974 program. In the explanations that follow, certain codes and fields are designated "Blank--For Statistics Division use only," and "Blank." The designation "Blank--For Statistics Division use only" refers to file storage spaces reserved for data that have been deleted from the copy of the file. Codes and fields designated "Blank" have no data and are available to the user for storage of computed items.



## EXPLANATION OF CODES IN THE TAPE FILE

Code 0, columns 0,1 -- BLANK--For Statistics Division Use Only

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

<u>CODE</u>	<u>Larger of AGI/Deficit or LSII</u> <sup>1/</sup>	
		Regular sample
		Non-business or
		Farm returns
11	under \$10,000	Farm receipts
12	under \$10,000	under \$20,000
12	\$10,000 under \$15,000	\$20,000 under \$50,000
13	under \$15,000	under \$50,000
13	\$15,000 under \$20,000	under \$100,000
14	under \$20,000	under \$100,000
14	\$20,000 under \$50,000	under \$500,000
15	under \$50,000	under \$500,000
15	\$50,000 under \$100,000	under \$750,000
16	under \$100,000	under \$750,000
16	\$100,000 under \$200,000	\$750,000 under \$1,000,000
17	under \$200,000	under \$1,000,000
17	\$200,000 under \$500,000 *	\$1,000,000 under \$5,000,000
18	\$200,000 under \$500,000 **	under \$5,000,000
19	under \$500,000	any amount
19	\$500,000 and over	\$5,000,000 or more
		any amount
		Business and Farm receipts
		or Business receipts only
		Regular sample
		Business returns
21	under \$10,000	under \$20,000
22	under \$10,000	\$20,000 under \$50,000
22	\$10,000 under \$15,000	under \$50,000
23	under \$15,000	\$50,000 under \$100,000
23	\$15,000 under \$20,000	under \$100,000
24	under \$20,000	\$100,000 under \$250,000
24	\$20,000 under \$30,000	under \$250,000
25	under \$30,000	\$250,000 under \$500,000
25	\$30,000 under \$50,000	under \$500,000
26	under \$50,000	\$500,000 under \$750,000
26	\$50,000 under \$100,000	under \$750,000
27	under \$100,000	\$200,000 under \$1,000,000
27	\$100,000 under \$200,000	under \$1,000,000
28	under \$200,000	\$1,000,000 under \$5,000,000
28	\$200,000 under \$500,000 *	under \$5,000,000
29	\$200,000 under \$500,000 **	any amount
30	under \$500,000	\$5,000,000 and over
30	\$500,000 and over	any amount

<sup>1/</sup> Largest Specific Income Item

\* = taxable returns only

\*\* = non-taxable returns only (returns with no income tax after credits and no minimum tax)

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EXPLANATION OF CODES IN THE TAPE FILE (con't)

Code 4, columns 4,5 -- BLANK, For Statistics Division use only

Code 6, columns 6,7 -- BLANK, For Statistics Division use only

Code 8, columns 8, 9 -- CAPITAL GAINS, LOWER RATE -

0 or 14-70

Code 10, columns 10, 11 -- DEPENDENT EXEMPTIONS -

0 - 99

Code 12, columns 12, 13 -- EXEMPTIONS OTHER THAN AGE OR BLINDNESS -

0 - 99

Code 14, columns 14, 15 -- ORDINARY TAXABLE INCOME, LOWER RATE -

0 or 51 - 70

Code 16, columns 16, 17 -- ORDINARY TAXABLE INCOME, UPPER RATE

0 or 14 - 70

Code 18, columns 18, 19 -- SELECTION ITEM -

- 00 AGI (deficit)
- 01 Business receipts
- 02 Salaries and wages
- 03 Dividends
- 04 Interest
- 05 Business profit or loss
- 06 Farm profit or loss
- 07 Schedule E income or loss
- 08 Schedule D income or loss
- 09 Miscellaneous income or loss

1974 Individual Tax Model/General Description

EXPLANATION OF CODES IN THE TAPE FILE (con't)

Code 20, columns 20, 21 -- TOTAL EXEMPTIONS -

01 - 99

Code 22, columns 22, 23 -- TAX MODEL SAMPLE CODE -

Nonbusiness or Farm returns selected on AGI or LSII

11	under \$10,000	
12	\$10,000 under \$15,000	
13	\$15,000 under \$20,000	
14	\$20,000 under \$50,000	
15	\$50,000 under \$100,000	
16	\$100,000 under \$200,000	
17	\$200,000 under \$500,000	only taxables
18	\$200,000 under \$500,000	only non-taxables
19	\$500,000 or over	

Business returns selected on AGI or LSII

21	under \$10,000	
22	\$10,000 under \$15,000	
23	\$15,000 under \$20,000	
24	\$20,000 under \$30,000	
25	\$30,000 under \$50,000	
26	\$50,000 under \$100,000	
27	\$100,000 under \$200,000	
28	\$200,000 under \$500,000	only taxables
29	\$200,000 under \$500,000	only non-taxables
30	\$500,000 or more	

Code 24, columns 24, 25 -- MARGINAL TAX RATE -

0 or 14 - 70

Code 26, column 26 -- AGE EXEMPTION -

0	no exemption
1	one exemption
2	two exemptions

EXPLANATION OF CODES IN THE TAPE FILE (con't)

Code 27, column 27 -- FOREIGN BANK ACCOUNT -

- 0 All Short Form 1040A 's
- 1 "Yes" checked and Form 4683 attached 1/
- 2 "Yes" checked and Form 4683 not attached
- 3 "No" checked and Form 4863 attached
- 4 "No" checked and Form 4683 not attached
- 5 Both "yes and no" checked and Form 4683 attached
- 6 Both "yes and no" checked and Form 4683 not attached
- 7 Neither "yes" nor "no" checked and Form 4683 attached
- 8 Neither "yes" nor "no" checked and Form 4683 not attached

Code 28, column 28 -- BLIND EXEMPTIONS -

- 0 No exemptions
- 1 One exemption
- 2 Two exemptions

Code 29, column 29 -- DEPENDENT WITH UNEARNED INCOME -

- 0 All 1040A returns and 1040 returns with FLPD = 1
- 1 Box checked
- 2 Box not checked

Code 30, column 30 -- PRESIDENTIAL ELECTION FUND -

- 0 No boxes checked
- 1 One "Yes" box checked
- 2 One "No" box checked
- 3 Two "Yes" boxes checked
- 4 Two "No" boxes checked
- 5 One "Yes" and one "No" box checked

Code 31, column 31 -- FORM OF DEDUCTION -

- 1 Itemized with detail
- 2 Itemized with no detail
- 3 Percentage standard deduction
- 4 Low income allowance
- 5 No AGI

Code 32, column 32 -- FILING PERIOD -

- 1 Before 1-1-72
- 2 1-1-72 through 12-31-72
- 3 1-1-73 through 12-31-73
- 4 On 1-1-74
- 5 After 1-1-74

1/ Form 4683,, U.S. Information Return on Foreign Bank, Securities,  
and Other Financial Accounts

EXPLANATION OF CODES IN THE TAPE FILE (con't)

Code 33, column 33 -- FORM OF RETURNS -

- 1 1040 return
- 2 1040A return

Code 34, column 34 -- SIZE OF AGI PLUS EXCLUDED LUMP SUM DISTRIBUTION -

- 0 No excluded lump sum distribution (any size AGI)
- 1 Under \$5,000
- 2 \$5,000 under \$10,000
- 3 \$10,000 under \$15,000
- 4 \$15,000 or more

Code 35, column 35 -- MARITAL STATUS -

- 1 Single
- 2 Married filing joint
- 3 Married filing separately and not claiming a spouse exemption
- 4 Unmarried head of household and no name written on line
- 5 Widow(er) with dependent child (Surviving spouse)
- 6 Married filing separately and claiming a spouse exemption
- 7 Unmarried head of household and name written on line

Code 36, column 36 -- NON-COMPUTES -

- 0 Tax computed by other than IRS
- 1 Tax computed by IRS

Code 37, column 37 -- BLANK, For Statistics Division use only

Code 38, column 38 -- REJECT -

- 0 Accepted return
- 1 No reason for filing
- 2 Amended return
- 3 All other returns

EXPLANATION OF CODES IN THE TAPE FILE (con't)

Code 39, column 39 -- SCHEDULE -

- 1 Single
- 2 Joint and surviving spouse
- 3 Married filing separate
- 4 Head of Household

Code 40, column 40 -- SEX -

- 1 Male
- 2 Female
- 3 Both taxpayers over or under 65 years of age
- 4 Male under 65, female 65 or over
- 5 Female under 65, male 65 or over

Code 41, column 41 -- TAX MODEL -

- 0 Non Tax Model returns (State Tax Model file)
- 1 Tax Model returns (National Tax Model file)

Code 42, column 42 -- TAXABLE or NONTAXABLE RETURNS -

- 1 Taxable returns
- 2 Non taxable returns

Code 43, column 43 -- TAX RETURN PREPARER -

- 0 Prepared by taxpayer
- 1 Prepared by other than taxpayer

Code 44, column 44 -- TAXPAYER EXEMPTIONS -

- 1 One exemption
- 2 Two exemptions

Code 45, column 45 -- SIZE OF REBATE -

- 0 Returns with no tax rebate
- 1 Less than \$100
- 2 Exactly \$100
- 3 Over \$100 but less than \$200
- 4 Exactly \$200
- 5 Less than \$50
- 6 Exactly \$50
- 7 Over \$50 but less than \$100

Code 46, column 46 -- TAX STATUS -

- 1 Minimum tax, no taxable income
- 2 No minimum tax and no taxable income

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EXPLANATION OF CODES IN THE TAPE FILE (con't)

Code 46, column 46 -- TAX STATUS - (cont'd)

- 3 Normal tax - regular
- 4 Income averaging
- 5 Capital gains
- 6 Maximum tax - regular
- 7 Maximum tax - alternative
- 8 Special income averaging

Code 47, column 47 -- FORM W-2 PRESENT, FEMALE -

- 0 No Form W-2
- 1-8 Number of Forms W-2
- 9 Nine or more Forms W-2

Code 48, column 48 -- FORM W-2 PRESENT, MALE -

- 0 No Form W-2
- 1-8 Number of Forms W-2
- 9 Nine or more Forms W-2

Code 49, column 49 -- TOTAL FORMS W-2 PRESENT -

- 0 No Form W-2
- 1-4 Number of Forms W-2
- 5 Five or more Forms W-2

Code 50, columns 50-55 --- BLANK - For Statistics Division use only

Code 56, columns 56-60 --- BLANK - For Statistics Division use only

## EXPLANATION OF FIELDS IN THE TAPE FILE

(Line references to the 1974 Form 1040 also apply to the 1974 Form 1040A unless otherwise specified)

Field

- 1 TAXPAYER EXEMPTIONS 1/ - lines 6a and 6b, "regular," page 1 of Form 1040.
- 2 AGE EXEMPTIONS 1/ - lines 6a and 6b, "65 or over," page 1 of Form 1040.
- 3 BLIND EXEMPTIONS 1/ - lines 6a and 6b, "blind," page 1 of Form 1040.
- 4 DEPENDENT EXEMPTIONS 1/ - the sum of lines 6c and 6d, page 1 of Form 1040.
- 5 TOTAL EXEMPTIONS 1/ - line 7, page 1 of Form 1040.
- 6 WAGES, SALARIES, ETC. - line 9, page 1 of Form 1040.
- 7 DIVIDENDS BEFORE EXCLUSION - line 10a, page 1 of Form 1040.
- 8 DIVIDENDS IN ADJUSTED GROSS INCOME - line 10c, page 1 of Form 1040.
- 9 INTEREST INCOME - line 11, page 1 of Form 1040.
- 10 ADJUSTMENTS TO INCOME (TOTAL) - line 14, page 1 of Form 1040.
- 11 ADJUSTED GROSS INCOME OR DEFICIT - line 15, if (+) or (-), page 1 of Form 1040 (line 12 of Form 1040A).
- 12 INCOME TAX BEFORE CREDITS - line 16, page 1 of Form 1040 (line 17, page 2 of Form 1040A).
- 13 INCOME TAX AFTER CREDITS - line 18, page 1 of Form 1040 (line 19, page 2 of Form 1040A).
- 14 INCOME TAX WITHHELD - line 21a, page 1 of Form 1040 (line 20a, page 2 of Form 1040A).
- 15 1974 ESTIMATED TAX PAYMENTS - line 21b, page 1 of Form 1040 (line 20c, page 2 of Form 1040A).
- 16 AMOUNT PAID WITH FORM 4868 (Request for Extension of Filing Time) - line 21c, page 1 of Form 1040.
- 17 TAX DUE AT TIME OF FILING (Balance Due IRS) - line 23, page 1 of Form 1040 (line 22, page 2 of Form 1040A).
- 18 OVERPAYMENT: REFUNDED - line 25, page 1 of Form 1040 (line 24, page 2 of Form 1040A).

1/ The data in these fields represent the number of exemptions claimed, not the amount of the exemption.

## EXPLANATION OF FIELDS IN THE TAPE FILE (con't)

Field

- 19 OVERPAYMENT: CREDITED TO 1975 TAX - line 26, page 1 of Form 1040  
(line 25, page 2 of Form 1040A)
- 20 W-2P WITHHOLDING: TOTAL - line 1, box 1 of Form W-2P.
- 21 SALARIES AND WAGES ON FORM W-2: MALE - line 1, box 2 of Form W-2.
- 22 SALARIES AND WAGES ON FORM W-2: FEMALE - line 1, box 2 of Form W-2.
- 23 FEDERAL INCOME TAX WITHHELD ON FORM W-2: MALE - line 1, box 1 of Form W-2.
- 24 FEDERAL INCOME TAX WITHHELD ON FORM W-2: FEMALE - line 1, box 1 of Form W-2.
- 25 FICA TAX WITHHELD ON FORM W-2: MALE - line 1, box 3 of Form W-2.
- 26 FICA TAX WITHHELD ON FORM W-2: FEMALE - line 1, box 3 of Form W-2.
- 27 SALARIES AND WAGES NOT SUBJECT TO FICA: MALE - a computed amount equal  
to Field 21 minus Field 133.
- 28 SALARIES AND WAGES NOT SUBJECT TO FICA: FEMALE - a computed amount equal  
to Field 22 minus Field 134.
- 29 SELF-EMPLOYED RETIREMENT ADJUSTMENT - line 42, page 2 of Form 1040.
- 30 BUSINESS NET INCOME - line 28 if (+), page 2 of Form 1040.
- 31 BUSINESS NET LOSS - line 28 if (-), page 2 of Form 1040.
- 32 SALES OF PROPERTY OTHER THAN CAPITAL ASSETS: NET GAIN - line 30 if (+),  
page 2 of Form 1040.
- 33 SALES OF PROPERTY OTHER THAN CAPITAL ASSETS: NET LOSS - line 30 if (-),  
page 2 of Form 1040.
- 34 FARM NET INCOME - line 32 if (+), page 2 of Form 1040.
- 35 FARM NET LOSS - line 32 if (-), page 2 of Form 1040.
- 36 FULLY TAXABLE PENSIONS AND ANNUITIES (ON FORM 1040) - line 33, page 2  
of Form 1040.
- 37 CAPITAL GAIN DISTRIBUTIONS - line 34, page 2 of Form 1040. (This field  
is incorporated into all capital gains fields)
- 38 STATE INCOME TAX REFUNDS - line 35, page 2 of Form 1040.

## EXPLANATION OF FIELDS IN THE TAPE FILE (con't)

Field

- 39 ALIMONY - line 36, page 2 of Form 1040.
- 40 OTHER INCOME - line 37 if (+), page 2 of Form 1040.
- 41 OTHER LOSS - line 37 if (-), page 2 of Form 1040.
- 42 TOTAL DEDUCTIONS - line 45, page 2 of Form 1040 (line 13, page 1 of of Form 1040A). Note: In the case of taxpayers using the tax tables, a computed amount was entered into this field.
- 43 TAXABLE INCOME - line 48, page 2 of Form 1040 (line 16, page 1 of Form 1040A).
- 44 RETIREMENT INCOME CREDIT - line 49, page 2 of Form 1040.
- 45 INVESTMENT CREDIT - line 50, page 2 of Form 1040.
- 46 FOREIGN TAX CREDIT - line 51, page 2 of Form 1040.
- 47 CONTRIBUTIONS TO CANDIDATES CREDIT - line 52, page 2 of Form 1040 (line 18, page 2 of Form 1040A).
- 48 WORK INCENTIVE PROGRAM CREDIT - line 53, page 2 of Form 1040.
- 49 OTHER TAX CREDITS - a computed amount equal to Total Credits (lines 17 and 54 of Form 1040) - (Field 44 + Field 45 + Field 46 + Field 47 + Field 48).
- 50 SELF-EMPLOYMENT TAX - line 55, page 2 of Form 1040 and line 20, Schedule SE of Form 1040.
- 51 TAX FROM RECOMPUTING PRIOR YEAR INVESTMENT CREDIT - line 56, page 2 of Form 1040.
- 52 TAX FROM RECOMPUTING PRIOR YEAR WIN CREDIT - line 57, page 2 of Form 1040.
- 53 ADDITIONAL TAX FOR TAX PREFERENCES (MINIMUM TAX) - line 58, page 2 of Form 1040.
- 54 SOCIAL SECURITY TAX ON TIPS; UNCOLLECTED TAX - total of lines 59 and 60, page 2 of Form 1040.
- 55 OTHER TAXES - all taxes that cannot be included in the following fields: Field 45, Field 48, Field 50, Field 53 or Field 54.
- 56 EXCESS FICA WITHHELD - line 62, page 2 of Form 1040 (line 20b, page 2 of Form 1040A).

## EXPLANATION OF FIELDS IN THE TAPE FILE (con't)

Field

- 57 CREDIT FOR FEDERAL TAX ON GASOLINE - line 63, page 2 of Form 1040 or line 7 of Form 4136.
- 58 TOTAL OTHER PAYMENTS - line 65, page 2 of Form 1040.
- 59 TOTAL MEDICAL AND DENTAL EXPENSE - line 10, Schedule A of Form 1040.
- 60 TOTAL TAXES - line 17, Schedule A of Form 1040.
- 61 TOTAL INTEREST EXPENSE - line 20, Schedule A of Form 1040.
- 62 TOTAL CONTRIBUTIONS - line 24, Schedule A of Form 1040.
- 63 NET CASUALTY OR THEFT LOSS - line 29, Schedule A of Form 1040.
- 64 TOTAL MISCELLANEOUS DEDUCTIONS - line 34, Schedule A of Form 1040.
- 65 PRE-1970 and POST-1969 SHORT-TERM CAPITAL LOSS CARRYOVER - lines 4a and 4b, Schedule D of Form 1040.
- 66 NET SHORT-TERM GAIN AFTER CARRYOVER - line 5 (if +), Schedule D of Form 1040.
- 67 NET SHORT-TERM LOSS AFTER CARRYOVER - line 5 (if -), Schedule D of Form 1040.
- 68 PRE-1970 LONG-TERM CAPITAL LOSS CARRYOVER - line 12a, Schedule D of Form 1040.
- 69 POST-1969 LONG-TERM CAPITAL LOSS CARRYOVER - line 12b, Schedule D of Form 1040.
- 70 NET LONG-TERM GAIN AFTER CARRYOVER - line 13 (if +), Schedule D of Form 1040.
- 71 NET LONG-TERM LOSS AFTER CARRYOVER - line 13 (if -), Schedule D of Form 1040.
- 72 NET CAPITAL LOSS BEFORE LIMITATION - line 14 (if -), Schedule D of Form 1040.
- 73 NET CAPITAL GAIN - line 15b (if +), Schedule D of Form 1040.
- 74 NET CAPITAL LOSS - line 16b (if -) or line 34, Schedule D of Form 1040.
- 75 LONG-TERM GAINS FROM INSTALLMENT SALES - line 48, Schedule D of Form 1040.

