

Department of the Treasury  
**Internal Revenue Service**

**General  
Description**

**1975  
Individual  
Tax  
Model  
File**

**Individual  
Income Tax  
Returns**

Statistics Division

Publication 1023  
(July 1977)

INDEX

	Page
Introduction .....	1
Tape Record Layout .....	2
Explanation of Codes .....	4
Explanation of Fields .....	9
Sample Description .....	20
Technical Description of the Files .....	22
1975 Tax Return Forms .....	28

## 1975 Individual Tax Model/General Description

### INTRODUCTION

The Internal Revenue Service Individual Tax Model consists of a sample of 100,851 Federal tax return records selected to represent the 82.2 million Form 1040 and 1040A returns filed for 1975. 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 and 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 tabulation measuring these changes. If the Service determines that the specifications can be handled using the Model's programs with no interference with its regular statistical programs, the IRS will prepare the tabulations on a reimbursable basis.
- (2) The user may purchase the Model file and develop the programs to manipulate the data and/or produce the desired tabulations. This Model File contains no geographic indicators or identifying numbers.

This general description provides an explanation of the codes and fields, 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 1975 program. In the explanations that follow, certain codes and fields are designated "Blank." Codes and fields so designated have no data and are available to the user for storage of computed items.

1975 INDIVIDUAL TAX MODEL TAPP RECORD LAYOUT

		NUMBER OF EXEMPTIONS																																																																															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
		Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	Blank	
1	Taxpayer	Age	Blind	Children at Home	Children Away From Home	Other Dependents	Total	Salaries and Wages Exclusion	Dividends Before Exclusion	Dividends in AGI																																																																							
11	Interest Income	Adjusted Gross Income or Deficit	Income Tax Before Credits	Income Tax After Credits	Total Income Tax	Income Subject to Tax	Total Tax Liability	Income Tax Withheld	1975 Estimated Tax Payments	Payments With Extension of Filing Time																																																																							
21	Tax Due at Time of Filing	Tax Paid With Refund	Refund	Credits to 1974 Tax	Stock Pay	Moving Expense	Employee Business Expenses	Payments to an Individual Interest Retirement Plan Account	Payments to an Individual Interest Retirement Plan Account	Verified Interest Penalty																																																																							
31	Total Allowable Adjustments	Business Net Income Loss	Losses of Property Other Than Capital Assets Net Gain/Loss (1/2-)	Fully Taxable Pension and Annuities	Term Ref Income/Loss	State Income Tax Refund	Alimony Received	Other Income/Loss	TOTAL Deductions	Exemptor Amount																																																																							
41	Taxable Income	Retirement Income	Investment Income	Foreign Tax	Contributions to Candidate	Work Incentive (WIN)	Purchase of New Residence	Other	Personal Exemption Credits	Based Income Credit Used to Offset Income Tax Before Credits																																																																							
51	Used to Offset All Other Taxes	Total	Quarter	Quarter	State Pay Exclusion	Self-Employment Income	Recomputed Tax	Recomputed WIN	Minimum Tax	Tax or Premium Distributions From IRA																																																																							
61	Self-Employment Tax	Social Security Tax on Tips	Excess Contributions to an IRA Tax	All Other Taxes	Excess Social Security Tax Withheld	Credit for Federal Income Tax Paid on Basis of Self-Employment	State and Local Income Tax	General Sales Tax	General Sales Tax	Medical Expenses and Deductions																																																																							
71	Balance of Income Tax Refund	Total Subject to Withholding	Excess of %	Total Medical and Dental Deductions	State and Local Income Tax	State and Local Income Tax	General Sales Tax	General Sales Tax	General Sales Tax	Total																																																																							
										OVERSEASMENT										ADJUSTMENTS TO INCOME										TAX CREDITS										BASED INCOME CREDIT										MEDICAL AND DENTAL EXPENSES--Continued																															

## EXPLANATION OF CODES IN THE TAPE FILE--Continued

Code 4, columns 4,5 -- BLANK

Code 6, columns 6,7 -- BLANK

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

0 or 14-70

Code 10, columns 10,11 -- ORDINARY TAXABLE INCOME, LOWER RATE -

0 or 51-70

Code 12, columns 12,13 -- ORDINARY TAXABLE INCOME, UPPER RATE -

0 or 14-70

Code 14, columns 14,15 -- TAX MODEL SAMPLE CODE -

Non-business 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 or more	only nontaxables
19	\$500,000 or over	only taxables

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 or more	only nontaxables
30	\$500,000 or more	only taxables

Code 16, columns 16,17 -- BLANK

Code 18, columns 18,19 -- MARGINAL TAX RATE -

0 or 14-70

## EXPLANATION OF CODES IN THE TAPE FILE--Continued

Code 20, columns 20,21 -- BLANK

Code 22, columns 22,23 -- BLANK

Code 24, columns 24,25 -- BLANK

Code 26, column 26 -- BUSINESS OR FARM INDICATOR -

0	Returns with neither business nor farms
1	Returns with business only
2	Returns with farm only
3	Returns with both

Code 27, column 27 -- DEPENDENT WITH UNEARNED INCOME -

0	Box not checked
1	Box checked
2	All 1040A returns and 1040 returns with Code 30 = 1

Code 28, column 28 -- 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 29, column 29 -- FORM OF DEDUCTION -