## EXPLANATION OF FIELDS IN THE TAPE FILE (con't)

Field

- 76 PENSIONS AND ANNUITIES ON SCHEDULE E: INCOME THIS YEAR - line 3, schedule E of Form 1040.
- 77 PENSIONS AND ANNUITIES ON SCHEDULE E: TAXABLE PORTION - line 5, schedule E of Form 1040.
- 78 RENT: NET INCOME - line 2 (if +), schedule E of Form 1040.
- 79 RENT: NET LOSS - line 2 (if -), schedule E of Form 1040.
- 80 ROYALTIES: NET INCOME - line 2 (if +), schedule E of Form 1040.
- 81 ROYALTIES: NET LOSS - line 2 (if -), schedule E of Form 1040.
- 82 PARTNERSHIP: NET INCOME - line 2 (if +), schedule E of Form 1040.
- 83 PARTNERSHIP: NET LOSS - line 2 (if -), schedule E of Form 1040.
- 84 ESTATE OR TRUST: NET INCOME - line 2 (if +), schedule E of Form 1040.
- 85 ESTATE OR TRUST: NET LOSS - line 2 (if -), schedule E of Form 1040.
- 86 SMALL BUSINESS CORPORATION: NET INCOME - line 2 (if +), schedule E of Form 1040.
- 87 SMALL BUSINESS CORPORATION: NET LOSS - line 2 (if -), schedule E of Form 1040.
- 88 EARNED INCOME - line 1 of Form 4726.
- 89 EARNED NET INCOME - line 3 of Form 4726.
- 90 TAX PREFERENCE OFFSET (Tax Preferences in Excess of \$30,000) - line 8c of Form 4726.
- 91 ADJUSTED EARNED TAXABLE INCOME - line 11 of Form 4726.
- 92 MAXIMUM TAX - SMALLER - smaller of line 17 or 33 of Form 4726.
- 93 NON-BUSINESS DEDUCTIBLE INTEREST EXPENSE - line 4a of Form 4952.
- 94 TOTAL DEDUCTIBLE INTEREST EXPENSE: BUSINESS AND NON-BUSINESS - line 5 on Form 4952.
- 95 TOTAL INTEREST DEDUCTION LIMITATION - line 19 on Form 4952.
- 96 INTEREST DEDUCTION DISALLOWED - line 20 on Form 4952.

## EXPLANATION OF FIELDS IN THE TAPE FILE (con't)

<u>Field</u>	
97	<u>MAXIMUM ALLOWABLE DEDUCTION LIMIT: NON-BUSINESS</u> - line 22b of Form 4952.
98	<u>TOTAL CARRYOVER OF DISALLOWED DEDUCTION TO 1975</u> - line 26 of Form 4952.
99	<u>TOTAL 1973 INVESTMENT INTEREST CARRYOVER TO 1974</u> - lines 27a and 27b of Form 4952.
100	<u>TOTAL 1973 CARRYOVER DEDUCTION LIMITATION</u> - lines 32a and 32b of Form 4952.
101	<u>EXPENSE CARRYOVER TO 1974: NON-BUSINESS</u> - lines 34a and 34b of Form 4952.
102	<u>TOTAL 1973 CARRYOVER DISALLOWED IN 1974</u> - lines 36a and 36b of Form 4952.
103	<u>INCOME EARNED ABROAD: TOTAL</u> - line 17 of Form 2555.
104	<u>INCOME EARNED ABROAD: TAX EXEMPT AMOUNT</u> - line 18 of Form 2555.
105	<u>LUMP-SUM DISTRIBUTIONS EXCLUDED FROM AGI</u> - line 1 of Form 4972.
106	<u>TOTAL TAXABLE AMOUNT</u> - line 3 of Form 4972.
107	<u>TAX FROM SPECIAL INCOME AVERAGING</u> - line 22 if Form 4972.
108	<u>ONE-HALF EXCESS NET LONG-TERM CAPITAL GAINS</u> - line 15a, schedule D of Form 1040.
109	<u>CAPITAL GAINS PORTION</u> - line 2 of Form 4972.
110	<u>TAX BEFORE TEN-YEAR AVERAGING</u> - a computed amount equal to Income Tax Before Credits (field 12) - Tax From Special Averaging (field 107).
111	<u>EARNED TAXABLE INCOME</u> - a computed amount comparable to line 9 of Form 4726. The computation involved multiplying the ratio of Earned Net Income (field 89) to Adjusted Gross Income (field 11) by Taxable Income (field 43). This result was then reduced by the Tax Preference Offset (field 90).
112	<u>EARNED TAXABLE INCOME SUBJECT TO REGULAR RATES</u> - equal to \$38,000 for returns with marital status codes 1, 4 and 7 (single returns and head of household returns); equal to \$52,000 for returns with marital status codes 2 and 5 (joint returns and surviving spouse returns). Line 10 of Form 4726.
113	<u>EARNED TAXABLE INCOME SUBJECT TO MAXIMUM RATES</u> - a computed amount equal to Earned Taxable Income (field 111) - Earned Taxable Income Subject to Regular Rates (field 112). Line 11 of Form 4726.

## EXPLANATION OF FIELDS IN THE TAPE FILE (con't)

Field

- 114 OTHER TAXABLE INCOME - a computed amount equal to Taxable Income (field 43) - Earned Taxable Income (field 111).
- 115 UNEARNED TAXABLE INCOME - a computed amount equal to Other Taxable Income (field 114) - Tax Preference Offset (field 90) - Capital Gains Offset (field 116).
- 116 CAPITAL GAINS OFFSET - a computed amount for maximum/alternative tax returns equal to Earned Taxable Income (field 111) - Taxable Income (field 43) - One-Half Excess Net Long-term Capital Gains (field 108).
- 117 INCOME SUBJECT TO TAX - if the regular tax computation was used, this equals Taxable Income (field 43). If the alternative tax computation was used, this equalled the larger of Taxable Income (field 43) or One-Half Excess Net Long-term Capital Gains (field 108). If income averaging was used, this equalled the amount, computed for the Statistics, which would have produced the same tax under the regular tax computation method.
- 118 TAX SAVINGS - on income averaging returns (Schedule G of Form 1040), field 118 is a computed amount equal to the regular tax minus income averaging tax (line 21, Schedule G of Form 1040). On regular alternative tax returns, field 52 is equal to the regular tax minus the alternative tax (line 57, Schedule D of Form 1040). On maximum regular tax returns, field 52 is equal to the regular tax minus the maximum tax (line 17 of Form 4726).
- 119 TAX SAVINGS FROM ALTERNATIVE TAX - a computed amount equal to regular tax minus alternative tax.
- 120 BALANCE FOR PARTIAL TAX - a computed amount equal to Taxable Income (field 43) - One-Half Excess Net Long-Term Capital Gains (field 108).
- 121 CAPITAL GAINS TAXED AT 50% RATE - a computed amount equal to one-half excess net long-term capital gains (field 108) when \$25,000 or less (\$12,500 for separate returns, marital status code 3 or 6). When greater than \$25,000 (\$12,500 for separate returns) a computed amount equal to the larger of \$25,000 (\$12,500 for separate returns) or one-half of long-term gain from installment sales (field 75). On returns with tax status code equal to 7, maximum/alternative tax computation, capital gains taxed at 50% rate was limited to taxable income (field 43) minus earned taxable income (field 113).
- 122 CAPITAL GAINS TAXED AT UPPER RATE - a computed amount equal to one-half excess net long-term capital gains (field 108) - capital gains taxed at 50% rate (field 121).

## EXPLANATION OF FIELDS IN THE TAPE FILE (con't)

Field

- 123 ORDINARY INCOME SUBJECT TO REGULAR RATES - if taxpayer uses regular maximum tax (line 17 of Form 4726) then equals other taxable income (field 114); if taxpayer uses alternative/maximum tax (line 34 of Form 4726) then equals other taxable income subject to regular rates (field 128) minus capital gains taxed at upper rate (field 122).
- 124 CAPITAL GAINS TAX GENERATED AT 50% RATE - a computed amount equal to capital gains taxed at 50% rate (field 121) times .50. (Line 56, Schedule D of Form 1040 if tax status code equals 5, alternative (regular) tax computation; line 32 of Form 4726 if tax status code equals 7, maximum/alternative tax computation.)
- 125 CAPITAL GAINS TAX GENERATED AT UPPER RATE - if tax status code equals 5, alternative (regular) tax computation, line 54, Schedule D of Form 1040; if tax status code equals 7, maximum/alternative tax computation, line 28 of Form 4726.
- 126 INCOME TAX BEFORE CREDITS GENERATED AT REGULAR RATES ON EARNED TAXABLE INCOME - equals \$13,290 if marital status code equals 1 (single returns), equals \$18,060 if marital status code equals 2 or 5 (joint and surviving spouse returns), equals \$12,240 if marital status code equals 4 or 7 (head of household returns). Line 16 of Form 4726.
- 127 INCOME TAX BEFORE CREDITS GENERATED AT REGULAR RATES ON OTHER TAXABLE INCOME - a computed amount equal to regular tax minus tax on earned taxable income, Line 15 of Form 4726.
- 128 OTHER TAXABLE INCOME SUBJECT TO REGULAR RATES - if taxpayer uses regular maximum tax (line 17 of Form 4726), then equals other taxable income (field 114); if taxpayer uses alternative/maximum tax (line 34 of Form 4726), then equals other taxable income (field 114) minus capital gains taxed at 50% rate (field 121).
- 129 ADJUSTED GROSS INCOME PLUS EXCLUDED LUMP-SUM DISTRIBUTIONS - a computed amount equal to adjusted gross income less deficit (field 11) plus lump-sum distributions excluded from AGI (field 105).
- 130 INCOME SUBJECT TO TAX ADJUSTED FOR LUMP-SUM DISTRIBUTIONS - if tax status equals 8 (special income averaging computation only) equals AGI (field 11) + ordinary income portion of lump-sum distribution (field 105) - exemption amount<sup>2/</sup> - total deductions (field 42); if tax status is other than 8 (any computation other than special income averaging) equals income subject to tax (field 117) + ordinary income portion of lump-sum distributions (field 105).
- <sup>2/</sup> If taxable income (field 43) equals 0 and filing period equals 1, exemption amount equals \$675 times total exemptions. If taxable income equals 0 and filing period is other than 1, exemption amount equals \$750 times total exemptions. For returns with taxable income greater than 0, exemption amount equals AGI - taxable income - total deductions (field 42).

## EXPLANATION OF FIELDS IN THE TAPE FILE (con't)

Field

- 131 INCOME TAX BEFORE CREDITS ADJUSTED FOR LUMP-SUM DISTRIBUTIONS - a computed amount equal to income tax before credits (field 12) + tax savings due to special averaging (field 132).
- 132 TAX SAVINGS DUE TO SPECIAL AVERAGING - a computed amount based on tax status. If tax status code equals 5 (returns with Schedule D tax) it equals tax on (balance for partial tax (field 120) + ordinary income portion of lump-sum distributions (field 105) - tax on balance for partial tax - special averaging tax (field 107)). If tax status code equals 7 (maximum tax and alternative tax returns) it equals tax on earned taxable income (field 111) + ordinary income subject to regular rates (field 123) + ordinary income portion of lump-sum distributions (field 105) - tax on earned taxable income + ordinary income subject to regular rates) - special averaging tax (field 107). If tax status code is other than 5 or 7 equals tax on "income subject to tax adjusted for lump-sum distributions (field 130) " - tax on "income subject to tax (field 117)" - special averaging tax (field 107).
- 133 BLANK - contains no data
- 134 BLANK - contains no data
- 135 SALARIES AND WAGES IN EXCESS OF INCOME LIMITATION: MALE - a computed amount = salaries and wages from Form W-2: male (field 21) - salaries and wages not subject to FICA: male (field 27) - salaries and wages subject to FICA: male (field 133).
- 136 SALARIES AND WAGES IN EXCESS OF INCOME LIMITATION: FEMALE - a computed amount equal to salaries and wages from Form W-2: female (field 22) - salaries and wages not subject to FICA: female (field 28) - salaries and wages subject to FICA: female (field 134).
- 137 EXCESS FICA FROM FORM W-2: MALE - a computed amount equal to FICA tax withheld on Form W-2: male (field 25) minus: 405 if filing period code equals 1, 468 if filing period code equals 2, 631 if filing period code equals 3, 772 if filing period code equals 4 or 5.
- 138 EXCESS FICA FROM FORM W-2: FEMALE - a computed field equal to FICA tax withheld on Form W-2: female (field 26) minus: 405 if filing period code equals 1, 468 if filing period code equals 2, 631 if filing period code equals 3, 772 if filing period code equals 4 or 5.
- 139 TAX SUBJECT TO REBATE - a computed field equal to income tax after credits (field 13) + social security tax on tips (field 54) + minimum tax (field 53) + tax from recomputing prior-year investment credit (field 51) + tax from recomputing prior-year WIN credit (field 52) + other taxes (field 55).

## EXPLANATION OF FIELDS IN THE TAPE FILE (con't)

Field

- 140 TAX REBATE - a computed amount equal to 10% of total tax liability (field 142) - self-employment tax (field 50) limited to \$200 (\$100 for married persons filing separately). The tax rebates was reduced by a phase-out provision for taxpayers with AGI greater than 20,000 but never less than \$100 (\$50 for married persons filing separately); except for a person whose 1974 tax liability was less than \$100, in which case the refund was equal to the taxpayers 1974 tax liability.
- 141 TOTAL INCOME TAX - a computed amount equal to income tax after credits (field 13) + additional tax for tax preferences (field 53).
- 142 TOTAL TAX LIABILITY - a computed amount equal to total income tax (field 141) + self-employment tax (field 50) + recomputed tax (field 51) + recomputed WIN credit (field 52) + social security tax on tips (field 54) + total other taxes (field 55).
- 143 PENSIONS AND ANNUITIES REPORTED ON SCHEDULE E: FULLY TAXABLE - line 5, schedule E of Form 1040 if line 5 equals line 3.
- 144 PENSIONS AND ANNUITIES REPORTED ON SCHEDULE E: PARTIALLY TAXABLE - line 3, schedule E of Form 1040 if line 3 is greater than line 5.
- 145 PENSIONS AND ANNUITIES REPORTED ON SCHEDULE E: NON-TAXABLE - line 3, schedule E of Form 1040 if line 5 = 0.
- 146 NET GAIN FROM SALES OF CAPITAL ASSETS REPORTED ON SCHEDULE E - a computed amount equal to net capital gain (field 73) - capital gain distribution (field 62) for all returns with field 73 greater than 0.
- 147 NET LONG-TERM GAIN AFTER CARRYOVER - a computed amount equal to net long-term after carryover (field 70) minus 2 times capital gain distributions (field 73) for all returns with field 70 greater than 0.
- 148 LONG-TERM CAPITAL LOSS CARRYOVER - a computed amount equal to field 68 + field 69.
- 149 NET LONG-TERM LOSS AFTER CARRYOVER - a computed amount equal to field 71 + field 37.
- 150 INCOME SUBJECT TO TAX AT REGULAR RATES - a computed amount equal to field 117 - field 121 - field 113.
- 151 -153 SORT CONTROL
- 154 BLANK - For Statistics Division use only

EXPLANATIONS OF FIELDS IN THE TAPE FILE (con't)

Field

- 155 BLANK - For Statistics Division use only
- 156 WEIGHT
- 157. +++ BLANKS TO END OF RECORD

1974 Individual Tax Model/ General Description

SAMPLE DESCRIPTION

The 1974 Individual Tax Model (National File) is a random sub-sample of 98,645 returns selected from the Statistics of Income sample of 203,036 Form 1040 and 1040A returns filed for 1974.

The coefficient of variation table on page 22 gives some indication of the reliability of Tax Model estimates. It should be noted, however, that in this table an assumption is made that returns are only stratified by adjusted gross income when in fact some may be stratified by other criteria.

A more detailed 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--1974, Individual Income Tax Returns, Publication 79, which may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. This publication is also available at many public and university libraries.

Upper Limit Coefficients of Variation for the Estimated Number of Returns

1974 Individual Tax Model

(expressed in percent)

Estimated Number of Returns	Returns with Adjusted Gross Income or Deficit													
	Under \$10,000	\$10,000 under \$15,000		\$15,000 under \$20,000		\$20,000 under \$50,000		\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 under \$500,000		\$500,000 or more
25	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	34.7	No sampling variability (all returns in this category are in the sample)
100	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	17.3	
300	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	10.0	
500	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	7.8	
1,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	5.5	
3,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	3.2	
5,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	2.5	
10,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1.7	
15,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1.4	
20,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1.2	
25,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1.1	
50,000	(1)	31.8	27.3	23.9	20.5	17.9	15.8	14.2	12.8	11.7	10.8	10.0	0.8	
100,000	26.3	22.5	19.3	16.9	14.9	13.3	12.1	11.1	10.2	9.4	8.7	8.1	(2)	
300,000	15.2	13.0	11.2	9.8	8.8	8.1	7.6	7.1	6.7	6.3	6.0	5.7	(2)	
500,000	11.8	10.0	8.6	7.6	6.8	6.2	5.8	5.5	5.2	5.0	4.8	4.6	(2)	
1,000,000	8.3	7.1	6.1	5.3	4.7	4.3	4.0	3.8	3.6	3.5	3.4	3.3	(2)	
3,000,000	4.8	4.1	3.5	3.1	2.8	2.6	2.5	2.4	2.3	2.2	2.1	2.0	(2)	
10,000,000	2.6	2.2	1.9	1.7	1.6	1.5	1.4	1.3	1.2	1.1	1.0	0.9	(2)	
15,000,000	2.1	1.8	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	
30,000,000	1.5	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	
45,000,000	1.2	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	

Note: For frequencies not classified by Adjusted Gross Income, the second column, "under 10,000," should be used.

(1) Sample too small to yield reliable estimate of sampling variability.

(2) Not applicable since the Estimated Number of Returns, in the first column, exceeds the range of possible frequency estimates.

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1974 Individual Tax Model/General Description

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TECHNICAL DESCRIPTION OF THE FILES

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 at 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 Extended Binary Coded Decimal Interchange (EBCDIC) on standard 2,400 1/2 inch, nine-track tape, at a density of 1600 bytes per inch (bpi) in the phase encoding (PE) 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 is defined as being signed and contains a bit configuration for the positive sign (C) or the negative sign (D).

Codes are defined as 1 or 2 bytes in length. The one-byte codes contain a decimal digit from 0 through 9. The two-byte codes contain three decimal digits in the range of 000 through 999. The largest decimal value is 99. The fields in the file are five bytes in length and contain nine decimal digits with leading zeroes. The first five fields are number fields and contain decimal values in the range of 0 through 99. Fields 6 through 150 have a maximum of eight significant digits. The weight field contains an integer weight value.

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1974 Individual Tax Model/General Description

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TECHNICAL DESCRIPTION OF THE FILES (con't)

The file is a single data set on multiple volumes and uses IBM Standard Labels. A standard set of 360/370 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 volume label (VOL1) is used to identify the tape volume and the owner. It is always the first record on an IBM Standard labeled tape.

The volume label is followed by a data set label 1 (HDR1). The HDR1 label contains such information such 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, i.e. fixed, variable or undefined 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 and a data set label 2 (EOV2 or EOF2) containing the same information as the "HDR2" label. An EOV label is followed by a tape mark. An EOF2 label is followed by two tape marks which indicate the end of the data set.

A detailed layout and description of each type of label may be found in the IBM publication - "IBM/360 Operating System, Tape Labels" (order number GC-28-6680-3). Pages 22 through 48 of the IBM publication describe in detail all possible IBM Standard Label formats. The following 4 pages of this booklet contain a narrative description of each type of label as defined in the IBM publication.

1974 Individual Tax Model/General Description

TECHNICAL DESCRIPTION OF THE FILES (con't)

A regular IBM user needs the following information:

- a) Volume serial number -- on the outside of the reel
- b) Data set name (DSN or DSNAME) -- as requested
- c) Record length -- 846 bytes per record (packed decimal format)
- d) Record format -- FB for fixed block

A non-360 users would also need the tape density, block size and the recording mode.

NOTE: Unlabeled tapes contain only data sets and tape marks.

## 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 - Owner's Name	
52-80	29	9 - Reserved	blanks

## FORMAT OF IBM STANDARD DATA SET LABEL 1 (HDR1, EOVI or EOF1)

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.SMI304A4
22-27	6	4 - Data Set Serial Number	TAPE serial number of the first volume of the data set.

## FORMAT OF IBM STANDARD DATA SET LABEL 1 (con't)

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

## FORMAT OF IBM STANDARD DATA SET LABEL 2 (HDR2, EOVS or EOF2)

1-3	3	1 - Label Identifier	HDR - for a header label (at the begin- ning 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).
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## FORMAT OF IBM STANDARD DATA SET LABEL 2 (con't)

<u>Position</u>	<u>Number of Bytes</u>	<u>Field Number and Name</u>	<u>Contents</u>
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	

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**1974 Individual Tax Model/General Description**

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**APPENDIX FOR 1974 STATE TAX MODEL USERS**

The following pages of this booklet present supplemental material necessary for users of the 1974 State Tax Model.

	Page
1) Introduction .....	30
2) Sample Description .....	31
3) Number of Returns Sampled by State .....	32
4) Coefficient of Variation Tables .....	33

## 1974 Individual Tax Model/General Description

### 1974 STATE TAX MODEL -- INTRODUCTION

The State Tax Model is a tape file containing all of the major data items reported on a stratified probability sample of Federal individual income tax returns filed for 1974. The individual records in this file have been sorted into 54 segments, one for each of the 50 States and the District of Columbia, as well as, three segments for returns filed through the Office of International Operations (OIO). For States that contain more than one district office, a further subdivision is provided by Internal Revenue District office. Nationally, the sample consists of approximately 203,036 returns. On a State by State basis, the sample size varies from about 2000 returns for the smaller States to about 17,000 returns for the State of California. However, the 1974 State Tax Model consists of fewer than 500 sample returns for the three segments for returns filed through the Office of International Operations (OIO).

Separate tapes are available for each State with weight factors provided in order that the sample return data may be weighted to represent all Federal individual income tax returns filed in that State.

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1974 State Tax Model/General Description

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1974 STATE TAX MODEL -- SAMPLE DESCRIPTION

The 1974 State Tax Model file consists of a random sample of 203,036 unaudited individual income tax returns, Forms 1040 and 1040A, filed for 1974, used in preparing the Statistics of Income (SOI) publications. A list of the number of returns sampled for each State follows. Although the sample of both the State Tax Model and the Statistics of Income are similar, the sampling variability of the estimates for any given State will, of course, be much larger than similar national estimates. A more detailed description of the SOI sample, as well as measures of sampling variability by State are shown in the complete report, Statistics of Income--1974, Individual Income Tax Returns. A table of coefficients of variation for each State by size of adjusted gross income have been included as page 31 of this booklet.

In this model, each individual return is classified by State according to the address shown on the return by the taxpayer. Therefore each state tabulation should include all residents of that state. A coding system based on return address is, however, subject to certain limitations. There are instances in which taxpayers residing in a given State are not included in the tabulations for that State. The reasons for this are that not all taxpayers give their home addresses, some report:

- (a) the address of the tax lawyer or accountant who prepared the return,
- (b) the address of their place of business,
- (c) a post office box number.

To the extent that such an address was located in a State different from the taxpayers State of residence, the accuracy of the data was affected.

1974 Individual Tax Model/General Description

1974 STATE TAX MODEL -- NUMBER OF RETURNS SAMPLED BY STATE

<u>State</u>	<u>Number of Returns</u>	<u>State</u>	<u>Number of Returns</u>
Alabama .....	2,733	New Jersey .....	4,910
Alaska .....	2,642	New Mexico .....	3,514
Arizona .....	3,436	New York .....	12,818
Arkansas .....	2,978	North Carolina .....	3,001
California .....	16,570	North Dakota .....	4,359
Colorado .....	2,061	Ohio .....	6,578
Connecticut .....	2,538	Oklahoma .....	3,020
Delaware .....	2,030	Oregon .....	2,422
District of Columbia	2,459	Pennsylvania .....	7,302
Florida .....	6,169	Rhode Island .....	2,581
Georgia .....	2,982	South Carolina .....	2,064
Hawaii .....	3,188	South Dakota .....	4,113
Idaho .....	3,509	Tennessee .....	2,620
Illinois .....	8,740	Texas .....	10,287
Indiana .....	3,580	Utah .....	3,790
Iowa .....	3,741	Vermont .....	1,969
Kansas .....	2,949	Virginia .....	3,014
Kentucky .....	3,045	Washington .....	2,550
Louisiana .....	2,265	West Virginia .....	2,062
Maine .....	3,160	Wisconsin .....	2,915
Maryland .....	2,904	Wyoming .....	2,543
Massachusetts .....	3,970	APO/FPO .....	176
Michigan .....	5,556	Puerto Rico .....	21
Minnesota .....	2,938	CP:IO .....	330
Mississippi .....	2,719		
Missouri .....	3,370	TOTAL .....	203,036
Montana .....	3,302		
Nebraska .....	3,463		
Nevada .....	2,587		
New Hampshire .....	2,493		

Upper Limit Coefficients of Variation for the Estimated Number of Returns

1974 State Tax Model  
(expressed in percent)

Estimated Number of Returns	Returns with Adjusted Gross Income or Deficit																				
	Under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 or more													
25	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)											
100	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
200	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
500	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
1,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
3,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
5,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
10,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
15,000	(1)	33.3	28.7	25.1	21.7	19.4	17.3	15.7	14.5	13.7	12.9	12.3	11.8	11.2	10.7	10.2	9.7	9.2	8.7	8.2	
20,000	33.8	28.9	24.8	21.7	19.4	17.3	15.7	14.5	13.7	12.9	12.3	11.8	11.2	10.7	10.2	9.7	9.2	8.7	8.2	7.8	
25,000	30.2	25.8	22.2	19.4	17.3	15.7	14.5	13.7	12.9	12.3	11.8	11.2	10.7	10.2	9.7	9.2	8.7	8.2	7.8	7.3	
50,000	21.4	18.2	15.7	13.7	12.9	12.3	11.8	11.2	10.7	10.2	9.7	9.2	8.7	8.2	7.8	7.3	6.8	6.3	5.8	5.3	
100,000	15.1	12.9	11.1	9.7	8.7	8.2	7.8	7.3	6.8	6.3	5.8	5.3	4.8	4.3	3.8	3.3	2.8	2.3	1.8	1.3	
300,000	8.7	7.4	6.4	5.6	5.1	4.6	4.1	3.6	3.1	2.6	2.1	1.6	1.1	0.6	0.1	0.1	0.1	0.1	0.1	0.1	
500,000	6.8	5.8	5.0	4.3	3.8	3.3	2.8	2.3	1.8	1.3	0.8	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
1,000,000	4.8	4.1	3.5	3.1	2.6	2.1	1.6	1.1	0.6	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
3,000,000	2.8	2.4	2.0	1.8	1.5	1.2	0.9	0.7	0.5	0.4	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
10,000,000	1.5	1.3	1.1	1.0	0.9	0.8	0.7	0.6	0.5	0.4	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
15,000,000	1.2	1.1	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	
30,000,000	0.9	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	

No sampling variability (all returns in this category are in the sample)

Note: For frequencies not classified by Adjusted Gross Income, the second column, "under 10,000", should be used.  
(1) Sample too small to yield reliable estimate of sampling variability.

(2) Not applicable since the Estimated Number of Returns, in the first column, exceeds the range of possible frequency estimates.

1974 State Tax Model/General Description

For the following coefficient of variation tables (pages 35 through 39) the States have been separated into five groups.

GROUP 1 represents:	Alaska North Dakota South Dakota	Vermont Wyoming
GROUP 2 represents:	Deleware District of Columbia Hawaii Idaho Maine Montana	Nevada New Hampshire New Mexico Rhode Island Utah
GROUP 3 represents:	Arizona Arkansas Mississippi	Nebraska West Virginia
GROUP 4 represents:	Alabama Iowa Kansas Kentucky	Oklahoma Oregon South Carolina
GROUP 5 represents:	California Connecticut Colorado Florida Georgia Illinois Indiana Louisiana Maryland Massachusetts Michigan Minnesota	Missouri New Jersey New York North Carolina Ohio Pennsylvania Tennessee Texas Virginia Washington Wisconsin Other areas <u>1/</u>

Other areas includes returns filed from:  
 Army Post Office (APO)  
 Fleet Post Office (FPO)  
 Panama Canal Zone  
 Puerto Rico  
 Virgin Islands  
 U.S. Citizens living abroad

Upper Limit Coefficients of Variation  
for the Estimated Number of Returns

1974 State Tax Model

Group 1  
(expressed in percent)

Estimated Number of Returns	Returns with Adjusted Gross Income or Deficit					
	Under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$50,000	\$50,000 under \$100,000	\$100,000 or more
25	(1)	(1)	(1)	(1)	28.3	in this category are in the sample)  No sampling variability (all returns
100	(1)	(1)	(1)	(1)	14.1	
200	(1)	(1)	(1)	(1)	10.0	
500	(1)	(1)	(1)	34.4	6.3	
1,000	(1)	(1)	26.9	24.3	4.5	
3,000	30.5	21.5	15.5	14.0	2.6	
5,000	23.6	16.6	12.0	10.9	2.0	
10,000	16.7	11.8	8.5	7.7	1.4	
15,000	13.6	9.6	6.9	6.3	(2)	
20,000	11.8	8.3	6.0	5.4	(2)	
25,000	10.6	7.4	5.4	4.9	(2)	
50,000	7.5	5.3	3.8	3.4	(2)	
100,000	5.3	3.7	2.7	2.4	(2)	
300,000	3.1	(2)	(2)	(2)	(2)	
500,000	2.4	(2)	(2)	(2)	(2)	

Note: For frequencies not classified by Adjusted Gross Income, the second column, "under 10,000," should be used.

(1) Sample too small to yield reliable estimate of sampling variability.

(2) Not applicable since the Estimated Number of Returns, in the first column, exceeds the range of possible frequency estimates.

Upper Limit Coefficients of Variation  
for the Estimated Number of Returns

1974 State Tax Model

Group 2  
(expressed in percent)

Estimated Number of Returns	Returns with Adjusted Gross Income or Deficit						
	Under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
10	(1)	(1)	(1)	(1)	(1)	31.6	No sampling variability (all returns in this category are in the sample)
25	(1)	(1)	(1)	(1)	(1)	20.0	
100	(1)	(1)	(1)	(1)	30.0	10.0	
200	(1)	(1)	(1)	(1)	21.2	7.1	
500	(1)	(1)	(1)	(1)	13.4	4.5	
1,000	(1)	(1)	(1)	(1)	9.5	3.2	
3,000	(1)	31.5	24.0	21.0	5.5	1.8	
5,000	33.0	24.4	18.6	16.2	4.2	1.4	
10,000	23.4	17.2	13.1	11.5	3.0	(2)	
15,000	19.1	14.1	10.7	9.4	2.4	(2)	
20,000	16.5	12.2	9.3	8.1	2.1	(2)	
25,000	14.8	10.9	8.3	7.3	1.9	(2)	
50,000	10.5	7.7	5.9	5.1	(2)	(2)	
100,000	7.4	5.4	4.2	3.6	(2)	(2)	
300,000	4.3	3.1	2.4	2.1	(2)	(2)	
500,000	3.3	2.4	(2)	(2)	(2)	(2)	
1,000,000	2.3	(2)	(2)	(2)	(2)	(2)	
2,000,000	1.7	(2)	(2)	(2)	(2)	(2)	

Note: For frequencies not classified by Adjusted Gross Income, the second column, "under 10,000," should be used.

(1) Sample too small to yield reliable estimate of sampling variability.

(2) Not applicable since the Estimated Number of Returns, in the first column, exceeds the range of possible frequency estimates.

Upper Limit Coefficients of Variation  
for the Estimated Number of Returns

1974 State Tax Model

Group 3  
(expressed in percent)

Estimated Number of Returns	Returns with Adjusted Gross Income or Deficit						
	Under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$50,000	\$50,000 under \$200,000	\$100,000 under \$200,000	\$200,000 or more
25	(1)	(1)	(1)	(1)	(1)	34.6	No sampling variability (all returns in this category are in the sample)
100	(1)	(1)	(1)	(1)	(1)	17.3	
200	(1)	(1)	(1)	(1)	29.1	12.2	
500	(1)	(1)	(1)	(1)	18.4	7.7	
1,000	(1)	(1)	(1)	(1)	13.0	5.5	
3,000	(1)	(1)	(1)	27.8	7.5	3.2	
5,000	(1)	(1)	27.7	21.5	5.8	(2)	
10,000	33.3	27.8	19.6	15.2	4.1	(2)	
15,000	27.2	22.7	16.0	12.4	3.4	(2)	
20,000	23.5	19.7	13.8	10.8	2.9	(2)	
25,000	21.1	17.6	12.4	9.6	2.6	(2)	
50,000	14.9	12.5	8.7	6.8	(2)	(2)	
100,000	10.5	8.8	6.2	4.8	(2)	(2)	
300,000	6.1	5.1	3.6	2.8	(2)	(2)	
500,000	4.7	3.9	(2)	(2)	(2)	(2)	
1,000,000	3.3	(2)	(2)	(2)	(2)	(2)	
2,000,000	2.4	(2)	(2)	(2)	(2)	(2)	

Note: For frequencies not classified by Adjusted Gross Income, the second column, "under 10,000," should be used.

(1) Sample too small to yield reliable estimate of sampling variability.

(2) Not applicable since the Estimated Number of Returns, in the first column, exceeds the range of possible frequency estimates.

Upper Limit Coefficients of Variation  
for the Estimated Number of Returns

1974 State Tax Model

Group 4  
(expressed in percent)

Estimated Number of Returns	Returns with Adjusted Gross Income or Deficit							
	Under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 or more
10	(1)	(1)	(1)	(1)	(1)	(1)	31.8	No sampling variability (all returns in this category in the sample)
25	(1)	(1)	(1)	(1)	(1)	(1)	20.1	
100	(1)	(1)	(1)	(1)	(1)	29.9	10.0	
200	(1)	(1)	(1)	(1)	34.7	21.2	7.1	
500	(1)	(1)	(1)	(1)	21.9	13.4	4.5	
1,000	(1)	(1)	(1)	(1)	15.5	9.5	3.2	
3,000	(1)	(1)	(1)	34.9	9.0	5.5	1.8	
5,000	(1)	(1)	35.0	27.0	6.9	4.2	(2)	
10,000	(1)	33.6	24.8	19.1	4.9	3.0	(2)	
15,000	32.2	27.5	20.2	15.6	4.0	(2)	(2)	
20,000	27.9	23.8	17.5	13.5	3.5	(2)	(2)	
25,000	25.0	21.3	15.7	12.1	3.1	(2)	(2)	
50,000	17.6	15.0	11.1	8.6	2.2	(2)	(2)	
100,000	12.5	10.6	7.8	6.0	(2)	(2)	(2)	
300,000	7.2	6.1	4.5	3.5	(2)	(2)	(2)	
500,000	5.6	4.8	3.5	2.7	(2)	(2)	(2)	
1,000,000	3.9	3.4	(2)	(2)	(2)	(2)	(2)	
2,500,000	2.5	(2)	(2)	(2)	(2)	(2)	(2)	
4,000,000	2.0	(2)	(2)	(2)	(2)	(2)	(2)	

Note: For frequencies not classified by Adjusted Gross Income, the second column, "under 10,000," should be used.

(1) Sample too small to yield reliable estimate of sampling variability.

(2) Not applicable since the Estimated Number of Returns, in the first column, exceeds the range of possible frequency estimates.