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

Code 30, column 30 -- FILING PERIOD -

1	Before January 1, 1972
2	January 1, 1972 - December 31, 1973
3	On January 1, 1974
4	After January 1, 1974 but before January 1, 1975
5	On January 1, 1975
6	After January 1, 1975

Code 31, column 31 -- FORM OF RETURNS -

1	1040 return
2	1040A return

## EXPLANATION OF CODES IN THE TAPE FILE--Continued

Code 32, column 32 -- FORM 4972 -

- 0 No Form 4972 present
- 1 1975 Form 4972, Part I used
- 2 1975 Form 4972, Part II used
- 3 1975 Form 4972, both parts used
- 4 1973 Form 4972
- 5 1974 Form 4972

Code 33, column 32 -- BLANK

Code 34, column 34 -- 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 35, column 35 -- BLANK

Code 36, column 36 -- REJECT -

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

Code 37, column 37 -- SCHEDULE C OR F INDICATOR -

- 0 Neither Schedule C nor F present
- 1 Schedule C present only
- 2 Schedule F present only
- 3 Schedule C and F present, Schedule C gross receipts larger
- 4 Schedule C and F present, Schedule F gross receipts larger

Code 38, column 38 -- TAX MODEL -

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

## EXPLANATION OF CODES IN THE TAPE FILE--Continued

Code 39, column 39 -- TAXABLE OR NONTAXABLE RETURNS -

- 1 Taxable returns
- 2 Nontaxable returns

Code 40, column 40 -- TAX STATUS -

- 1 Normal tax - regular
- 2 Income averaging - Schedule G
- 3 Capital gains - Schedule D
- 4 Maximum tax - regular
- 5 Maximum tax - alternative
- 6 Special income averaging
- 7 No tax computation
- 8 Minimum tax - no income tax before credits

Code 41, column 41 -- BLANK

Code 42, column 42 -- BLANK

Code 43, column 43 -- SELECTION ITEM -

- 0 AGI (deficit)
- 1 Business receipts
- 2 Salaries and wages
- 3 Dividends
- 4 Interest
- 5 Business profit or loss
- 6 Farm profit or loss
- 7 Schedule E income or loss
- 8 Schedule D income or loss
- 9 Miscellaneous income or loss

Code 44, column 44 -- TAX BALANCE -

- 0 No overpayment or tax due
- Returns with Tax Overpayment
- 1 Tax withheld and no estimated tax payments
- 2 Tax withheld and estimated tax payments
- 3 Estimated tax payments and no tax withheld
- 4 Neither tax withheld nor estimated tax payments
- Returns with Tax Due
- 5 Tax withheld and no estimated payments
- 6 Tax withheld and estimated payments
- 7 Estimated payments and no tax withheld
- 8 Neither tax withheld nor estimated payments

Code 45, column 45 -- BLANK



## EXPLANATION OF CODES IN THE TAPE FILE--Continued

Code 46, column 46 -- BLANK  
Code 47, columns 47-49 -- BLANK  
Code 50, columns 50-55 -- BLANK  
Code 56, columns 56-60 -- BLANK

## EXPLANATION OF FIELDS IN THE TAPE FILE

(Line references to the 1975 Form 1040 also apply to  
the 1975 Form 1040A unless otherwise specified)

Field

- 1 TAXPAYER EXEMPTIONS 1/ - line 6a, page 1 of Form 1040.
- 2 AGE EXEMPTIONS 1/ - line 6e, "Age 65 or over," page 1 of Form 1040.
- 3 BLIND EXEMPTIONS 1/ - line 6e, "Blind," page 1 of Form 1040.
- 4 CHILDREN AT HOME EXEMPTIONS 1/ - line 6b, page 1 of Form 1040.
- 5 CHILDREN AWAY FROM HOME EXEMPTIONS 1/ - line 27, page 1 of Form 1040 (line 22, page 2 of Form 1040A).
- 6 OTHER DEPENDENTS EXEMPTIONS 1/ - line 27, page 1 of Form 1040 (line 22, page 2 of Form 1040A).
- 7 TOTAL EXEMPTIONS 1/ - line 7, page 1 of Form 1040.
- 8 SALARIES AND WAGES - line 9, page 1 of Form 1040.
- 9 DIVIDENDS BEFORE EXCLUSION - line 10a, page 1 of Form 1040.
- 10 DIVIDENDS IN ADJUSTED GROSS INCOME - line 10c, page 1 of Form 1040.
- 11 INTEREST INCOME - line 11, page 1 of Form 1040.

---

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--Continued

Field

- 12 ADJUSTED GROSS INCOME OR DEFICIT - line 15, page 1 of Form 1040 (line 12, page 1 of Form 1040A).
- 13 INCOME TAX BEFORE CREDITS - line 16a, page 1 of Form 1040 (line 13a, page 2 of Form 1040A). This field includes tax from special income averaging (field 141).
- 14 INCOME TAX AFTER CREDITS 2/ - line 18, page 1 of Form 1040 (line 15, page 2 of Form 1040A).
- 15 TOTAL INCOME TAX - income tax after credits (field 14) plus minimum tax (field 78).
- 16 INCOME SUBJECT TO TAX - if the regular tax computation was used, this equals Taxable Income (field 41). If the alternative tax computation was used, this equalled the larger of Taxable Income (field 41) or One-Half Excess Net Long-term Capital Gains (field 100). 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.
- 17 TOTAL TAX LIABILITY 3/ - line 20, page 1 of Form 1040 (line 15, page 2 of Form 1040A).
- 18 INCOME TAX WITHHELD - line 21a, page 1 of Form 1040 (line 16a, page 2 of Form 1040A).
- 19 1975 ESTIMATED TAX PAYMENTS - line 21b, page 1 of Form 1040 (line 16c, page 2 of Form 1040A).
- 20 PAYMENTS WITH REQUEST FOR EXTENSION OF FILING TIME - line 21d on Form 4868.
- 21 TAX DUE AT TIME OF FILING - line 23, page 1 of Form 1040 (line 18, page 2 of Form 1040A).
- 22 TAX PAID WITH RETURN - line 23, page 1 of Form 1040 (line 18, page 2 of Form 1040A) on remittance returns only.
- 23 OVERPAYMENT: REFUNDED - line 25, page 1 of Form 1040 (line 20, page 2 of Form 1040A).

2/ This field was reduced by the amount of earned income credit used to offset income tax before credits (field 50) during statistical processing.

3/ This field was reduced by the amount of earned income credit used to offset all other taxes (field 51) during statistical processing.

## EXPLANATION OF FIELDS IN THE TAPE FILE--Continued

Field

- 24 OVERPAYMENT: CREDITED TO 1976 TAX - line 26, page 1 of Form 1040 (line 21, page 2 of Form 1040A).
- 25 SICK PAY ADJUSTMENT - line 37, page 2 of Form 1040.
- 26 MOVING EXPENSE ADJUSTMENT - line 38, page 2 of Form 1040.
- 27 EMPLOYEE BUSINESS EXPENSE ADJUSTMENT - line 39, page 2 of Form 1040.
- 28 PAYMENTS TO A RETIREMENT PLAN (KEOGH) ADJUSTMENT - line 40a, page 2 of Form 1040.
- 29 PAYMENTS TO AN INDIVIDUAL RETIREMENT ACCOUNT (IRA) ADJUSTMENT - line 40b, page 2 of Form 1040.
- 30 FORFEITED INTEREST PENALTY ADJUSTMENT - line 41, page 2 of Form 1040.
- 31 TOTAL STATUTORY ADJUSTMENTS - line 14, page 1 of Form 1040.
- 32 BUSINESS NET INCOME/LOSS (+/-) - line 28(+/-), page 2 of Form 1040.
- 33 SALES OF PROPERTY OTHER THAN CAPITAL ASSETS NET GAIN/LOSS (+/-) - line 30(+/-), page 2 of Form 1040.
- 34 FULLY TAXABLE PENSIONS AND ANNUITIES - line 31b, page 2 of Form 1040.
- 35 FARM NET INCOME/LOSS (+/-) - line 32(+/-), page 2 of Form 1040.
- 36 STATE INCOME TAX REFUNDS - line 33, page 2 of Form 1040.
- 37 ALIMONY RECEIVED - line 34, page 2 of Form 1040.
- 38 OTHER INCOME/LOSS (+/-) - line 35(+/-), page 2 of Form 1040.
- 39 TOTAL DEDUCTIONS - line 44, page 2 of Form 1040. NOTE: In the case of taxpayers using the tax tables, a computed amount was entered in this field.
- 40 EXEMPTION AMOUNT - line 46, page 2 of Form 1040. NOTE: In the case of taxpayers using the tax tables, a computed amount was entered in this field.

## EXPLANATION OF FIELDS IN THE TAPE FILE--Continued

Field

- 41 TAXABLE INCOME - line 47, page 2 of Form 1040. NOTE: In the case of taxpayers using the tax tables, a computed amount was entered in this field.
- 42 RETIREMENT INCOME CREDIT - line 48, page 2 of Form 1040.
- 43 INVESTMENT CREDIT - line 49, page 2 of Form 1040.
- 44 FOREIGN TAX CREDIT - line 50, page 2 of Form 1040.
- 45 CONTRIBUTIONS TO CANDIDATES CREDIT - line 51, page 2 of Form 1040 (line 14b, page 2 of Form 1040A).
- 46 WORK INCENTIVE PROGRAM (WIN) CREDIT - line 52, page 2 of Form 1040.
- 47 PURCHASE OF NEW PRINCIPAL RESIDENCE CREDIT - line 53, page 2 of Form 1040.
- 48 OTHER TAX CREDITS - a computed field equal to total tax credits (not shown) minus fields 42 through 47.
- 49 PERSONAL EXEMPTION CREDIT - line 16b, page 2 of Form 1040 (line 13b, page 2 of Form 1040A).
- 50 EARNED INCOME CREDIT USED TO OFFSET INCOME TAX BEFORE CREDITS - a computed amount equal to the lesser of (i) earned income credit: total (field 53) or (ii) income tax before credits minus all credits except the earned income credit (field 13-field 49 - the sum of fields 42 through 48).
- 51 EARNED INCOME CREDIT USED TO OFFSET ALL OTHER TAXES - a computed amount for returns with no income tax after credits equal to the lesser of (i) earned income credit: total (field 53) minus earned income credit used to offset income tax before credits (field 50) or (ii) the sum of all taxes (except income tax after credits) included in total tax liability. This amount was used to reduce total tax liability; however, the individual components of total tax liability were not reduced.
- 52 EARNED INCOME CREDIT - REFUNDABLE PORTION - a computed amount for returns with no total tax liability, equal to earned income credit: total (field 53) minus earned income credit used to offset all other taxes (field 51) minus earned income credit used to offset income tax before credits (field 50).