Upper Limit Coefficients of Variation  
for the Estimated Number of Returns

1974 State Tax Model

Group 5  
(expressed in percent)

Estimated Number of Returns	Returns with Adjusted Gross Income or Deficit							
	Under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 or more
25	(1)	(1)	(1)	(1)	(1)	(1)	34.7	No sampling variability (all returns in this category are in the sample)
100	(1)	(1)	(1)	(1)	(1)	(1)	17.3	
200	(1)	(1)	(1)	(1)	(1)	26.4	12.3	
500	(1)	(1)	(1)	(1)	(1)	16.7	7.8	
1,000	(1)	(1)	(1)	(1)	25.1	11.8	5.5	
3,000	(1)	(1)	(1)	(1)	14.5	6.8	3.2	
5,000	(1)	(1)	(1)	(1)	11.2	5.3	2.5	
10,000	(1)	(1)	(1)	30.7	7.9	3.7	1.7	
15,000	(1)	33.3	28.7	25.1	6.5	3.0	1.4	
20,000	33.8	28.9	24.8	21.7	5.6	2.6	1.2	
25,000	30.2	25.8	22.2	19.4	5.0	2.4	1.1	
50,000	21.4	18.2	15.7	13.7	3.6	1.7	(2)	
100,000	15.1	12.9	11.1	9.7	2.5	1.2	(2)	
300,000	8.7	7.4	6.4	5.6	1.5	(2)	(2)	
500,000	6.8	5.8	5.0	4.3	1.1	(2)	(2)	
1,000,000	4.8	4.1	3.5	3.1	(2)	(2)	(2)	
3,000,000	2.8	2.4	2.0	1.8	(2)	(2)	(2)	
10,000,000	1.5	1.3	1.1	1.0	(2)	(2)	(2)	
30,000,000	0.9	(2)	(2)	(2)	(2)	(2)	(2)	
40,000,000	0.8	(2)	(2)	(2)	(2)	(2)	(2)	

Note: For frequencies not classified by Adjusted Gross Income, the second column, "under 10,000," should be used.

- (1) Sample too small to yield reliable estimate of sampling variability.
- (2) Not applicable since the Estimated Number of Returns, in the first column, exceeds the range of possible frequency estimates.

1974 Individual Tax Model/General Description

1974 STATE TAX MODEL -- COEFFICIENTS OF VARIATION FOR THE NUMBER OF RETURNS BY SIZE OF ADJUSTED GROSS INCOME AND BY STATE, 1974

	TOTAL	UNDER \$5,000	\$5,000 UNDER \$10,000	\$10,000 UNDER \$15,000	\$15,000 AND OVER					
	NUMBER OF RETURNS (1)	C.V. (PERCENT) (2)	NUMBER OF RETURNS (3)	C.V. (PERCENT) (4)	NUMBER OF RETURNS (5)	C.V. (PERCENT) (6)	NUMBER OF RETURNS (7)	C.V. (PERCENT) (8)	NUMBER OF RETURNS (9)	C.V. (PERCENT) (10)
UNITED STATES, TOTAL	6,336,190	0.02	267,666	0.55	2,058,617	0.73	1,567,025	0.24	2,031,642	6.13
ALABAMA	1,194,322	2.85	428,182	5.53	321,668	6.43	223,807	6.22	225,665	4.06
ALASKA	135,805	3.72	37,173	9.94	24,338	9.82	20,800	10.62	53,494	2.69
ARIZONA	846,830	2.73	273,335	5.83	224,699	6.44	159,624	5.88	189,172	3.38
ARKANSAS	716,719	3.10	274,035	5.78	213,140	6.52	117,546	7.11	109,498	4.70
CALIFORNIA	6,628,620	1.30	2,655,907	2.72	2,126,374	3.04	1,535,670	2.53	2,310,669	1.84
COLORADO	1,072,458	3.91	352,562	7.67	270,167	8.59	190,809	8.61	259,119	5.80
CONNECTICUT	1,322,210	3.54	383,969	7.48	321,578	8.12	233,264	8.02	383,399	4.45
DELAWARE	235,634	4.11	70,566	8.45	57,717	11.09	43,291	7.70	64,066	4.36
DISTRICT OF COLUMBIA	271,147	4.30	86,246	8.62	72,447	9.63	50,164	9.46	62,290	5.83
FLORIDA	3,251,070	2.26	1,155,153	4.21	847,537	4.90	555,674	5.10	692,706	3.36
GEORGIA	1,626,061	3.06	644,741	5.69	471,266	6.64	337,627	6.61	373,027	4.46
HAWAII	346,824	3.21	114,663	6.76	77,966	8.04	56,569	7.01	95,826	5.85
IDaho	304,570	3.42	107,640	6.80	80,470	7.76	66,377	6.09	56,083	4.29
ILLINOIS	4,407,394	1.83	1,382,097	3.87	970,967	4.57	869,748	4.03	1,364,582	2.48
INDIANA	2,078,103	2.79	639,738	5.70	474,702	6.54	435,912	5.75	527,751	4.14
IOWA	1,115,781	2.80	374,521	5.78	243,889	7.03	218,491	5.75	278,880	3.46
KANSAS	405,598	3.23	322,850	6.37	202,663	7.88	174,909	5.75	207,976	4.10
KENTUCKY	1,141,929	2.89	410,291	5.61	316,702	6.43	207,018	6.49	227,916	4.11
LOUISIANA	1,255,677	3.70	437,166	6.96	324,699	7.93	248,213	7.66	245,599	6.07
MAINE	418,675	3.32	156,903	6.02	122,373	7.31	80,045	6.05	59,354	4.59
MARYLAND	1,667,193	3.11	460,593	6.79	385,775	7.40	298,075	7.11	522,750	4.15
MASSACHUSETTS	2,405,044	2.62	804,868	5.12	543,150	6.12	458,310	5.65	598,716	3.89
MICHIGAN	3,461,045	2.14	922,862	4.63	759,407	5.21	691,425	4.59	1,027,351	2.96
MINNESOTA	1,934,115	3.22	523,623	6.73	345,535	7.48	276,209	7.10	390,748	4.76
MISSISSIPPI	716,595	3.09	283,861	5.66	200,655	6.82	123,270	6.87	108,809	4.55
MISSOURI	1,824,516	2.98	601,295	5.77	473,121	6.45	344,329	6.42	465,771	4.70
MONTANA	285,967	3.45	108,298	6.73	66,690	8.03	54,174	6.50	56,805	4.38
NEBRASKA	617,232	3.16	211,899	6.51	154,231	7.43	114,912	6.73	136,190	3.76
NEVADA	373,920	3.86	90,503	8.30	68,852	8.36	47,761	7.87	66,824	4.91
NEW HAMPSHIRE	333,040	3.53	111,019	7.06	83,922	8.23	64,054	6.34	74,045	5.48
NEW JERSEY	2,475,200	2.32	811,255	6.14	713,465	5.41	540,983	5.23	909,497	3.14
NEW MEXICO	413,774	3.67	159,256	5.54	114,604	7.06	67,318	5.92	72,596	4.28
NEW YORK	7,071,649	1.47	2,005,889	3.19	1,754,496	3.41	1,329,495	3.24	1,981,769	2.05
NORTH CAROLINA	2,650,821	2.40	723,601	5.34	586,628	5.93	361,127	6.38	379,265	4.95
NORTH DAKOTA	266,594	2.78	90,708	5.83	60,990	6.69	43,098	4.93	51,798	2.76
OHIO	4,269,911	1.94	1,275,450	4.04	1,003,520	4.52	945,505	3.87	1,045,436	2.43
OKLAHOMA	994,564	3.13	364,251	5.94	267,088	6.91	179,622	6.90	183,603	4.43
OREGON	926,784	3.25	305,901	6.66	223,172	7.73	188,683	6.78	209,028	4.17
PENNSYLVANIA	4,456,276	1.86	1,374,846	3.88	1,207,649	4.12	966,626	3.85	1,109,755	2.85
RHODE ISLAND	391,868	3.71	144,554	6.89	90,156	8.89	75,873	7.85	81,285	5.18
SOUTH CAROLINA	1,037,476	3.18	381,242	5.97	286,442	6.95	192,079	6.87	177,707	4.74
SOUTH DAKOTA	256,912	2.61	105,155	4.99	63,287	6.42	43,506	4.53	44,964	3.67
TENNESSEE	1,565,032	3.33	544,137	6.19	454,486	6.72	278,464	7.29	287,945	5.60
TEXAS	4,584,947	1.86	1,639,408	3.49	1,169,286	4.09	807,327	4.12	969,926	2.91
UTAH	437,404	2.77	153,104	5.57	100,516	6.75	68,527	5.38	49,262	3.66
VERMONT	174,424	3.52	59,731	7.25	53,568	6.65	34,674	8.63	30,451	4.24
VIRGINIA	1,948,336	2.93	607,230	5.91	491,074	6.54	362,701	6.39	487,331	4.32
WASHINGTON	1,415,381	3.39	439,905	6.89	340,596	7.72	277,547	7.16	357,333	4.97
WEST VIRGINIA	611,905	3.36	201,999	6.87	156,424	7.88	137,607	6.61	115,873	4.56
WISCONSIN	1,821,627	3.00	613,987	5.80	399,047	7.08	361,515	6.34	446,028	4.55
WYOMING	151,750	2.15	52,150	6.64	34,945	8.03	28,973	5.95	35,182	3.63
PRIVILEGE	309,654	8.14	110,658	14.19	144,262	12.37	34,801	21.40	20,136	22.24
Puerto Rico	27,508	27.29	15,984	37.77	4,715	68.53	3,332	70.68	3,477	56.96
U. S. CITIZENS ABROAD	170,845	10.47	100,712	14.73	19,669	32.90	24,398	25.04	26,066	17.40

Form 1040

US Department of the Treasury—Internal Revenue Service Individual Income Tax Return

1974

For the year January 1–December 31, 1974, or other taxable year beginning 1974, ending 19

Name (if joint return, give first names and initials of both) Last name COUNTY OF RESIDENCE Your social security number Present home address (Number and street, including apartment number, or rural route) Spouse's social security no. City, town or post office, State and ZIP code Occupation Yours Spouse's

Filing Status (check only one)

- 1 Single
2 Married filing joint return (even if only one had income)
3 Married filing separately. If spouse is also filing give spouse's social security number in designated space above and enter full name here
4 Unmarried Head of Household (See instructions on page 5)
5 Widow(er) with dependent child (Year spouse died 19 )

Exemptions

Regular / 65 or over / Blind
6a Yourself
b Spouse
c First names of your dependent children who lived with you
d Number of other dependents (from line 27)
7 Total exemptions claimed

8 Presidential Election Campaign Fund Do you wish to designate \$1 of your taxes for this fund? Yes No If joint return, does your spouse wish to designate \$1? Yes No

Table with columns for Income (9-15) and a grid for tax calculation (9-15). Includes wages, dividends, interest, and adjusted gross income.

- If you do not itemize deductions and line 15 is under \$10,000, find tax in Tables and enter on line 16.
If you itemize deductions or line 15 is \$10,000 or more, go to line 44 to figure tax.
CAUTION. If you have unearned income and can be claimed as a dependent on your parent's return, check here and see instructions on page 7.

Table for Tax, Payments and Credits (16-22). Includes tax calculation, credits, and payments.

Table for Balance Due or Refund (23-26). Includes balance due, overpaid, and refund information.

Sign here section with signature lines for taxpayer, spouse, and preparer, along with date and address fields.

Please attach Copy B of Forms W-2 here

Please attach Check or Money Order here

Pay amount on line 23 in full with this return. Write social security number on check or money order and make payable to Internal Revenue Service.

If all of overpayment (line 24) is to be refunded (line 25), make no entry on line 26.

Other Dependents	(a) NAME	(b) Relationship	(c) Months lived in your home. If born or died during year, write B or D.	(d) Did dependent have income of \$750 or more?	(e) Amount YOU furnished for dependent's support. If 100% write ALL.	(f) Amount furnished by OTHERS including dependent.
						\$

27 Total number of dependents listed in column (a). Enter here and on line 6d . . . . . ▶

**Part I Income other than Wages, Dividends, and Interest**

28 Business income or (loss) (attach Schedule C) . . . . .	28		
29 Net gain or (loss) from sale or exchange of capital assets (attach Schedule D) . . . . .	29		
30 Net gain or (loss) from Supplemental Schedule of Gains and Losses (attach Form 4797) . . . . .	30		
31 Pensions, annuities, rents, royalties, partnerships, estates or trusts, etc. (attach Schedule E) . . . . .	31		
32 Farm income or (loss) (attach Schedule F) . . . . .	32		
33 Fully taxable pensions and annuities (not reported on Schedule E—see instructions on page 8) . . . . .	33		
34 50% of capital gain distributions (not reported on Schedule D—see instructions on page 8) . . . . .	34		
35 State income tax refunds (does not apply if refund is for year in which you took the standard deduction—others see instructions on page 8) . . . . .	35		
36 Alimony received . . . . .	36		
37 Other (state nature and source—see instructions on page 8) ▶ . . . . .	37		
38 Total (add lines 28, 29, 30, 31, 32, 33, 34, 35, 36, and 37). Enter here and on line 12 . . . . . ▶	38		

**Part II Adjustments to Income**

39 "Sick pay." (From Forms W-2 and W-2P. If not shown on Forms W-2 or W-2P, attach Form 2440 or statement.) . . . . .	39		
40 Moving expense (attach Form 3903) . . . . .	40		
41 Employee business expense (attach Form 2106 or statement) . . . . .	41		
42 Payments as a self-employed person to a retirement plan, etc.—see instructions on page 9 . . . . .	42		
43 Total adjustments (add lines 39, 40, 41, and 42). Enter here and on line 14 . . . . . ▶	43		

**Part III Tax Computation (Do not use this part if you use Tax Tables 1-12 to find your tax.)**

44 Adjusted gross income (from line 15) . . . . .	44		
45 (a) If you itemize deductions, check here <input type="checkbox"/> and enter total from Schedule A, line 41 and attach Schedule A . . . . .	45		
(b) If you do not itemize deductions, check here <input type="checkbox"/> and enter 15% of line 44, but do NOT enter more than \$2,000. (\$1,000 if line 3 checked) . . . . .			
46 Subtract line 45 from line 44 . . . . .	46		
47 Multiply total number of exemptions claimed on line 7, by \$750 . . . . .	47		
48 Taxable income. Subtract line 47 from line 46 . . . . .	48		

(Figure your tax on the amount on line 48 by using Tax Rate Schedule X, Y, or Z, or if applicable, the alternative tax from Schedule D, income averaging from Schedule G, or maximum tax from Form 4726.) Enter tax on line 16.

**Part IV Credits**

49 Retirement income credit (attach Schedule R) . . . . .	49		
50 Investment credit (attach Form 3468) . . . . .	50		
51 Foreign tax credit (attach Form 1116) . . . . .	51		
52 Credit for contributions to candidates for public office—see instructions on page 9 . . . . .	52		
53 Work Incentive (WIN) credit (attach Form 4874) . . . . .	53		
54 Total credits (add lines 49, 50, 51, 52, and 53). Enter here and on line 17 . . . . . ▶	54		

**Part V Other Taxes**

55 Self-employment tax (attach Schedule SE) . . . . .	55		
56 Tax from recomputing prior-year investment credit (attach Form 4255) . . . . .	56		
57 Tax from recomputing prior-year Work Incentive (WIN) credit (attach schedule) . . . . .	57		
58 Minimum tax. Check here <input type="checkbox"/> , if Form 4625 is attached . . . . .	58		
59 Social security tax on tip income not reported to employer (attach Form 4137) . . . . .	59		
60 Uncollected employee social security tax on tips (from Forms W-2) . . . . .	60		
61 Total (add lines 55, 56, 57, 58, 59, and 60). Enter here and on line 19 . . . . . ▶	61		

**Part VI Other Payments**

62 Excess FICA tax withheld (two or more employers—see instructions on page 9) . . . . .	62		
63 Credit for Federal tax on special fuels, nonhighway gasoline and lubricating oil (attach Form 4136) . . . . .	63		
64 Credit from a Regulated Investment Company (attach Form 2439) . . . . .	64		
65 Total (add lines 62, 63, and 64). Enter here and on line 21d . . . . . ▶	65		

**Foreign Accounts:** 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.)

**Short Form 1040A U.S. Individual Income Tax Return** Department of the Treasury Internal Revenue Service **1974**

Please print or type	Name (If joint return, give first names and initials of both) _____ Last name _____	COUNTY OF RESIDENCE _____	Your social security number _____
	Present home address (Number and street, including apartment number, or rural route) _____		Spouse's social security no. _____
	City, town or post office, State and ZIP code _____	Occupation Yours ▶ _____ Spouse's ▶ _____	

**Filing Status** (check only one)

1  Single

2  Married filing joint return (even if only one had income)

3  Married filing separately. If spouse is also filing, give spouse's social security number in designated space above and enter full name here ▶ \_\_\_\_\_

4  Unmarried Head of Household (See instructions on page 5)

5  Widow(er) with dependent child (Year spouse died ▶ 19 ) \_\_\_\_\_

**Exemptions**

	Regular / 65 or over / Blind	
6a Yourself . . .	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Enter number of boxes checked ▶ _____
b Spouse . . .	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
c First names of your dependent children who lived with you _____ _____ Enter number ▶ _____		
d Number of other dependents (from line 26) . . . ▶ _____		
7 Total exemptions claimed . . . ▶ _____		

8 Presidential Election Campaign Fund . . . Do you wish to designate \$1 of your taxes for this fund? . . . Yes  No   
If joint return, does your spouse wish to designate \$1? . . . Yes  No  Note: If you check the "Yes" box(es) it will not increase your tax or reduce your refund.

Attach Copy B of Forms W-2 and Check or Money Order here	9 Wages, salaries, tips, and other employee compensation. (Attach Forms W-2 if available, see instructions on page 3.) . . .	9	
	10a Dividends (if over \$400, use Form 1040—see instructions) \$ . . .	10c	
	10b Less Exclusion \$ . . . Balance ▶	11	
	12 Total (add lines 9, 10c, and 11) (Adjusted Gross Income) . . .	12	

- If you want IRS to figure your tax, skip the rest of this page and see instructions on page 3.
- If line 12 is under \$10,000, find tax in Tables 1-12 and enter on line 17, on back. Skip lines 13, 14, 15, and 16.

13 If line 12 is \$10,000 or more, enter 15% of line 12 but not more than \$2,000 (\$1,000 if line 3 checked) . . .	13	
14 Subtract line 13 from line 12 . . .	14	
15 Multiply total number of exemptions claimed on line 7 by \$750 . . .	15	
16 Taxable income (subtract line 15 from line 14) (Figure tax on amount on line 16 using Tax Rate Schedule X, Y, or Z, and enter on line 17, on back.)	16	

17	Tax, check if from: <input type="checkbox"/> Tax Tables 1-12 OR <input type="checkbox"/> Tax Rate Schedule X, Y, or Z	17	
18	Credit for contributions to candidates for public office (see instructions on page 4)	18	
19	Income tax (subtract line 18 from line 17). If less than zero, enter zero	19	
20a	Total Federal income tax withheld (attach Forms W-2 to front)	20a	
b	Excess FICA tax withheld (two or more employers—see instructions on page 4)	b	
c	1974 estimated tax payments (include amount allowed as credit from 1973 return)	c	
21	Total (add lines 20a, b, and c)	21	
22	If line 19 is larger than line 21, enter <b>BALANCE DUE IRS</b> <small>Pay in full with return. Write social security number on check or money order and make payable to Internal Revenue Service</small>	22	
23	If line 21 is larger than line 19, enter amount <b>OVERPAID</b>	23	
24	Amount of line 23 to be <b>REFUNDED TO YOU</b>	24	

25 Amount of line 23 to be credited on 1975 estimated tax **25** If all of overpayment (line 23) is to be refunded (line 24), make no entry on line 25.

Other Dependents	(a) NAME	(b) Relationship	(c) Months lived in your home. If born or died during year, write B or D.	(d) Did dependent have income of \$750 or more?	(e) Amount YOU furnished for dependent's support. If 100% write ALL.	(f) Amount furnished by OTHERS including dependent.
						\$

26 Total number of dependents listed in column (a). Enter here and on line 6d

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. Declaration of preparer (other than taxpayer) is based on all information of which he has any knowledge.

Sign here

Your signature _____ Date _____ Spouse's signature (if filing jointly, BOTH must sign even if only one had income) _____	Preparer's signature (other than taxpayer) _____ Date _____ Address (and ZIP Code) _____ Preparer's Emp. Ident. or Soc. Sec. No. _____
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**Schedules A & B—Itemized Deductions AND Dividend and Interest Income**  
 (Form 1040)

Department of the Treasury  
 Internal Revenue Service

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

**1974**

Name(s) as shown on Form 1040

Your social security number

**Schedule A—Itemized Deductions (Schedule B on back)**

**Medical and Dental Expenses (not compensated by insurance or otherwise) (See instructions on page 10.)**

<b>1</b> One half (but not more than \$150) of insurance premiums for medical care. (Be sure to include in line 10 below)		
<b>2</b> Medicine and drugs		
<b>3</b> Enter 1% of line 15, Form 1040		
<b>4</b> Subtract line 3 from line 2. Enter difference (if less than zero, enter zero)		
<b>5</b> Enter balance of insurance premiums for medical care not entered on line 1		
<b>6</b> Enter other medical and dental expenses:		
<b>a</b> Doctors, dentists, nurses, etc.		
<b>b</b> Hospitals		
<b>c</b> Other (Itemize—include hearing aids, dentures, eyeglasses, transportation, etc.) ▶		
<b>7</b> Total (add lines 4, 5, 6a, b, and c)		
<b>8</b> Enter 3% of line 15, Form 1040		
<b>9</b> Subtract line 8 from line 7 (if less than zero, enter zero)		
<b>10</b> Total (add lines 1 and 9). Enter here and on line 35		<i>med d 59</i>

**Taxes (See instructions on page 10.)**

<b>11</b> State and local income		
<b>12</b> Real estate		
<b>13</b> State and local gasoline (see gas tax tables)		
<b>14</b> General sales (see sales tax tables)		
<b>15</b> Personal property		
<b>16</b> Other (Itemize) ▶		
<b>17</b> Total (add lines 11, 12, 13, 14, 15, and 16). Enter here and on line 36		<i>tot tax #60</i>

**Interest Expense (See instructions on page 11.)**

<b>18</b> Home mortgage		
<b>19</b> Other (Itemize) ▶		
<b>20</b> Total (add lines 18 and 19). Enter here and on line 37		<i>int pd #61</i>

**Contributions (See instructions on page 11 for examples.)**

<b>21 a</b> Cash contributions for which you have receipts, cancelled checks, etc.		
<b>b</b> Other cash contributions. List donees and amounts. ▶		
<b>22</b> Other than cash (see instructions on page 11 for required statement)		
<b>23</b> Carryover from prior years		
<b>24</b> Total contributions (add lines 21a, b, 22, and 23). Enter here and on line 38		<i>cont rol #62</i>

**Casualty or Theft Loss(es) (See instructions on page 12.)**  
 Note: If you had more than one loss, omit lines 25 through 28 and see instructions on page 12 for guidance.

<b>25</b> Loss before insurance reimbursement		
<b>26</b> Insurance reimbursement		
<b>27</b> Subtract line 26 from line 25. Enter difference (if less than zero, enter zero)		
<b>28</b> Enter \$100 or amount on line 27, whichever is smaller		
<b>29</b> Casualty or theft loss (subtract line 28 from line 27). Enter here and on line 39		<i>casual #63</i>

**Miscellaneous Deductions (See instructions on page 12.)**

<b>30</b> Alimony paid		
<b>31</b> Union dues		
<b>32</b> Expenses for child and dependent care services (attach Form 2441)		
<b>33</b> Other (Itemize) ▶		
<b>34</b> Total (add lines 30, 31, 32, and 33). Enter here and on line 40		<i>misc d #64</i>

**Summary of Itemized Deductions**

**A**

<b>35</b> Total medical and dental—line 10		
<b>36</b> Total taxes—line 17		
<b>37</b> Total interest—line 20		
<b>38</b> Total contributions—line 24		
<b>39</b> Casualty or theft loss(es)—line 29		
<b>40</b> Total miscellaneous—line 34		
<b>41</b> Total deductions (add lines 35, 36, 37, 38, 39, and 40). Enter here and on Form 1040, line 45		

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 (including capital gain distributions) and other distributions on stock are \$400 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 10a (see note below).

1 Gross dividends (including capital gain distributions) 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 \$400 or less, do not complete this part. But enter amount of interest received on Form 1040, line 11.

7 Interest includes earnings from savings and loan associations, mutual savings banks, cooperative banks, and credit unions, as well as interest on bank deposits, bonds, tax refunds, etc. Interest also includes original issue discount on bonds and other evidences of indebtedness (see instructions on page 13). (List payers and amounts)

Table with multiple columns and rows for reporting dividend and interest income. Includes summary rows at the bottom for totals and exclusions.

- 2 Total of line 1
3 Capital gain distributions (see instructions on page 13. Enter here and on Schedule D, line 7). See note below
4 Nontaxable distributions (see instructions on page 13)
5 Total (add lines 3 and 4)
6 Dividends before exclusion (subtract line 5 from line 2). Enter here and on Form 1040, line 10a

8 Total interest income. Enter here and on Form 1040, line 11

Note: If you received capital gain distributions and do not need Schedule D to report any other gains or losses or to compute the alternative tax, do not file that schedule. Instead, enter 50 percent of capital gain distributions on Form 1040, line 34.

B



**Part IV Capital Loss Limitation—Where Losses Are Shown on Both Lines 12(a) AND 13**

17 Enter loss from line 5; if line 5 is zero or a gain, enter a zero . . . . .		17	
18 Enter loss from line 13 . . . . .		18	
19 Enter gain, if any, from line 5; if line 5 is zero or a loss, enter a zero . . . . .		19	
20 Reduce loss on line 18 to the extent of the gain, if any, on line 19 . . . . .		20	
21 Combine lines 3 and 11 and if gain, enter gain; if zero or a loss, enter a zero . . . . .	21		
<b>NOTE:</b> If the entry on line 21 is zero, OMIT lines 22 through 28, and enter on line 29 the loss shown on line 12(a).			
22 Enter gain, if any, from line 11 . . . . .	22		
23 Enter smaller of amount on line 21 or line 22 . . . . .	23		
24 Enter excess of gain on line 21 over amount on line 23 . . . . .	24		
25 Enter loss from line 4(a); if line 4(a) is blank, enter a zero . . . . .	25		
26 Reduce gain, if any, on line 24 to the extent of loss, if any, on line 25 (see Instruction I) . . . . .	26		
27 Enter loss from line 12(a) . . . . .	27		
28 Add the gain(s) on line(s) 23 and 26 . . . . .	28		
29 Reduce the loss on line 27 to the extent of the gain, if any, on line 28 (see Instruction J) . . . . .		29	
30 Enter smaller of amount on line 29 or line 20 (if line 29 is zero, enter a zero) . . . . .		30	
31 Subtract amount on line 30 from the loss on line 20 . . . . .		31	
32 Enter 50% of the amount on line 31 . . . . .		32	
33 Add lines 17, 30, and 32 . . . . .		33	
34 Enter here and enter as a (loss) on Form 1040, line 29, the smallest of: (a) Amount on line 33; (b) \$1,000 (\$500 if married and filing a separate return—see Instruction L for a higher limit not to exceed \$1,000); or, (c) Taxable Income, as adjusted (see Instruction K) . . . . .		34	( )

**Part V Complete Part V if You are Married Filing a Separate Return and Losses are Shown on Lines 4(a) and 14. (See Instruction L).**

35 Combine lines 3 and 11 and if gain, enter gain; if zero or a loss, enter a zero . . . . .		35	
<b>NOTE:</b> If the entry on line 35 is zero, OMIT lines 36 through 42, and enter on line 43 the loss shown on line 4(a).			
36 Enter gain, if any, from line 3 . . . . .		36	
37 Enter smaller of amount on line 35 or line 36 . . . . .		37	
38 Enter excess of gain on line 35 over amount on line 37 . . . . .		38	
39 Enter loss from line 12(a); if line 12(a) is blank, enter a zero . . . . .		39	
40 Reduce the gain, if any, on line 38 to the extent of the loss, if any, on line 39 (see Instruction I) . . . . .		40	
41 Enter loss from line 4(a) . . . . .		41	
42 Add the gain(s) on line(s) 37 and 40 . . . . .		42	
43 Reduce the loss on line 41 to the extent of the gain, if any, on line 42 (see Instruction J) . . . . .		43	

**Part VI Computation of Alternative Tax (See Instruction U to See if the Alternative Tax Will Benefit You)**

44 Enter amount from Form 1040, line 48 . . . . .		44	
45 Enter amount from line 15(a) . . . . .		45	
46 Subtract amount on line 45 from amount on line 44 (but not less than zero) . . . . .		46	
47 Enter smaller of amount on line 13 or line 14 . . . . .		47	
If line 47 does not exceed \$50,000 (\$25,000 if married filing separately), check here <input type="checkbox"/> and omit lines 48 through 54.			
48 Enter long-term gains recognized on amounts received before January 1, 1975, from certain contracts and installment sales referred to as "certain subsection (d) gains" (see Instruction U) . . . . .		48	
49 Enter amount from line 48 or \$50,000 (\$25,000 if married filing separately), whichever is larger . . . . .		49	
If line 49 is equal to or greater than line 47, check here <input type="checkbox"/> and omit lines 50 through 54.			
50 Multiply amount on line 49 by 50% . . . . .		50	
51 Add amounts on lines 46 and 50 . . . . .		51	
52 Tax on line 44 or 45, whichever is greater (use Tax Rate Schedule in instructions) . . . . .		52	
53 Tax on the amount on line 51 (use Tax Rate Schedule in instructions) . . . . .		53	
54 Subtract amount on line 53 from amount on line 52 . . . . .		54	
55 Tax on the amount on line 46 (use Tax Rate Schedule in instructions) . . . . .		55	
56 If the block on line 47 or 49 is checked, enter 50% of line 45; otherwise enter 25% of line 49 . . . . .		56	
57 Alternative Tax—add amounts on lines 54 (if applicable), 55, and 56. If smaller than the tax figured on the amount on Form 1040, line 48, enter this alternative tax on Form 1040, line 16 . . . . .		57	



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

Your social security number

If you received earned income in excess of \$600 in each of any 10 calendar years before 1974, you may be entitled to a retirement income credit. If you elect to have the Service compute your tax (see Form 1040 instructions, page 4), answer the question for columns A and B below and fill in lines 2 and 5. The Service will figure your retirement income credit and allow it in computing your tax. Be sure to attach Schedule R and write "RIC" on Form 1040, line 17. If you compute your own tax, fill out all applicable lines of this schedule.

Married residents of Community Property States see Schedule R instructions.

Joint return filers use column A for wife and column B for husband. All other filers use column B only.

Did you receive earned income in excess of \$600 in each of any 10 calendar years before 1974? (Widows or widowers see Schedule R instructions.) If "Yes" in either column, furnish all information below in that column. Also furnish the combined information called for in column C for both husband and wife if joint return, both 65 or over, even if only one answered "Yes" in column A or B.

	A	B	C
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	Alternative Computation (Combined information of husband and wife if joint return and both 65 or over)
	\$1,524 00	\$1,524 00	\$2,286 00
<b>1</b> Maximum amount of retirement income for credit computation . . . . .			
<b>2 Deduct:</b>			
(a) Amounts received as pensions or annuities under the Social Security Act, the Railroad Retirement Acts (but not supplemental annuities), and certain other exclusions from gross income . . . . .			
(b) Earned income received (does not apply to persons 72 or over):			<b>R</b>
(1) If you are under 62, enter the amount in excess of \$900 . . . . .			
(2) If you are 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 1/2 of amount over \$1,200; or if over \$1,700, enter excess over \$1,450 . . . . .			
<b>3</b> Total of lines 2(a) and 2(b) . . . . .			
<b>4</b> Balance (subtract line 3 from line 1) . . . . .			
If column A, B, or C is more than zero, complete this schedule. If all of these columns are zero or less, do not file this schedule.			
<b>5 Retirement income:</b>			
(a) <b>If you are under 65:</b> Enter only income received from pensions and annuities under public retirement systems (e.g. Fed., State Govts., etc.) included on Form 1040, line 15 . . . . .			
(b) <b>If you are 65 or older:</b> Enter total of pensions and annuities, interest and dividends included on Form 1040, line 15, and gross rents from Schedule E, Part II, column (b). Also include your share of gross rents from partnerships and your proportionate share of taxable rents from estates and trusts . . . . .			
<b>6</b> Line 4 or line 5, whichever is smaller . . . . .			
<b>7 (a)</b> Total (add amounts on line 6, columns A and B) . . . . .			
(b) Amount from line 6, column C, if applicable . . . . .			
<b>8</b> Tentative credit. Enter 15% of line 7(a) or 15% of line 7(b), whichever is greater . . . . .			
<b>9</b> Amount of tax shown on Form 1040, line 16 . . . . .			
<b>10 Retirement income credit.</b> Enter here and on Form 1040, line 49, the amount on line 8 or line 9, whichever is smaller. Note: If you claim credit for foreign taxes or tax free covenant bonds, skip line 10 and complete lines 11, 12, and 13, below . . . . .			
<b>11</b> Credit for foreign taxes or tax free covenant bonds . . . . .			
<b>12</b> Subtract line 11 from line 9 (if less than zero, enter zero) . . . . .			
<b>13 Retirement income credit.</b> Enter here and on Form 1040, line 49, the amount on line 8 or line 12 whichever is smaller . . . . .			

**Income Averaging**

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

**1974**

Name(s) as shown on Form 1040

Your social security number

**Taxable Income and Adjustments**

	(a) Computation year <b>1974</b>	(b) 1st preceding base period year <b>1973</b>	(c) 2d preceding base period year <b>1972</b>	(d) 3d preceding base period year <b>1971</b>	(e) 4th preceding base period year <b>1970</b>
<b>1</b> Taxable income (see instruction 1) . . . . .					
<b>2</b> Income earned outside of the United States or within U.S. possessions and excluded under sections 911 and 931 . . . . .					
<b>3</b> Excess community income and certain amounts received by owner-employees subject to a penalty under section 72(m)(5). (see instruction 3) . . . . .					
<b>4</b> Accumulation distributions subject to section 668(a). (see Form 4970). . . . .					
<b>5</b> 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**

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

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**

**Computation of Tax**

<b>9</b> Amount from line 7 . . . . .	<b>9</b>	
<b>10</b> 20% of line 8 . . . . .	<b>10</b>	
<b>11</b> Total (add lines 9 and 10) . . . . .	<b>11</b>	
<b>12</b> Amount from line 3, column (a), less any income subject to a penalty under section 72(m)(5) which was included in line 3 . . . . .	<b>12</b>	
<b>13</b> Total (add lines 11 and 12) . . . . .	<b>13</b>	
<b>14</b> Tax on amount on line 13 . . . . .	<b>14</b>	
<b>15</b> Tax on amount on line 11 . . . . .	<b>15</b>	
<b>16</b> Tax on amount on line 9 . . . . .	<b>16</b>	
<b>17</b> Difference (line 15 less line 16) . . . . .	<b>17</b>	
<b>18</b> Multiply the amount on line 17 by 4 . . . . .	<b>18</b>	
<b>19</b> Total (add lines 14 and 18) . . . . .	<b>19</b>	
<b>20</b> Tax on income subject to the penalty under section 72(m)(5) which was included in line 3 . . . . .	<b>20</b>	
<b>21</b> Tax (add lines 19 and 20). Enter here and on Form 1040, line 16. Also check Schedule G box on Form 1040, line 16 . . . . .	<b>21</b>	

**Computations on this page are not needed unless line 15, Form 1040, for 1974 is under \$10,000, or you used the optional tax tables for 1973, 1972, 1971 or 1970.**

**Computation of Standard Deduction for 1974 if Adjusted Gross Income is Under \$10,000 and for 1973 and 1972 if You Used the Optional Tax Tables**

	1974	1973	1972
1. Enter 15% $\left\{ \begin{array}{l} \text{Form 1040 (1974), line 15.} \\ \text{Form 1040 (1973), line 15.} \\ \text{Form 1040A (1973), line 12.} \\ \text{Form 1040 (1972), line 17.} \\ \text{Form 1040A (1972), line 14.} \end{array} \right\}$ (limited to \$1,000 if you are married and filing separately)			
2. Enter \$1,300 (\$650 if married filing separately)			
3. Standard deduction. Enter line 1 or 2 whichever is greater. (If married filing separately choose either line 1 or line 2. Note: If your spouse uses the percentage standard deduction (line 1) both must use it.)			

**Computation of Standard Deduction for 1971 if You Used the Optional Tax Tables**

1. Enter 13% of line 18, Form 1040 (1971) (limited to \$750 if you were married and filed separately)	
2. Enter \$1,050 (\$525 if you were married and filed separately)	
3. Standard deduction. Enter line 1 or 2 whichever is greater. (If you were married and filed separately choose either line 1 or line 2. Note: If your spouse used the percentage standard deduction (line 1) both must use it.)	

**Computation of Standard Deduction for 1970 if You Used the Optional Tax Tables**

1. Enter 10% of line 18, Form 1040 (1970), but not more than \$500 if you were married and filed separately (If you were married and filed separately, complete only line 2 or line 3, whichever is applicable. All other filers complete only lines 4 through 14.)			
2. If you used the low income allowance, enter the sum of \$100 plus \$100 for each exemption claimed on Form 1040 (1970), line 11, but not more than \$500. 1970 standard deduction			
3. If you used the percentage standard deduction, enter amount from line 1. 1970 standard deduction			
4. Basic allowance. Enter the sum of \$200 plus \$100 for each exemption claimed on Form 1040 (1970), line 11, but not more than \$1,000			
<b>Computation of additional allowance:</b>			
5. Limitation		\$900.00	
6. Enter \$100 for each exemption claimed on Form 1040 (1970), line 11			
7. Enter amount from Form 1040 (1970), line 18			
8. Enter the sum of \$1,100 plus \$625 for each exemption claimed on Form 1040 (1970), line 11			
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			
13. Low income allowance. Add lines 4 and 12			
14. Standard deduction. Enter amount from line 1 or line 13, whichever is greater			

SCHEDULE SE (Form 1040)

Computation of Social Security Self-Employment Tax

1974

Department of the Treasury Internal Revenue Service

Each self-employed person must file a Schedule SE. Attach to Form 1040. See Instructions for Schedule SE (Form 1040).