## EXPLANATION OF FIELDS IN THE TAPE FILE--Continued

Field

- 53 EARNED INCOME CREDIT: TOTAL - line 21d, page 1 of Form 1040 (line 16d, page 2 of Form 1040A).
- 54 EARNED INCOME CREDIT: SALARIES - line 9, page 1 of Form 1040.
- 55 EARNED INCOME CREDIT: SICK PAY EXCLUSION - line 32, page 2 of Form 1040.
- 56 EARNED INCOME CREDIT: SELF-EMPLOYMENT INCOME - line 13, Schedule SE of Form 1040.
- 57 TAX FROM RECOMPUTING PRIOR YEAR INVESTMENT CREDIT (RECOMPUTED TAX) - line 55, page 2 of Form 1040.
- 58 TAX FROM RECOMPUTING PRIOR YEAR WIN CREDIT (RECOMPUTED WIN) - line 56, page 2 of Form 1040.
- 59 ADDITIONAL TAX FOR TAX PREFERENCES (MINIMUM TAX) - line 57, page 2 of Form 1040.
- 60 TAX ON PREMATURE DISTRIBUTIONS FORM 5329 - line 58, page 2 of Form 1040.
- 61 SELF-EMPLOYMENT TAX - line 59, page 2 of Form 1040 and line 20, Schedule SE of Form 1040.
- 62 SOCIAL SECURITY TAX ON TIPS - line 60 + line 61, page 2 of Form 1040.
- 63 EXCESS CONTRIBUTIONS TO AN IRA TAX - line 62, page 2 of Form 1040.
- 64 ALL OTHER TAXES - all other taxes that cannot be included in fields 57 through 63.
- 65 EXCESS SOCIAL SECURITY TAXES WITHHELD - line 64, page 2 of Form 1040 (line 16b, page 2 of Form 1040A).
- 66 CREDIT FOR FEDERAL TAX ON NONHIGHWAY USE OF GASOLINE - line 65, page 2 of Form 1040 or line 7, Form 4136.
- 67 TOTAL OTHER PAYMENTS - line 67, page 2 of Form 1040.
- 68 ONE-HALF INSURANCE PREMIUMS - line 1, Schedule A of Form 1040.
- 69 MEDICINE AND DRUGS - line 2, Schedule A of Form 1040.

## EXPLANATION OF FIELDS IN THE TAPE FILE--Continued

Field

- 70 MEDICINE AND DRUGS IN EXCESS OF 1% - line 4, Schedule A of Form 1040.
- 71 BALANCE OF INSURANCE PREMIUMS - line 5, Schedule A of Form 1040.
- 72 TOTAL MEDICAL AND DENTAL EXPENSES SUBJECT TO 3% LIMITATION - line 7, Schedule A of Form 1040.
- 73 MEDICAL AND DENTAL EXPENSES IN EXCESS OF 3% - line 9, Schedule A of Form 1040.
- 74 TOTAL MEDICAL AND DENTAL DEDUCTION - line 10, Schedule A of Form 1040.
- 75 STATE AND LOCAL INCOME TAXES PAID - line 11, Schedule A of Form 1040.
- 76 REAL ESTATE TAXES PAID - line 12, Schedule A of Form 1040.
- 77 GENERAL SALES TAXES PAID - line 14, Schedule A of Form 1040.
- 78 PERSONAL PROPERTY TAXES PAID - line 15, Schedule A of Form 1040.
- 79 STATE AND LOCAL GASOLINE TAXES PAID - line 13, Schedule A of Form 1040.
- 80 TOTAL TAXES PAID - line 17, Schedule A of Form 1040.
- 81 HOME MORTGAGE INTEREST EXPENSE - line 18, Schedule A of Form 1040.
- 82 TOTAL INTEREST EXPENSE - line 20, Schedule A of Form 1040.
- 83 CASH CONTRIBUTIONS - line 21, Schedule A of Form 1040.
- 84 OTHER THAN CASH CONTRIBUTIONS - line 22, Schedule A of Form 1040.
- 85 CONTRIBUTIONS CARRYOVER FROM PRIOR YEAR - line 23, Schedule A of Form 1040.
- 86 TOTAL CONTRIBUTIONS - line 24, Schedule A of Form 1040.
- 87 NET CASUALTY OR THEFT LOSS - line 29, Schedule A of Form 1040 or line 12 of Form 4684.
- 88 ALIMONY PAID - line 30, Schedule A of Form 1040.