- If you had wages, including tips, of \$13,200 or more that were subject to social security taxes, do not fill in this form. If you had more than one business, combine profits and losses from all your businesses and farms on this Schedule SE.

Important.—The self-employment income reported below will be credited to your social security record and used in figuring social security benefits.

NAME OF SELF-EMPLOYED PERSON (AS SHOWN ON SOCIAL SECURITY CARD) Social security number of self-employed person

Business activities subject to self-employment tax (grocery store, restaurant, farm, etc.)

- If you have only farm income complete Parts I and III. If you have only nonfarm income complete Parts II and III. If you have both farm and nonfarm income complete Parts I, II, and III.

Part I Computation of Net Earnings from FARM Self-Employment

A farmer may elect to compute net farm earnings using the OPTIONAL METHOD, line 3, instead of using the Regular Method, line 2, if his gross profits are: (1) \$2,400 or less, or (2) more than \$2,400 and net profits are less than \$1,600. However, lines 1 and 2 must be completed even if you elect to use the FARM OPTIONAL METHOD.

REGULAR METHOD

1 Net profit or (loss) from: (a) Schedule F, line 54 (cash method), or line 74 (accrual method). (b) Farm partnerships

2 Net earnings from farm self-employment (add lines 1(a) and (b))

FARM OPTIONAL METHOD

3 If gross profits from farming are: (a) Not more than \$2,400, enter two-thirds of the gross profits. (b) More than \$2,400 and the net farm profit is less than \$1,600, enter \$1,600.

Gross profits from farming are the total gross profits from Schedule F, line 28 (cash method), or line 72 (accrual method), plus the distributive share of gross profits from farm partnerships (Schedule K-1 (Form 1065), line 15) as explained in instructions for Schedule SE.

4 Enter here and on line 12(a), the amount on line 2, or line 3 if you elect the farm optional method

Part II Computation of Net Earnings from NONFARM Self-Employment

REGULAR METHOD

5 Net profit or (loss) from: (a) Schedule C, line 21. (Enter combined amount if more than one business.) (b) Partnerships, joint ventures, etc. (other than farming) (c) Service as a minister, member of a religious order, or a Christian Science practitioner. (Include rental value of parsonage or rental allowance furnished.) If you filed Form 4361, check here and enter zero on this line (d) Service with a foreign government or international organization (See Form 1040 in instructions for line 37.) Specify (e) Other

6 Total (add lines 5(a), (b), (c), (d), and (e))

7 Enter adjustments if any (attach statement)

8 Adjusted net earnings or (loss) from nonfarm self-employment (line 6, as adjusted by line 7)

If line 8 is \$1,600 or more OR if you do not elect to use the Nonfarm Optional Method, omit lines 9 through 11 and enter amount from line 8 on line 12(b), Part III.

Note: You may use the nonfarm optional method (line 9 through line 11) only if line 8 is less than \$1,600 and less than two-thirds of your gross nonfarm profits, and you had actual net earnings from self-employment of \$400 or more for at least 2 of the 3 following years: 1971, 1972, and 1973. The nonfarm optional method can only be used for 5 taxable years.

Gross profits from nonfarm business are the total of the gross profits from Schedule C, line 3, plus the distributive share of gross profits from nonfarm partnerships (Schedule K-1 (Form 1065), line 15) as explained in instructions for Schedule SE. Also, include gross profits from services reported on lines 5(c), (d), and (e), as adjusted by line 7.

SE

NONFARM OPTIONAL METHOD

9 (a) Maximum amount reportable, under both optional methods combined (farm and nonfarm) \$1,600 00 (b) Enter amount from line 3. (If you did not elect to use the farm optional method, enter zero.) (c) Balance (subtract line 9(b) from line 9(a))

10 Enter two-thirds of gross nonfarm profits or \$1,600, whichever is smaller

11 Enter here and on line 12(b), the amount on line 9(c) or line 10, whichever is smaller

Part III Computation of Social Security Self-Employment Tax

12 Net earnings or (loss): (a) From farming (from line 4) (b) From nonfarm (from line 8, or line 11 if you elect to use the Nonfarm Optional Method)

13 Total net earnings or (loss) from self-employment reported on line 12. (If line 13 is less than \$400, you are not subject to self-employment tax. Do not fill in rest of form.)

14 The largest amount of combined wages and self-employment earnings subject to social security tax for 1974 is \$13,200 00

15 (a) Total "FICA" wages as indicated on Forms W-2 (b) Unreported tips, if any, subject to FICA tax from Form 4137, line 9 (c) Total of lines 15(a) and (b)

16 Balance (subtract line 15(c) from line 14)

17 Self-employment income—line 13 or 16, whichever is smaller

18 If line 17 is \$13,200, enter \$1,042.80; if less, multiply the amount on line 17 by .079

19 Railroad employee's and railroad employee representative's adjustment from Form 4469, line 10

20 Self-employment tax (subtract line 19 from line 18). Enter here and on Form 1040, line 55

Form **2555**  
(Rev. Oct. 1974)  
Department of the Treasury  
Internal Revenue Service

# Exemption of Income Earned Abroad

▶ Attach to Form 1040.

For taxable year ending .....

**This Form is to be Used Only by United States Citizens and Certain Resident Aliens (See Instruction 1.)**

Name of taxpayer \_\_\_\_\_ Social security number \_\_\_\_\_

Foreign address (including Country) \_\_\_\_\_ Your occupation \_\_\_\_\_

Name of employer ▶ \_\_\_\_\_

Employer's address U.S. ▶ \_\_\_\_\_ Foreign ▶ \_\_\_\_\_

Give the latest year for which you filed a U.S. income tax return ▶ \_\_\_\_\_ Office where filed ▶ \_\_\_\_\_

For an explanation of the provisions under which **earned income** of citizens abroad is exempt, see instructions. You may obtain **Publication 54, Tax Guide for U.S. Citizens Abroad**, and all forms from any Internal Revenue office, U.S. Embassy, or Consulate.

Check status under which you claim exemption of earned income from services abroad {  Bona fide residence. Complete Parts I and III.  Physical presence. Complete Parts II and III.

**Complete all items in the parts pertaining to your status. If an item does not apply, write "DOES NOT APPLY." Failure to submit required information may result in disallowance of the claimed exemption.**

## Part I To be Completed for Bona Fide Residence Only

- Foreign country in which you claim bona fide residence ..... Residence began ..... ended .....  
(Date) (Date)
- Kind of living quarters in foreign country  Purchased house  Rented house or apartment  Rented room  Quarters furnished by employer
- Did your family live with you abroad during any part of the taxable year? .....  Yes  No  
If "Yes," for what period? .....
- (a) Have you made a statement to the authorities of the foreign country you claim bona fide residence in that you are **not** a resident of that country? .....  Yes  No  
(b) Are you required to pay income tax to the country you claim bona fide residence in? .....  Yes  No  
If you made a statement to the authorities of the foreign country that you are not a resident, and the country holds you are not subject to its income tax, you do not qualify for this United States exemption. (See Instruction 8(c).)
- Complete the following for days present in the United States or its possessions during the taxable year:

Date arrived in U.S.	Date departed from U.S.	Number of days in U.S. on business	Amount earned in U.S. on business (Attach statement showing computation.)	Date arrived in U.S.	Date departed from U.S.	Number of days in U.S. on business	Amount earned in U.S. on business (Attach statement showing computation.)

- (a) State any contractual terms or other conditions relating to the length of your employment abroad. ....  
.....
- (b) State the type of visa you entered the foreign country under. ....
- (c) Did your visa contain any limitations as to the length of your stay or employment in a foreign country? .....  Yes  No  
If "Yes," attach explanation. ....
- (d) List the places where you have resided and the dates of residence since you left the United States to establish residence abroad. ....
- (e) Did you maintain a home in the United States while residing abroad? .....  Yes  No  
If "Yes," show address of your home, whether it was rented, and the names and relationships of the occupants. ....

## Part II To be Completed for Physical Presence Only

- The 18-month period the exemption for physical presence in a foreign country is based on is from ..... through .....
- Enter all travel abroad during the 18-month period the exemption is based on, except travel between foreign countries that did not involve travel on or over international waters for 24 hours or more. If the last entry is an arrival in a foreign country, insert number of full days to end of 18-month period. If there was no travel to report during the period, write in schedule that you were physically present in a foreign country or countries during the entire 18-month period.

Name of country (including U.S.)	Date and time departed	Date and time arrived	Full days present in country	Number of days in U.S. on business	Amount earned in U.S. on business (Attach statement showing computation.)

9 Enter prior years you claimed exemption for income earned abroad under section 911 ▶ \_\_\_\_\_

**Part III To be Completed for Both Bona Fide Residence and Physical Presence**

**10** Enter below your total earned income, including noncash remuneration. (See instructions 7 and 8(d) )

Is part of the income (such as bonuses) attributable to services performed in past years or to be performed for years other than this year?  Yes  No  
If "Yes," see Instructions 10(a) and 11.

Do not report exempt income on your Form 1040, but enter all taxable income in the appropriate sections of the form. If you received all or part of your income in foreign currency, translate its exchange value into terms of United States dollars at the rates prevailing at the time you actually or constructively received the income.

Earned income (for personal services rendered in foreign countries)	Exchange rates used	Amount (In U.S. dollars)
<b>11</b> (a) Total wages, salaries, bonuses, commissions, etc., received during this year . . . . .		
(b) Amount attributable to prior years or future years. (See Instructions 10(a) and 11.) . . . . .		
(c) Balance attributable to this year. (Subtract line 11(b) from line 11(a).) . . . . .		
<b>12</b> Pensions and annuities (See Instruction 10(d).) . . . . .		
<b>13</b> Allowable share of income for personal services rendered. (See Instruction 7 and 10a.) . . . . .		
(a) In a business (including farming) or profession. (Attach Schedule C or F.) . . . . .		
(b) In a partnership (Give name, address, and nature of income.) . . . . .		
<b>14</b> Noncash remuneration (Market value of property or facilities furnished by employer. Attach statement showing how determined.)		
(a) Home . . . . .		
(b) Car . . . . .		
(c) Other property facilities (Specify.) . . . . .		
<b>15</b> Other income (Specify.) . . . . .		
<b>16</b> Allowances or reimbursements		
(a) Cost of living . . . . .		
(b) Overseas differential . . . . .		
(c) Family . . . . .		
(d) Education . . . . .		
(e) Home leave . . . . .		
(f) Quarters . . . . .		
(g) For any other purpose (Specify.) . . . . .		
<b>17</b> Total earned income from sources outside the United States . . . . .		
<b>18</b> Amount exempt (If exempt status changed during the taxable year, complete schedule below.) . . . . .		
<b>19</b> Taxable income (Line 17 less line 18. If less than zero, enter zero. Enter here and report on Form 1040.) . . . . .		

**Schedule for Computation of Exemption Claimed in Part III, line 18, above.**

(The \$20,000 and \$25,000 exemptions are for full taxable years. Prorate them if your exempt status changes during the taxable year. See Instructions 8(a)(ii) and 10(c).)

	A	B
<b>20</b> Applicable exemption . . . . .	\$20,000	\$25,000
<b>21</b> Number of exemption qualifying days in taxable year . . . . .		
<b>22</b> Total number of days in taxable year . . . . .		
<b>23</b> Percentage applicable (Divide the number of days on line 21 by the number of days on line 22.) . . . . .	%	%
<b>24</b> Allowable exemption (Multiply the amount on line 20 by the percent on line 23.) . . . . .	\$	\$
<b>25</b> Total allowable exemption (Add amounts on line 24, columns A and B. Enter here and on line 18.) . . . . .		\$

(If more space is needed for any schedule, etc., attach statement.)



## Instructions

(References are to the Internal Revenue Code)

**Who Must File.**—If you have tax preference items in excess of \$30,000 (\$15,000 if married filing separately) you must file this form even though you owe no minimum tax. If this is a short period return, see the note in instructions for line 3.

### Line 1—Tax Preference Items.—

#### (a) 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. You must compute this excess 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 (a)(1) the amount by which this amortization exceeds straight-line depreciation over the improvements' normal useful life.

(b) 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.

(c) Amortization of certified pollution control facilities,

(d) Amortization of railroad rolling stock,

(e) Amortization of on-the-job training facilities, and

(f) Amortization of child care facilities.

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

(g) Stock options.—If you received stock subject to qualified or restricted stock options, enter the amount by which the fair market value of the shares at the time of exercise exceeds the option price.

(h) 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 reason-

able 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).

(i) 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. You must compute this excess on a property by property basis.

(j) 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 (Form 1040), line 15(a). However, if you report capital gain distributions on Form 1040, line 34, enter amount included on line 34 here.)

**Limitations on Amounts Treated as Tax Preference Items in Certain Cases.**—See proposed Income Tax Regulations sec. 1.57-4 for limitations on amounts treated as tax preference items in certain cases. If limitations apply, attach schedule showing computation.

**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 tax preference items. If you are a partner and have elected the optional adjustment to basis (see sec. 743), adjust the applicable tax preference items 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, a special formula is used for determining the

adjustment in exclusion for computing the minimum tax for tax preference. See sec. 443(d).

However, if you are married filing separately, substitute \$15,000 for the \$30,000.

**Note:** If line 2 is more than either the adjusted exclusion or \$30,000 (\$15,000 if married filing separately) file this form even though you owe no minimum tax.

**Line 8—Tax Carryover from Prior Year(s).**—If you did not file a Form 4625 for 1970, 1971, 1972, or 1973, or if you did file and the total amount shown on Form 4625, line 9, for 1973 was more than the amount shown on line 4, you may be entitled to a tax carryover. See sec. 56(c) and proposed I.T. Regs. sec. 1.56-5.

**Line 12—1974 Net Operating Loss Carryover to 1975.**—Under certain conditions, part or all of the amount shown on line 11 may be deferred to a subsequent year. See sec. 56(b).

**Line 16—Minimum Tax deferred from Prior Year(s).**—Enter amount of any minimum tax deferred from prior years (10 percent of the amount by which the net operating loss carryforward from a taxable year ending after December 31, 1969, reduced taxable income this year). 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).

**Line 22.**—If you elected to claim a credit for political contributions (see section 41) and the entire allowable credit is not included on Form 1040, line 17, (for example, the allowable credit exceeded the tax on Form 1040, line 16, less the amounts on Form 1040, lines 49, 50, and 51); reduce the minimum tax on Form 4625, line 22, (BUT NOT BELOW ZERO) by the difference between the allowable political contributions credit and the amount of any credit included on Form 1040, line 17. Enter the minimum tax balance on Form 1040, line 58. Also, enter the amount of the credit that reduced the minimum tax on Form 4625, line 22, in the margin on Form 4625, below line 22, and identify it as such.

Form **4683**  
(Rev. Sept. 1975)  
Department of the Treasury  
Internal Revenue Service

# U.S. Information Return on Foreign Bank, Securities, and Other Financial Accounts

▶ Attach to your tax return.

For the calendar year 19..... or other taxable year beginning ....., 19....., and ending ....., 19.....

Complete this form showing your relationship during the taxable year to one or more bank, securities or other financial accounts in foreign countries. Use additional sheets if necessary.

Name(s) as shown on return	Tax identifying number (Social security number or employer identification number if other than individual)	Check type of return <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Small business corporation <input type="checkbox"/> Fiduciary
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**NOTE:** Ownership of 50% or less of the stock of any corporation which owns one or more foreign accounts is not a "financial interest" in these accounts and need not be reported by the shareholder. Accounts in a U.S. military banking facility operated by a U.S. financial institution are not foreign accounts and need not be reported.

If you wish, you may also submit any other information or explanation not required by this form concerning your interest in or authority over an account.

### Part I Check all appropriate boxes. See instruction F for definition of "financial interest." Use additional sheets if necessary.

- I had signature authority or other authority over one or more foreign accounts, but I had no "financial interest" in such accounts (see instruction I). Indicate for these accounts:  
Name and tax identifying number (if any) of each owner ▶ .....  
Address of each owner ▶ .....  
(Do not complete Part II for these accounts.)
- I had a "financial interest" in one or more foreign accounts, but the total maximum value of these accounts (see instruction H) did not exceed \$10,000 at any time during the taxable year. (If you checked this box, do not complete Part II.)
- I had a "financial interest" in 25 or more foreign accounts. (If you checked this box, do not complete Part II.)
- I had a "financial interest" in one or more but fewer than 25 foreign accounts, and the total maximum value of these accounts (see instruction H) exceeded \$10,000 during the taxable year. (If you checked this box, complete Part II.)

### Part II Complete this part ONLY if you checked item 4, and provide information in items 5 through 10 for each account. Please use a separate Form 4683 for each account or use your own schedule to provide this information.

To avoid duplicate reporting on accounts owned by a corporation, partnership, or trust required to file this form, you may follow the procedure in instruction J by checking this box  and completing the statement on the back of this form.

5. Name in which account is maintained	6. Name of bank or other person with whom account is maintained
7. Number and other account designation, if any	8. Address of office or branch where account is maintained

9. Type of account. (If not certain of English name for the type of account, give the foreign language name and describe the nature of the account. Attach additional sheets if necessary.)  
 Savings, demand, or checking       Securities       Other (Specify) ▶ .....

10. Maximum value of account (see instruction H)  
 Under \$50,000       \$50,000 to \$100,000       Over \$100,000       Unable to determine (attach explanation)

## Instructions

**A. Who Must File a Return.**—Each United States person who has a financial interest in or signature authority or other authority over a bank, securities, or other financial account in a foreign country at any time during a taxable year must report that relationship for each taxable year. Do this by filing an information return on Form 4683 with the return you file for the taxable year.

**B. United States Person.**—The term "United States person" means (1) a citizen or resident of the United States,

(2) a domestic partnership, (3) a domestic corporation, and (4) a domestic estate or trust.

**C. Account in a Foreign Country.**—A "foreign country" includes all geographical areas located outside the United States, its possessions, and Puerto Rico.

Report any account maintained with a branch, agency, or other office of a bank (except a military banking facility as defined in instruction D) or broker or dealer in securities that is located in a foreign country, even if it is a part of a United States bank or other institution. Do not report any account main-

tained with a branch, agency, or other office of a foreign bank or other institution that is located in the United States, its possessions, or Puerto Rico.

**D. Military Banking Facility.**—Do not consider as an account in a foreign country an account in an institution known as a "United States military banking facility" (or "United States military finance facility") operated by a United States financial institution under designation by the United States Treasury to serve U.S. Government installations abroad, even if the United

(Continued on back)

States military banking facility is located in a foreign country.

**E. Bank, Securities, or Other Financial Account.**—The term "bank account" means a savings, demand, checking, deposit, loan, or any other account maintained with a person engaged in the business of banking. It includes certificates of deposit.

The term "securities account" means an account maintained with a person who buys, sells, holds, or trades stock or other securities for the benefit of another.

The term "other financial account" means any other account maintained with any person who accepts deposits, exchanges or transmits funds, or acts as a broker or dealer for future transactions in any commodity on (or subject to the rules of) a commodity exchange or association.

**F. Financial Interest.**—A financial interest in a bank, securities, or other financial account in a foreign country means an interest described in either of the following two paragraphs:

(1) A United States person has a financial interest in each account for which such person is the owner of record or has legal title, whether the account is maintained for his or her own benefit or for the benefit of others including non-United States persons. If an account is maintained in the name of two persons jointly, or if several persons each own a partial interest in an account, each of those United States persons has a financial interest in that account.

(2) A United States person has a financial interest in each bank, securities, or other financial account in a foreign country for which the owner of record or holder of legal title is: (a) a person acting as an agent, nominee, attorney, or in some other capacity on behalf of the U.S. person; (b) a corporation in which the United States person owns directly or indirectly more than 50 percent of the voting stock or more than 50 percent of the total value of shares of stock; (c) a partnership in which the United States person owns an interest in more than 50 percent of the profits (distributive share of income); or (d) a trust in which the United States person either has a present beneficial interest

in more than 50 percent of the assets, or from which such person receives more than 50 percent of the current income.

**G. Signature or Other Authority Over an Account.**—

**Signature Authority.**—A person has signature authority over an account if such person can control the disposition of money or other property in it by delivery of a document containing his or her signature (or his or her signature and that of one or more other persons) to the bank or other person with whom the account is maintained.

**Other authority** exists in a person who can exercise comparable power over an account by direct communication to the bank or other person with whom the account is maintained, either orally or by some other means.

**H. Account Valuation.**—For items 2, 4, and 10, the maximum value of an account is the largest amount of currency and non-monetary assets that appears on any quarterly or more frequent account statement issued for the applicable taxable year. If periodic account statements are not so issued, the maximum account asset value is the largest amount of currency and non-monetary assets in the account at any time during the taxable year. Convert foreign currency by using the official exchange rate at the end of the taxable year. In valuing currency of a country that uses multiple exchange rates, use the rate which would apply if the currency in the account were converted into United States dollars at the close of the taxable year.

The value of stock, other securities or other non-monetary assets in an account reported on Form 4683 is the fair market value at the end of the taxable year, or if withdrawn from the account, at the time of withdrawal.

For purposes of items 2 and 4, if you had a financial interest in more than one account, each account is to be valued separately in accordance with the foregoing two paragraphs.

If you had a financial interest in one or more but fewer than 25 accounts, and you are unable to determine whether the maximum value of these accounts exceeded \$10,000 at any time during the taxable year, check item 4 (do not

check item 2) and complete Part II for each of these accounts.

**I. United States Persons with Only Authority Over but No Interest in an Account.**—Except as provided in the following paragraph, you must state the name, address, and tax identifying number (if any) of each owner of an account over which you had authority, but if you check item 1 for more than one account of the same owner, you need identify the owner only once.

If you check item 1 for one or more accounts in which no United States person had a financial interest, you may state on the first line of this item, in lieu of supplying information about the owner, "No U.S. person had any financial interest in the foreign accounts." This statement must be based upon the actual belief of the person filing this form after he or she has taken reasonable measures to ensure its correctness.

If you check item 1 for accounts owned by a domestic corporation and its domestic and/or foreign subsidiaries, you may treat them as one owner and write in the space provided, the name of the parent corporation, followed by "and related entities," and the tax identifying number and address of the parent corporation.

**J. Avoiding Duplicate Reporting.**—If you had a financial interest (as defined in instruction F(2)(b), (c) or (d)) in one or more accounts identified in item 4 which are owned by a domestic corporation, partnership or trust which is required to file Form 4683 with respect to these accounts, in lieu of completing items 5 through 10 for each such account you may check the box in the introduction to Part II and fill in the statement below.

**K. Providing Additional Information.**—Any person checking one or more boxes of Part I of this form, when requested by the Internal Revenue Service, shall provide information concerning each account reported in Part I that is necessary to determine such person's Federal income tax liability.

**L. Penalties.**—For criminal penalties for failure to file a return or to supply information, and for filing a false or fraudulent return, see sections 7203 and 7206 of the Internal Revenue Code.

**Statement (Pursuant to Instruction J) Relating to a "Financial Interest" in Foreign Accounts Owned by a Domestic Corporation, Partnership or Trust**

I had a "financial interest" in one or more foreign accounts owned by a domestic corporation, partnership or trust which is required to file Form 4683.

Name and tax identifying number of each such corporation, partnership or trust.....

Address of each such corporation, partnership or trust.....

(Do not complete items 5 through 10 on the front of this form for these accounts.)

# Maximum Tax on Earned Income

▶ Attach to Form 1040 (or Form 1041).

# 1974

Name(s) as shown on Form 1040 (or Form 1041)

Identifying number

**Do not complete this form if—** (a) Earned taxable income is:  
 \$38,000 or less, and on Form 1040, you checked line 1 or line 4,  
 \$52,000 or less, and on Form 1040, you checked line 2 or line 5,  
 \$26,000 or less, and this is an Estate or Trust return (Form 1041);  
 (b) You elected income averaging; or  
 (c) On Form 1040, you checked line 3.

1	Earned income (see instructions)		1	F88
2	Deductions (see instructions)		2	
3	Earned net income. Subtract line 2 from line 1		3	F89
4	Enter your adjusted gross income		4	
5	Divide the amount on line 3 by the amount on line 4. Enter percentage result here, but not more than 100%		5	
6	Enter your taxable income		6	
7	Multiply the amount on line 6 by the percentage on line 5		7	
8	a. Enter the larger of either (1) the total of your 1974 tax preference items or (2) one-fifth of the total of your tax preference items for 1970, 1971, 1972, 1973, and 1974	8a		
	b. Less	8b	\$30,000	
	c. Subtract line 8b from line 8a	8c		F90
9	Earned taxable income. Subtract line 8c from line 7 (see instructions)		9	
10	If: on Form 1040, you checked line 1 or line 4, enter \$38,000 on Form 1040, you checked line 2 or 5, enter \$52,000 Estate or Trust, enter \$26,000		10	
11	Subtract line 10 from line 9 (if zero or less, do not complete rest of form)		11	F91
12	Enter 50% of line 11		12	
13	Tax on amount on line 6 (use Tax Rate Schedule from Form 1040 (or Form 1041) Instructions)	13		
14	Tax on amount on line 9 (use Tax Rate Schedule from Form 1040 (or Form 1041) Instructions)	14		
15	Subtract line 14 from line 13		15	
16	If the amount on line 10 is: \$38,000, enter \$13,290 (\$12,240 if unmarried head of household) \$52,000, enter \$18,060 \$26,000, enter \$9,030		16	
17	Add lines 12, 15, and 16. This is your maximum tax. Enter here and on Form 1040, line 16 (or Form 1041, line 24); however, if you had net long-term capital gain in excess of net short-term capital loss, complete Computation of Alternative Tax below		17	F92
<b>Computation of Alternative Tax</b>				
18	Amount from line 6		18	
19	Amount from Schedule D (Form 1040), line 15(a)* (or Form 1041, page 1, line 20)		19	
20	Subtract line 19 from line 18		20	
21	Enter smaller of amount on Sch. D (Form 1040), line 13 or 14* (or enter amount from Sch. D (Form 1041), line 17(e)) If line 21 does not exceed \$50,000, check here <input type="checkbox"/> and omit lines 22 through 28.		21	
22	Enter long-term gains from certain binding contracts and installment sales (referred to as "certain subsection d gains"—see Sch. D (Form 1040) or Sch. D (Form 1041) Instructions)		22	
23	Amount from line 22 or \$50,000, whichever is larger. If line 23 is equal to or greater than line 21, check here <input type="checkbox"/> and omit lines 24 through 28.		23	
24	Enter 50% of line 23		24	
25	Add lines 20 and 24		25	
26	Enter amount from line 13		26	
27	Tax on amount on line 25 (use Tax Rate Schedule from Form 1040 (or 1041) Instructions)		27	
28	Subtract line 27 from line 26		28	
29	Tax on amount on line 20 (use Tax Rate Schedule from Form 1040 (or 1041) Instructions). Caution: If line 9 is more than line 20, enter instead amount on line 14 less 50% of excess of line 9 over line 20		29	
30	Subtract line 29 from line 13		30	
31	Subtract line 30 from line 17		31	
32	If the block on line 21 or 23 is checked, enter 50% of line 19; otherwise, enter 25% of line 23		32	
33	Alternative tax, add lines 28 (if applicable), 31, and 32		33	F92
34	Enter here and on Form 1040, line 16 (or Form 1041, line 24 or 25, whichever is applicable), the amount on line 17 or line 33, whichever is smaller		34	

\*If you reported capital gain distributions but did not use Schedule D (Form 1040), enter on line 19 the amount shown on Form 1040, line 34. Also, enter on line 21 the total amount of capital gain distributions received.

## Instructions

(References are to the Internal Revenue Code)

**Line 1—Earned income.**—“Earned income” generally means wages, salaries, professional fees, bonuses, commissions on sales or on insurance premiums, tips, and other amounts received as compensation for personal services actually rendered. It includes prizes and awards (other than gambling gains) and group-term life insurance purchased for employees that are includible in gross income. It also includes amounts includible in gross income under section 83.

If you perform personal services for a corporation, “earned income” means only that portion of income received from the corporation that represents a reasonable allowance for salaries and other compensation for personal services actually rendered. It also includes gains (other than capital gains) and net earnings derived from the sale or other disposition of, the transfer of any interest in, or the licensing of the use of property (other than goodwill) if your personal efforts created the property.

The entire amount you receive for performing professional services, such as those of a doctor, dentist, lawyer, architect, or accountant, will be treated as earned income if you are individually and personally responsible for the services performed, even though you employ assistants to perform all or part of the services.

If you are engaged in a noncorporate trade or business in which both personal services and capital are material income-producing factors, a reasonable allowance (but not more than 30% of your share of net profits of such trade or business) will be considered to be earned income. See section 1.1348-3(a)(3) of the regulations for rules on earned income from business in which capital is material.

For rules relating to a decedent's income, see section 1.1348-3(a)(4) of the regulations.

If you are a *nonresident alien*, “earned income” includes only income from sources within the United States that is effectively connected with the conduct of a trade or business in the United States.

“Earned income” does not include dividends (including amounts treated as dividends by reason of section 1373(b) and Income Tax Regulations section 1.1373-1), other distributions of corporate earnings and profits, gambling gains, or gains treated as capital gains under chapter 1 of the code.

“Earned income” does not include any distribution to which section 72(m)(5), 402(a)(2), 402(e), or 403(a)(2)(A) applies, or any deferred compensation within the meaning of section 404. “Deferred compensation” for this purpose does not include any amount received before the end of the taxable year following the first taxable year that the recipient's right to receive the amount is not subject to a substantial risk of forfeiture.

Section 72(m)(5) deals with premature or excessive distributions from a qualified employees' pension plan

or trust to an employee who is (or was) also an owner of the business.

Sections 402(a)(2), 402(e), or 403(a)(2)(A) deal with certain lump-sum distributions from qualified plans that are treated as capital gains or are subject to special averaging rules.

See section 1.1348-3(a)(5) of the regulations for exceptions to definition of earned income.

See section 1.1348-3(b) of the regulations for definition and examples of deferred compensation.

If you are a *nonresident alien*, “earned income” does not include salaries, wages, compensations, remunerations, emoluments, and other fixed or determinable annual or periodic gains, profits, and income subject to tax at the rate of 30 percent (or lower treaty rate) under section 871(a)(1)(A).

**Line 2—Deductions.**—Include on this line any deductions that are required to be taken into account under section 62 in determining adjusted gross income and are properly allocable to or chargeable against earned income. These deductions include:

- (1) deductions attributable to a trade or business from which earned income is or may be derived,
- (2) expenses paid or incurred in connection with the performance of services as an employee,
- (3) deductions allowable by sections 404 (employer contributions to an employer's trust or annuity plan) and 405(c) (employer contributions to qualified bond purchase plans),
- (4) deductions allowable by section 217 (moving expense),
- (5) deductions allowable by section 1379(b)(3) (employer contributions to qualified pension, etc., plans), and
- (6) a net operating loss deduction to the extent that the net operating losses carried to the taxable year are properly allocable to or chargeable against earned income. See section 1.1348-2(d)(2)(vi) of the regulations for more information on net operating loss deduction.

**Line 8—Tax preference offset.**—See section 1.1348-2(d)(3) of the regulations for detailed information concerning tax preference items to be taken into account to determine the tax preference offset.

**Line 9—Earned taxable income.**—“Earned taxable income” means the excess of the portion of taxable income attributable to earned net income over the tax preference offset.

See section 1.1348-2(d)(4) of the regulations for illustrations showing computation of earned taxable income.

**NOTE: If this is a short period return, see section 1.1348-2(c) of the regulations.**

# Investment Interest Expense Deduction

▶ See instructions on back.  
▶ Attach to return.

# 1974

Name(s) as shown on return	Identifying number
----------------------------	--------------------

Identify taxpayer . . . . .  Individual  Estate  Trust

### Part I Interest Expense on Investment Indebtedness (See Instructions 3(a) and 9)

	Deductible Interest	
	(a) Nonbusiness	(b) Business
1 Enter interest other than amounts reportable on lines 2 and 3 . . . . .		
2 Your pro-rata share from partnerships . . . . .		
3 Your pro-rata share from subchapter S corporations . . . . .		
4 Add each column . . . . .		
5 Total investment interest (sum of amounts on line 4) . . . . .		
6 Individuals enter \$25,000 (\$12,500 if married filing separately) . . . . .		
7 Estates enter \$25,000; trusts enter zero . . . . .		
8 Excess of line 5 over exemption on line 6 (or line 7) (If line 5 is equal to or less than line 6 (or 7), enter zero) . . . . .		

Note: If line 8 is zero and Part IV, Investment Interest Expense Carryover from 1972 and 1973, is not applicable, you need not complete this form. (Deduct interest in full.) However, if only Part IV is applicable, complete lines 9 through 13, column (a), then go to Part IV.

### Part II Computation of Deduction Limitation

	Other Items Used to Offset Interest Expense		
	(a) Net Investment Income (See Instruction 3(c))	(b) Excess Expenses "Net Lease Property" (See Instruction 3(d))	(c) Excess Long-Term Gain Over Short-Term Loss (See Instruction 3(e))
9 Enter amounts other than reportable on lines 10, 11, and 12 . . . . .			
10 Your pro-rata share from partnerships . . . . .			
11 Your pro-rata share from subchapter S corporations . . . . .			
12 Your pro-rata share from estates and trusts . . . . .			
13 Combine amounts in each column (if column (a) or (c) shows a loss, enter zero) . . . . .			
14 Total other offset items (sum of amounts on line 13) . . . . .			
15 Tentative limitation (sum of lines 6 (or 7) and 14—but do not enter amount larger than amount on line 5) . . . . .			
16 Enter amount of capital gain from line 13, column (c) included on line 15 (Limit such gain to extent line 8 exceeds the sum of columns (a) and (b) on line 13) . . . . .			
Note: For adjustment of such gain on Schedule D, see Schedule D instructions for return filed.			
17 Enter excess of interest on line 5 over amount on line 15 . . . . .			
18 Additional deduction (enter 50% of amount on line 17) . . . . .			
19 Interest deduction limitation (sum of lines 15 and 18). Complete applicable lines in Part III . . . . .			
20 Disallowed interest in current year (excess of line 5 over line 19). Complete line 26 . . . . .			

### Part III Allocating and Reporting Amount on Line 19

	(a) Nonbusiness	(b) Business
	%	%
21 Enter the percentage each amount on line 4 is of the amount on line 5 . . . . .		
<b>Allocating and reporting limitation.</b>		
22 Nonbusiness portion—(multiply amount on line 19 by percentage on line 21, column (a)) . . . . .		
Individuals—enter as interest deduction on Schedule A (Form 1040).		
Estates and Trusts—enter here only the amount excluded in determining net operating loss.		
23 Business portion—enter excess of line 19 over line 22 . . . . .		
<b>Reporting adjustments on tax return required for business portion (Complete either line 24 or 25):</b>		
24 Interest deduction on tax return (excess of line 23 over sum of lines 2 and 3, column (b)) . . . . .		
Individuals—enter amount as interest expense on Schedule E (Form 1040), Part II.		
Estates and trusts—include in total on Form 1041, line 10.		
25 Decrease interest expense deducted on return (excess of the sum of lines 2 and 3, column (b) over line 23) . . . . .		
Individuals—Add to income on Schedule E (Form 1040) Part III.		
Estates and trusts—Add to income on Form 1041, lines 3 and 8 in proportion to amounts on lines 2 and 3, column (b).		
26 Disallowed interest expense carryover (see note for limitation) . . . . .		

Note: Reduce the carryover by the amount of the nonbusiness portion of line 20 that would not have decreased taxable income or increased net operating loss in the taxable year had the deduction limitation not been in effect.

**Part IV Investment Interest Expense Carryover from 1972 and 1973**

Note: Identify amounts carried to other forms as "From Form 4952."

	Enter only amount applicable to each year	
	(a) 1972	(b) 1973
27 Carryover: Enter amount from 1973 Form 4952 from line 31 for 1972 and from line 20 for 1973 . . . . .		
28 Sum of income on line 13, column (a) ▶ \$..... Plus * \$25,000		
29 Enter the larger of: Interest on line 5 ▶ \$..... or * \$25,000		
30 Excess of amount on line 28 over line 29		
31 Enter 50% of line 30 ▶ \$..... Allocate amount first to extent of 1972, balance to 1973		
32 Interest deduction limitation: (a) for 1972 is the smaller of amount on line 27 or 31, column (a) . . . . . (b) for 1973 is the smaller of amount on line 27 or 31, column (b) . . . . .		
<b>Allocating and reporting limitation on line 32.</b>		
33 Enter nonbusiness percentage applicable for each year . . . . .	%	%
34 Nonbusiness portion—(multiply amount on line 32 by the percentage on line 33) Individuals—enter sum of both columns as interest on Schedule A (Form 1040). Estates and trusts—enter only the amount excluded in determining net operating loss.		
35 Business portion (excess of line 32 over line 34). Enter total here ▶ \$		
Individual—deduct total as interest on Schedule E (Form 1040), Part II. Estates and trusts—include in total on Form 1041, line 10.		
36 Interest carryover from 1972 and 1973 disallowed in 1974 (excess of line 27 over line 32) . . . . .		
37 Enter the 50% capital gain deduction claimed on your 1974 Schedule D . . . . . \$		
38 Allocate amount on line 37: first to extent of line 36, column (a), and balance to column (b) . . . . .		
39 Interest carryover to 1975 (excess of line 36 over line 38) . . . . .		