## EXPLANATION OF FIELDS IN THE TAPE FILE--Continued

<u>Field</u>	
89	<u>UNION DUES</u> - line 31, Schedule A of Form 1040.
90	<u>CHILD AND DEPENDENT CARE DEDUCTION</u> - line 32, Schedule A of Form 1040.
91	<u>POLITICAL CONTRIBUTIONS</u> - line 33, Schedule A of Form 1040.
92	<u>TOTAL MISCELLANEOUS DEDUCTIONS</u> - line 34, Schedule A of Form 1040.
93	<u>PRE-1970 AND POST-1969 SHORT-TERM CAPITAL LOSS CARRYOVER</u> - line 4a plus line 4b, Schedule D of Form 1040.
94	<u>NET SHORT-TERM GAIN AFTER CARRYOVER</u> - line 5(+), Schedule D of Form 1040.
95	<u>NET SHORT-TERM LOSS AFTER CARRYOVER</u> - line 5(-), Schedule D of Form 1040.
96	<u>PRE-1970 LONG-TERM CAPITAL LOSS CARRYOVER</u> - line 12a, Schedule D of Form 1040.
97	<u>POST-1969 LONG-TERM CAPITAL LOSS CARRYOVER</u> - line 12b, Schedule D of Form 1040.
98	<u>NET LONG-TERM GAIN AFTER CARRYOVER 4/</u> - line 13(+), Schedule D of Form 1040.
99	<u>NET LONG-TERM LOSS AFTER CARRYOVER 4/</u> - line 13(-), Schedule D of Form 1040.
100	<u>ONE-HALF EXCESS NET LONG-TERM CAPITAL GAINS OVER SHORT-TERM CAPITAL LOSSES 4/</u> - line 15b, Schedule D of Form 1040.
101	<u>LONG-TERM GAIN FROM INSTALLMENT SALES</u> - line 48, Schedule D of Form 1040.
102	<u>NET CAPITAL LOSS BEFORE LIMITATION 4/</u> - line 14(-), Schedule D of Form 1040.
103	<u>NET CAPITAL GAIN/LOSS (+/-) 4/</u> - line 15b(+) or line 16b(-) or line 34, Schedule D of Form 1040.

---

4/ Includes capital gain distribution (line 29b of Form 1040)

## EXPLANATION OF FIELDS IN THE TAPE FILE--Continued

Field

- 104 PENSIONS AND ANNUITIES: INCOME THIS YEAR - Part I, line 3, Schedule E of Form 1040.
- 105 PENSIONS AND ANNUITIES: TAXABLE PORTION - Part I, line 5, Schedule E of Form 1040.
- 106 RENT NET INCOME/LOSS (+/-) - Part II, line 2, Schedule E of Form 1040.
- 107 ROYALTY NET INCOME/LOSS (+/-) - Part II, line 2, Schedule E of Form 1040.
- 108 PARTNERSHIP TOTAL INCOME - Part III, column d(+) less column (e), Schedule E of Form 1040.
- 109 PARTNERSHIP TOTAL LOSS - Part III, column d(-) plus column (e), Schedule E of Form 1040.
- 110 ESTATE OR TRUST TOTAL INCOME - Part III, column d(+), Schedule E of Form 1040.
- 111 ESTATE OR TRUST TOTAL LOSS - Part III, column d(-), Schedule E of Form 1040.
- 112 SMALL BUSINESS CORPORATION TOTAL INCOME - Part III, column d(+), Schedule E of Form 1040.
- 113 SMALL BUSINESS CORPORATION TOTAL LOSS - Part III, column d(-), Schedule E of Form 1040.
- 114 EARNED INCOME - line 1 of Form 4726.
- 115 EARNED NET INCOME - line 3 of Form 4726.
- 116 TAX PREFERENCE OFFSET - line 8c of Form 4726.
- 117 COST OF NEW PRINCIPAL RESIDENCE - line 4 of Form 5405.
- 118 ADJUSTED BASIS OF NEW PRINCIPAL RESIDENCE - line 6 of Form 5405.
- Fields 119 through 135 represent tax preference items
- 119 DEPRECIATION ON LOW INCOME HOUSING - line 1(a)(1) of Form 4625.
- 120 DEPRECIATION ON OTHER REAL PROPERTY - line 1(a)(2) of Form 4625.