\* \$12,500, if married filing separately; zero, if a trust.

**General Instructions**

**1. Who Must File.**—Individuals, estates, and trusts are limited in the taxable year on the deduction of interest expense on indebtedness incurred to purchase, or carry, investment property and net lease property. Computation of the limitation is required: (a) if the total investment interest on line 5 exceeds the amount on line 6 (or 7), or (b) if there is a carryover of disallowed investment interest expense from a prior year.

**2. Description of Property Involved.**  
a. Property held for investment includes all investments held for the production of taxable income or gain. Such property does not include property used in a trade or business.  
b. Property subject to net lease is rental property that is treated for purpose of computing the limitation as property held for investment. The character of the income and expenses of such property does not change for computing the gain or loss with respect to rental property. Rental property is net lease property if either or both of these conditions exist:

- (1) The lessor is either guaranteed a specific return of income or is guaranteed in whole or in part against loss of income.
- (2) The sum of the deductions of the lessor in the taxable year with respect to such property, which are allowable solely by reason of section 162 (other than rents and reimbursed amounts), is less than 15% of the income produced by such property. With respect to the 15% test, the lessor may elect to: (i) treat all leased portions of a parcel of real property as subject to a single lease, and (ii) exempt real property that has been in use for more than 5 years.

**3. Items to Use in Computing the Limitation.**

- a. Investment interest expense is the interest paid or accrued on indebtedness incurred or continued, to purchase or carry property held for investment or rental property subject to a net lease. Taxpayer's method of accounting will determine the amount of interest to include in the taxable year.
- b. Exemption provided on line 6 (or 7).
- c. Net investment income is the amount investment income exceeds investment expenses. (1) Investment income includes the following that are includible in gross income: interest, dividends, rents from net lease property, royalties, net short-term capital gains

from investment property, and amount recaptured as ordinary income from the sale or exchange of investment property subject to section 1245 or 1250 provisions. (2) Investment expenses are those deductions directly connected with the production of investment income. Such deductions are those allowable by Sections 162, 164(a)(1) or (2), 166, 167, 171, 212, or 611. Depreciation is limited to the amount computed under the straight line method. Depletion is limited to an amount based on cost. Investment income and expenses do not include any amounts connected with a trade or business.

d. Excess of "out of pocket" expenses is the amount expenses allowable under sections 162, 163 (exclude section 163(d) portion), 164(a)(1) or (2), or 212 attributable to property subject to net lease exceeds the income produced by such property.

e. Excess of net long-term capital gains over net short-term capital losses in the taxable year attributable to property held for investment.

**4. Source of Amounts to Include.**

- a. Taxpayer's own investment interest expense and offset items.
- b. Partnership—Taxpayer's pro-rata share of partnership's investment interest expense and other items used in the computation.
- c. Subchapter S corporation.—Taxpayer's pro-rata share of the corporation's investment interest expense and other items of income and expenses that would be taken into account if this limitation applied to such corporation. Such amounts will be apportioned among the shareholders in a manner consistent with section 1374(c)(i).
- d. Estates and trusts.—When there is distributable net income, taxpayer will include his share of: (1) the net investment income, and (2) the excess of net long-term capital gain over net short-term capital loss from the sale or exchange of investment property.

**5. Exceptions.**—The provisions of section 163(d) do not apply to interest on indebtedness incurred for the construction of property to be used in a trade or business, or to any items used in the computation attributable to a specific item of property and the indebtedness for such property, or a written contract or commitment by the taxpayer for such indebtedness, was in effect on December 16, 1969. (For further instructions, see section 163(d)(6).)

**6. Carryover of Disallowed Interest.**—Amount disallowed in the current year because of the limitation is carried to the following year and deducted within limitations.

**Instructions for Completing Form**

**7. Identifying Number.**—Individuals enter social security number. Estates and Trusts enter employer's identification number.

**8. Parts to Complete.**—Complete Part I, and, if applicable, Part II and III for the current year deduction limitation. Complete Part IV only if there is a carryover of disallowed investment interest from a prior year.

**9. Instructions for Part II.**—Important: DO NOT DEDUCT as separate items or interest on your return the amounts shown on line 1, and the amount in column (a) on line 2 if Part III is required as part of the computation. Part III provides the computations and instructions for deducting the interest expense. Enter the appropriate investment interest expense in columns (a) and (b) as follows:

a. In column (a).—Enter ONLY such interest that is attributable to property described in instruction 2a.

b. In column (b).—Enter on lines 1 and 2 ONLY such interest that is attributable to rental property described in instruction 2b, and on line 3 the amount described.

**10. Instructions for Part III.**—In determining total offset items in computing the limitation deduction, certain net loss amounts must be shown and combined with other amounts.

a. If either line 10 or line 11 is used, enter as a minus figure any net loss that exists for lines 9, 10, and 11, in column (a); and for lines 9 and 10, in column (b).

b. Line 16. The net long-term capital gain used to offset investment interest expense is treated as ordinary income for purpose of the alternative tax, deduction for capital gains, and for tax preference items. See the Schedule D instructions for the respective return for treatment of such amount on the Schedule D.

**11. Instructions for Part III.**—Where the interest deduction limitation includes allowable nonbusiness and business deductions, allocation of the limitation must be made.

**12. Instructions for Part IV.**—Disallowed interest carried over from 1972 and 1973 must be treated separately since the percentage for allocating is different in each year. Add the allowable deductions to any amounts already determined in Part III.

Form **4972**  
 Department of the Treasury  
 Internal Revenue Service

**Special 10-Year Averaging Method**  
**(For Total Distribution from Qualified Retirement Plan)**  
 ► Attach to Form 1040 or Form 1041.

**1974**

Name(s) as shown on return	Identifying number
----------------------------	--------------------

**Note:** The ordinary income portion, capital gain portion, and current actuarial value of annuity (if applicable) of your lump-sum distribution should be shown on Copy B of your Form 1099R or other statement. However, if these amounts are not provided, ask your employer to furnish them to you.

1 Ordinary income portion. Enter here instead of on Form 1040 or Form 1041 (see instruction A) . . . . .	<b>1</b>	
2 Capital gain portion. Enter here and on Schedule D (Form 1040 or Form 1041), Part II, line 6, column f, and identify in column a as "Lump-sum Distribution from Form 4972." Individuals who do not need Schedule D to report any other gains or losses or to figure the alternative tax, enter 50 percent of your capital gain amount on Form 1040, line 34 . . . . .	<b>2</b>	
3 Total taxable amount (add lines 1 and 2) . . . . .	<b>3</b>	
4 Actuarial value of annuity (if applicable) . . . . .	<b>4</b>	
5 Adjusted total taxable amount (add lines 3 and 4). If this amount is \$70,000 or more, skip lines 6 through 9, and also enter this amount on line 10 . . . . .	<b>5</b>	
6 50 percent of line 5, but not more than \$10,000 . . . . .	<b>6</b>	
7 Subtract \$20,000 from line 5. Enter difference, but not less than zero . . . . .	<b>7</b>	
8 20 percent of line 7 . . . . .	<b>8</b>	
9 Minimum distribution allowance (subtract line 8 from line 6) . . . . .	<b>9</b>	
10 Adjusted total taxable amount less minimum distribution allowance (subtract line 9 from line 5) . . . . .	<b>10</b>	
11 10 percent of line 10 . . . . .	<b>11</b>	
12 Tax on amount on line 11. Use tax rate Schedule X (Single Taxpayer Rate)* . . . . .	<b>12</b>	
13 Multiply line 12 by 10. If no entry on line 4, skip lines 14 through 19, and also enter this amount on line 20 . . . . .	<b>13</b>	
14 Divide line 4 by line 5 (see instruction E) . . . . .	<b>14</b>	%
15 Multiply line 9 by percentage on line 14 . . . . .	<b>15</b>	
16 Subtract line 15 from line 4 . . . . .	<b>16</b>	
17 10 percent of line 16 . . . . .	<b>17</b>	
18 Tax on amount on line 17. Use tax rate Schedule X (Single Taxpayer Rate)* . . . . .	<b>18</b>	
19 Multiply line 18 by 10 . . . . .	<b>19</b>	
20 Subtract line 19 from line 13 . . . . .	<b>20</b>	
21 Divide line 1 by line 3 (see instruction E) . . . . .	<b>21</b>	%
22 Tax on ordinary income portion of lump-sum distribution (multiply line 20 by percentage on line 21). Show this amount on Form 1040 or Form 1041, page 1 in the bottom margin. Identify as "Tax from Form 4972" and increase the tax shown on Form 1040, line 16 or Form 1041, line 24 or 25 . . . . .	<b>22</b>	

\*Tax rate Schedule X can be found in Instructions for Form 1040.

# 66 Instructions

**A. In General.**—The special 10-year averaging method may be elected by a recipient of a lump-sum distribution from a qualified retirement plan. Under it he computes a separate tax on the ordinary income portion of the distribution. All distributions received in a taxable year must be aggregated for purposes of this computation. The election may be made freely by a recipient of a distribution made on behalf of an employee who has not attained age 59½. However, only one election may be made with respect to a distribution made on behalf of an employee who has attained age 59½. During the life of the taxpayer, he is treated as the recipient of the distribution. After his death, the person receiving the distribution is the recipient. Form 4972 must be filed as part of the tax return to make the election.

You should include the ordinary income portion of your lump-sum distribution on line 1 of Form 4972 instead of including it with your other income on your tax return. (For this purpose, disregard community property laws.) This has the effect of including the ordinary income portion of the distribution in your gross income and being allowed a deduction from gross income for the ordinary income portion subject to the special 10-year averaging method in arriving at your adjusted gross income. If the special 10-year averaging method is not elected, the entire ordinary income portion should be included on your tax return as other income.

The separate tax is computed by using tax rate Schedule X (Single Taxpayer Rate) no matter what other tax rate you use to compute the tax on your other income. Once you have determined the separate tax on the ordinary income portion, enter it in the bottom margin of your tax return and identify as "Tax from Form 4972." Individuals should compute their tax on their other income, including the capital gain portion of the lump-sum distribution, by using one of the methods specified on Form 1040, line 16. A single trust or estate should compute their tax on their other income in the normal manner. In case of a distribution to multiple trusts, the tax should be determined as if the entire distribution was made to one recipient. The tax is then apportioned among the trusts in accordance with the relative amounts received by each. The separate tax on the ordinary income portion is added to the tax on your other income and the total entered on the appropriate line of your tax return.

The special 10-year averaging method treats the post-1973 taxable portion of a lump-sum distribution from a qualified pension, profit-sharing, or stock bonus plan as ordinary income taxed as if it were received evenly over a 10-year period.

The ordinary income and capital gain portions of a lump-sum distribution are determined by the number of years of participation in a plan before 1974 and after 1973. The amount taxable as ordinary income is the total taxable amount of the distribution multiplied by a fraction which is:

$$\frac{\text{Years of active participation after 1973}}{\text{Total years of active participation}}$$

The total taxable amount of a distribution is the portion consisting of employer contributions and income earned on the account. The portion of the distribution representing your contribution (if previously included in your income) and the net unrealized appreciation in employer's securities are not taxable.

Amounts of lump-sum distributions up to \$5,000 which are paid to the beneficiaries or the estate of an employee by an employer or employers by reason of the death of the employee are excludable from gross income of the recipient. For more information, see Publication 575, Tax Information on Pension and Annuity Income.

**B. Who May Elect.**—Individuals, estates, and trusts who receive lump-sum distributions may elect the special 10-year averaging method. In case of distributions to individuals, estates, and a trust, the recipient must make an election whether to use the special 10-year averaging method. If the distribution is made to two or more trusts, the employee or personal representative of the employee must make the election.

**C. Distributions Eligible for Averaging.**—The special 10-year averaging method applies to lump-sum distributions which are:

- (1) Paid from a qualified annuity plan or an exempt trust which is part of a qualified employees' pension, profit-sharing or stock bonus plan. For this purpose, all plans of a given category (the categories are pension plans, profit-sharing plans, and stock bonus plans) and all trusts maintained by an employer are to be treated as a single plan or trust.
- (2) The balance to the credit of the employee.
- (3) Paid within one taxable year of the recipient.
- (4) In addition, such amount must be paid to the recipient:
  - (a) On account of the employee's death,
  - (b) After the employee attains age 59½,
  - (c) On account of the employee's separation from service, or

(d) After the employee has become disabled (within the meaning of section 72(m)(7) of the Internal Revenue Code).

**Note:** Item (c) applies only to common law employees and item (d) applies only to self-employed individuals.

**D. Distributions Not Eligible for Averaging.**—The special 10-year averaging method does not apply to:

- (1) U.S. Retirement Plan Bonds distributed with a lump sum.
- (2) Any distribution made before the employee has been a participant in the plan for five taxable years before the taxable year in which such amounts are distributed, except for distributions made because of his death.
- (3) The capital gain portion or the current actuarial value of an annuity of a lump-sum distribution. These items of income are used only to compute the tax on the ordinary income portion of a lump-sum distribution. For instructions on how to report capital gain and annuity income, see Form 1040 or Form 1041 Instructions.
- (4) Certain distributions to owner-employees which are subject to the penalties provided in section 72(m)(5) (A) of the Internal Revenue Code.
- (5) Individuals whose fiscal year began in 1973. These individuals should use the 5 or 7 year special averaging method on the 1973 Form 4972.

**E. Lines 14 and 21.**—The percentage computation required on lines 14 and 21 must be carried to four decimal places. For example, if the amounts used in the percentage computation were \$10,000 divided by \$30,000, the percentage would be 33.33%.

**Example I.—Computation of Tax on Ordinary Income Portion of a Lump-sum Distribution Without an Annuity.**

In 1974, Mr. Smith terminated his employment with the X Corporation and received a taxable \$60,000 lump-sum distribution from its qualified plan. Mr. Smith received a Form 1099R from the payor of the plan which shows the ordinary income portion to be \$12,000 and the capital gain portion to be \$48,000.

Total taxable amount (\$12,000 plus \$48,000)	\$60,000
Less minimum distribution allowance:	
Lesser of \$10,000 or ½ of \$60,000	\$10,000
Reduction (\$60,000 less \$20,000 multiplied by 20%)	8,000
	2,000
Total taxable amount less minimum distribution allowance	\$58,000
10% of \$58,000	\$ 5,800
Tax on \$5,800 from tax rate Schedule X	\$ 1,068
Tax on \$5,800 multiplied by 10 (\$1,068 multiplied by 10)	\$10,680
Percentage of ordinary income portion to total taxable amount (\$12,000 divided by \$60,000)	20%
Tax on ordinary income portion of lump-sum distribution (\$10,680 multiplied by 20%)	\$ 2,136

**Example II.—Computation of Tax on Ordinary Income Portion of a Lump-sum Distribution Including an Annuity.**

In 1974, Mr. Brown terminated his employment with the Y Corporation and received a taxable \$60,000 lump-sum distribution from its qualified plan. Mr. Brown received a Form 1099R from the payor of the plan which showed the taxable ordinary income portion to be \$12,000, the taxable capital gain portion to be \$18,000, and the current actuarial value of an annuity to be \$30,000.

Total taxable amount (\$12,000 plus \$18,000)	\$30,000
Add current actuarial value of annuity	30,000
Adjusted total taxable amount	\$60,000
Less minimum distribution allowance:	
Lesser of \$10,000 or ½ of \$60,000	\$10,000
Reduction (\$60,000 less \$20,000 multiplied by 20%)	8,000
	2,000
Adjusted total taxable amount less minimum distribution allowance	\$58,000
10% of \$58,000	\$ 5,800
Tax on \$5,800 from tax rate Schedule X	\$ 1,068
Tax on \$5,800 multiplied by 10 (\$1,068 multiplied by 10)	\$10,680
Percentage of current actuarial value of annuity to adjusted total taxable amount (\$30,000 divided by \$60,000)	50%
Minimum distribution allowance applicable to current actuarial value of annuity (\$2,000 multiplied by 50%)	\$ 1,000
Current actuarial value of annuity less minimum distribution allowance applicable to value of annuity (\$30,000 less \$1,000)	\$29,000
10% of \$29,000	2,900
Tax on \$2,900 from tax rate Schedule X	\$ 481
Tax attributable to annuity (\$481 multiplied by 10)	\$ 4,810
Tax on adjusted total taxable amount less tax applicable to annuity (\$10,680 less \$4,810)	\$ 5,870
Percentage of ordinary income portion to total taxable amount (\$12,000 divided by \$30,000)	40%
Tax on ordinary income portion of lump-sum distribution (\$5,870 multiplied by 40%)	\$ 2,348

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# Wage and Tax Statement 1974

Type or print EMPLOYER'S Federal identifying number, name, address, and ZIP code above.

Employer's State identifying number

Copy A For Internal Revenue Service Center

FEDERAL INCOME TAX INFORMATION		SOCIAL SECURITY INFORMATION		STATE OR LOCAL INCOME TAX INFORMATION									
1	Federal income tax withheld	2	Wages, tips and other compensation	3	FICA employee tax withheld	4	Total FICA wages	6	Tax withheld	7	Wages paid	8	State or locality
EMPLOYEE'S social security number ▶				5	Uncollected employee FICA tax on tips	9	Tax withheld	10	Wages paid	11	State or locality		
OTHER INFORMATION											STATUS		
Was employee covered by a qualified pension plan etc.?			Contribution to individual employee retirement account		Cost of group term life insurance included in box 2		Excludable sick pay included in box 2		1. Single 2. Married				
Yes <input type="checkbox"/> No <input type="checkbox"/>													
If this is a corrected form, put an "X" to the right of the number in the upper left corner.													
Type or print EMPLOYEE'S name, address and ZIP code above.											For instructions see Form W-3 and back of Copy D.		

Form W-2

Department of the Treasury—Internal Revenue Service

1

# Statement for Recipients of Annuities, Pensions or Retired Pay 1974

Type or print PAYER'S Federal identifying number, name, address and ZIP code above.

PAYER'S State identifying number

Copy A For Internal Revenue Service Center

FEDERAL INCOME TAX INFORMATION											
Annuity, Pension, or Retired Pay				Disability Retirees under Retirement Age							
1	Federal income tax withheld	2	Gross amount	3	Taxable amount	4	Gross amount	5	Amount excludable as sick pay		
RECIPIENT'S identifying number ▶						6	State income tax withheld	7	State abbreviation	8	State code
Type or print RECIPIENT'S name, address and ZIP code above.										See Form W-3 and back of copy D for instructions.	
										If this is a corrected form, put an "X" to the right of the number in the upper left corner.	

Form W-2P

☆GPO: 1974 - 537 - 612 EI-36-2441915

Department of the Treasury—Internal Revenue Service