## EXPLANATION OF FIELDS IN THE TAPE FILE--Continued

Field

- 121 DEPRECIATION ON PERSONAL PROPERTY - line 1(b) of Form 4625.
- 122 TOTAL AMORTIZATION - the sum of lines 1(c), 1(d), 1(e) and 1(f) of Form 4625.
- 123 STOCK OPTIONS - line 1(g) of Form 4625.
- 124 BAD DEBT RESERVES - line 1(h) of Form 4625.
- 125 DEPLETION - line 1(i) of Form 4625.
- 126 CAPITAL GAINS - line 1(j) of Form 4625.
- 127 TYPE NOT REPORTED - A computed amount for returns with minimum tax and total tax preferences but no supporting tax preference detail. This amount represents the difference between total tax preferences (field 128) and, to the extent reported, one-half excess net long-term capital gains over short-term capital losses (field 100).
- 128 TOTAL TAX PREFERENCES - line 2 of Form 4625.
- 129 EXCLUSION - line 3 of Form 4625.
- 130 TAX FROM PREMATURE DISTRIBUTIONS FROM SELF-EMPLOYED RETIREMENT PLANS - line 9 of Form 4625.
- 131 TAX CARRYOVER FROM PRIOR YEARS - line 10 of Form 4625.
- 132 1975 NET OPERATING LOSS CARRYOVER - line 14 of Form 4625.
- 133 MINIMUM TAX DEFERRED FROM PRIOR YEARS - line 18 of Form 4625.
- 134 UNUSED CREDITS - line 20(e) of Form 4625.
- 135 MINIMUM TAX AFTER ADJUSTMENTS - line 21 of Form 4625.
- Fields 136 through 144 represent special income averaging (Form 4972) items
- 136 ORDINARY INCOME PORTION - Part I, line 2 and/or Part II, line 2, column (c) of Form 4972.
- 137 TOTAL 10-YEAR ADVERAGING INCOME - Part I, line 3 and/or Part II, line 3, column (c) of Form 4972.

## EXPLANATION OF FIELDS IN THE TAPE FILE--Continued

Field

- 138 TOTAL TAXABLE AMOUNT - Part I, line 5 and/or Part II, line 5, column (c) of Form 4972.
- 139 ADJUSTED TAXABLE AMOUNT - Part I, line 7 and/or Part II, line 7 of Form 4972.
- 140 TAX ON ORDINARY INCOME PORTION OF LUMP-SUM DISTRIBUTIONS - Part I, line 24 and Part II, line 26 of Form 4972.
- 141 TAX FROM SPECIAL INCOME AVERAGING - Part I, line 24 and Part II, line 26 of Form 4972. This field has been added into income tax before credits (field 13).
- 142 ORDINARY INCOME PORTION-1974 - Part II, line 2, column (b) of Form 4972.
- 143 TOTAL BEFORE EXCLUSION-1974 - Part II, line 3, column (b) of Form 4972.
- 144 TOTAL TAXABLE AMOUNT-1974 - Part II, line 5, column (b) of Form 4972.
- 145 TAX SAVINGS FROM MAXIMUM TAX OR FROM INCOME AVERAGING (SCHEDULE G) - On income averaging returns (Schedule G of Form 1040), field 145 is a computed amount equal to regular tax minus income averaging tax. On maximum regular tax returns, field 145 is a computed amount equal to regular tax minus maximum tax. On maximum alternative tax returns, field 145 is a computed amount equal to alternative tax minus maximum alternative tax.
- 146 TAX SAVINGS FROM ALTERNATIVE TAX - On alternative tax returns, field 146 is a computed amount equal to regular tax minus alternative tax.
- 147 TAX SAVINGS FROM SPECIAL INCOME AVERAGING - On special income averaging returns (Form 4972), field 147 is a computed amount equal to the tax that would have been generated by adding lump-sum distributions to taxable income and computing a tax, minus the sum of computed regular tax and tax from special income averaging.
- 148 TOTAL INVESTMENT INTEREST - line 5 of Form 4952.
- 149 TOTAL NONBUSINESS INVESTMENT INTEREST - line 4(a) of Form 4952.
- 150 INVESTMENT INTEREST DEDUCTION DISALLOWED - line 20 of Form 4952.

End

EXPLANATION OF FIELDS IN THE TAPE FILE--Continued

Field

- 151     SORT CONTROL
- 152     SORT CONTROL
- 153     SORT CONTROL
- 154     BLANK
- 155     BLANK
- 156     WEIGHT FACTOR
- 157     BLANK

---

1975 Individual Tax Model/General Description

---

SAMPLE DESCRIPTION

The 1975 Individual Tax Model (National File) is a random sub-sample of 100,851 returns selected from the Statistics of Income sample of 206,263 Form 1040 and 1040A returns filed for 1975.

The coefficient of variation table on page 21 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--1975, 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.

1975 INDIVIDUAL TAX MODEL

Upper Limit Coefficients of Variation for the Estimated Number of Returns  
(expressed as a 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)	34.7										
100	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	33.1	17.3									
300	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	19.1	10.0									
500	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	14.8	7.8									
1,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	10.5	5.5									
3,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	6.0	3.2									
5,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	4.7	2.5									
10,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	3.3	1.7									
15,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	2.7	1.4									
20,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	2.3	1.2									
25,000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	2.1	1.1									
50,000	30.6	26.0	19.1	16.1	12.8	10.1	8.6	7.7	5.4	4.7	1.5	0.8									
100,000	21.6	18.4	13.5	11.4	9.9	8.6	7.7	5.4	3.8	3.3	1.0	(2)									
300,000	12.5	10.6	7.8	6.6	5.9	5.1	4.7	3.8	2.2	2.3	(2)	(2)									
500,000	9.7	8.2	6.1	5.1	4.6	4.1	3.8	3.1	1.7	1.7	(2)	(2)									
1,000,000	6.8	5.8	4.3	3.6	3.1	2.8	2.5	2.1	(2)	(2)	(2)	(2)									
3,000,000	3.9	3.4	2.5	2.1	1.8	1.6	1.4	1.1	(2)	(2)	(2)	(2)									
10,000,000	2.2	1.8	1.4	1.1	0.9	0.8	0.7	0.6	(2)	(2)	(2)	(2)									
15,000,000	1.8	1.5	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)									
30,000,000	1.2	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)									
42,000,000	1.1	(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 exceeds the range of possible frequencies.

---

1975 Individual Tax Model/General Description

---

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 8 through 150 have a maximum of eight significant digits. The weight field contains an integer weight value.

---

1975 Individual Tax Model/General Description

---

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.

---

1975 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	Zeros 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).
-----	---	----------------------	--

## 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	

**Short Form 1040A U.S. Individual Income Tax Return** Department of the Treasury Internal Revenue Service **1975**

Please print or type	Name (If joint return, give first names and initials of both)	Last name	Your social security number	For Privacy Act Notification, see page 2 of Instructions.
	Present home address (Number and street, including apartment number, or rural route)		Spouse's social security no.	For IRS use only
	City, town or post office, State and ZIP code		Occupation Yours ▶ Spouse's ▶	

<b>Requested by Census Bureau for Revenue Sharing</b>	<b>A</b> In what city, town, village, etc., do you live? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know	<b>B</b> Do you live within the legal limits of the city, town, etc.? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know	<b>C</b> In what county and State do you live? County _____ State _____	<b>D</b> In what township do you live? (See page 5.) _____
---	--	---	--	---

Filing Status	<b>1</b> <input type="checkbox"/> Single (check only ONE box) <b>2</b> <input type="checkbox"/> Married filing joint return (even if only one had income) <b>3</b> <input type="checkbox"/> Married filing separately. If spouse is also filing give spouse's social security number in designated space above and enter full name here ▶ _____ <b>4</b> <input type="checkbox"/> Unmarried Head of Household (See page 4 of Instructions) <b>5</b> <input type="checkbox"/> Qualifying widow(er) with dependent child (Year spouse died ▶ 19 ____). See page 4 of Instructions.	Exemptions	<b>6a</b> Regular <input type="checkbox"/> Yourself <input type="checkbox"/> Spouse Enter number of boxes checked ▶ _____ <b>b</b> First names of your dependent children who lived with you _____ Enter number ▶ _____ <b>c</b> Number of other dependents (from line 22) . ▶ _____ <b>d</b> Total (add lines 6a, b, and c) ▶ _____ <b>e</b> Age 65 or over <input type="checkbox"/> Yourself <input type="checkbox"/> Spouse Enter number of boxes checked ▶ _____ Blind <input type="checkbox"/> Yourself <input type="checkbox"/> Spouse <b>7</b> Total (add lines 6d and e) ▶ _____
---------------	--	------------	--

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

<b>9</b> Wages, salaries, tips, and other employee compensation (Attach Forms W-2. If unavailable, see page 6 of Instructions) . . . . . <b>9</b>		
<b>10a</b> Dividends (if over \$400, see Instructions at top of page 3) \$ . . . . . <b>10b</b> less exclusion \$ . . . . . <b>Balance</b> ▶ <b>10c</b>		
<b>11</b> Interest income (if over \$400, see Instructions at top of page 3) . . . . . <b>11</b>		
<b>12</b> Total (add lines 9, 10c, and 11) (Adjusted Gross Income) (if less than \$8,000, see page 18 of Instructions on "Earned Income Credit") . . . . . <b>12</b>		

- If you want IRS to figure your tax, see page 6 of Instructions.
- If line 12 is under \$15,000, find tax in Tax Tables (on pages 8-18) and enter on line 13a, on the back.
- If line 12 is \$15,000 or more, figure your tax using the Tax Computation Worksheet on page 18 of Instructions.

Attach Copy B of Forms W-2 and Check or Money Order here

<b>13a</b> Tax, check if from: <input type="checkbox"/> Tax Tables (pages 8-18) <b>OR</b> <input type="checkbox"/> Tax Computation Worksheet (page 18)	<b>13a</b>		
<b>b</b> Credit for personal exemptions (multiply line 6d by \$30)	<b>b</b>		
<b>14a</b> Balance (subtract line 13b from line 13a). If less than zero, enter zero.	<b>14a</b>		
<b>b</b> Credit for contributions to candidates for public office (see page 7 of Instructions)	<b>b</b>		
<b>15</b> income tax (subtract line 14b from line 14a). If less than zero, enter zero.	<b>15</b>		
<b>16a</b> Total Federal income tax withheld (attach Forms W-2 to front)	<b>16a</b>		
<b>b</b> Excess FICA, RRTA, or FICA/RRTA tax withheld <small>(two or more employers— see page 7 of Instructions)</small>	<b>b</b>		Pay amount on line 18 in full with this return. Write social security number on check or money order and make payable to Internal Revenue Service.
<b>c</b> 1975 estimated tax payments (include amount allowed as credit from 1974 return)	<b>c</b>		
<b>d</b> Earned income credit	<b>d</b>		
<b>17</b> Total (add lines 16a, b, c, and d)	<b>17</b>		
<b>18</b> If line 15 is larger than line 17, enter <b>BALANCE DUE IRS</b>	<b>18</b>		
<b>19</b> If line 17 is larger than line 15, enter amount <b>OVERPAID</b>	<b>19</b>		
<b>20</b> Amount of line 19 to be <b>REFUNDED TO YOU</b>	<b>20</b>		
<b>21</b> Amount of line 19 to be credited on 1976 estimated tax	<b>21</b>		If all of overpayment (line 19) is to be refunded (line 20), make no entry on line 21.

	(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.
<b>Other Dependents</b>					\$	\$

**22** Total number of dependents listed in column (a). Enter here and on line 6c

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 preparer has any knowledge.

<b>Sign here</b>	Your signature	Date	Preparer's signature (other than taxpayer)	Date
	Spouse's signature (if filing jointly, BOTH must sign even if only one had income)		Address (and ZIP Code)	

For the year January 1–December 31, 1975, or other taxable year beginning 1975, ending 19

Name (If joint return, give first names and initials of both) Last name Your social security number For Privacy Act Notification, see page 2 of Instructions. Present home address (Number and street, including apartment number, or rural route) Spouse's social security no. For IRS use only City, town or post office, State and ZIP code Occupation Yours Spouse's

Requested by Census Bureau for Revenue Sharing A In what city, town, village, etc., do you live? B Do you live within the legal limits of the city, town, etc.? C In what county and State do you live? D In what township do you live? (See page 4.)

Filing Status 1 Single (check only ONE box) 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 page 5 of Instructions) 5 Qualifying widow(er) with dependent child (Year spouse died 19 ). See page 5 of Instructions. Exemptions 6a Regular 6b First names of your dependent children who lived with you 6c Number of other dependents (from line 27) 6d Total (add lines 6a, b, and c) 6e Age 65 or over Blind 7 Total (add lines 6d and e)

8 Presidential Election Campaign Fund Do you wish to designate \$1 of your taxes for this fund? If joint return, does your spouse wish to designate \$1?

Income 9 Wages, salaries, tips, and other employee compensation 10a Dividends (See pages 7 and 14 of Instructions) \$ 10b Less exclusion \$ Balance 11 Interest income. [ If \$400 or less, enter total without listing in Schedule B. If over \$400, enter total and list in Part II of Schedule B ] 12 Income other than wages, dividends, and interest (from line 36) 13 Total (add lines 9, 10c, 11, and 12) 14 Adjustments to income (such as "sick pay," moving expenses, etc. from line 42) (If less than \$8,000, see page 8 of Instructions on "Earned Income Credit.") 15 Subtract line 14 from line 13 (Adjusted Gross Income)

• If you do not itemize deductions and line 15 is under \$15,000, find tax in Tables and enter on line 16a. • If you itemize deductions or line 15 is \$15,000 or more, go to line 43 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 page 7 of Instructions.

Tax, Payments and Credits 16a Tax, check if from: Tax Tables Tax Rate Schedule X, Y, or Z Schedule D Schedule G OR Form 4726 16a b Credit for personal exemptions (multiply line 6d by \$30) c Balance (subtract line 16b from line 16a) 17 Credits (from line 54) 18 Balance (subtract line 17 from line 16c) 19 Other taxes (from line 63) 20 Total (add lines 18 and 19) 21a Total Federal income tax withheld (attach Forms W-2 or W-2P to front) 21b 1975 estimated tax payments (include amount allowed as credit from 1974 return) 21c Earned income credit 21d Amount paid with Form 4868 21e Other payments (from line 67) 22 Total (add lines 21a through e) 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.

Balance Due or Refund 23 If line 20 is larger than line 22, enter BALANCE DUE IRS. (Check here if Form 2210, Form 2210F, or statement is attached. See page 8 of Instructions.) 24 If line 22 is larger than line 20, enter amount OVERPAID. 25 Amount of line 24 to be REFUNDED TO YOU 26 Amount of line 24 to be credited on 1976 estimated tax.

Sign here 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 preparer has any knowledge. Your signature Date Preparer's signature (other than taxpayer) Date Spouse's signature (if filing jointly, BOTH must sign even if only one had income) Address (and ZIP Code)

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 6c

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

28	Business income or (loss) (attach Schedule C)	28	
29a	Net gain or (loss) from sale or exchange of capital assets (attach Schedule D)	29a	
29b	50% of capital gain distributions (not reported on Schedule D—see page 9 of Instructions)	29b	
30	Net gain or (loss) from Supplemental Schedule of Gains and Losses (attach Form 4797)	30	
31a	Pensions, annuities, rents, royalties, partnerships, estates or trusts, etc. (attach Schedule E)	31a	
31b	Fully taxable pensions and annuities (not reported on Schedule E—see page 9 of Instructions)	31b	
32	Farm income or (loss) (attach Schedule F)	32	
33	State income tax refunds (does not apply if refund is for year in which you took the standard deduction—others see page 9 of Instructions)	33	
34	Alimony received	34	
35	Other (state nature and source—See page 9 of Instructions)	35	
36	<b>Total</b> (add lines 28 through 35). Enter here and on line 12	36	

**Part II Adjustments to Income**

37	"Sick pay." (attach Form 2440 or other required statement)	37	
38	Moving expense (attach Form 3903)	38	
39	Employee business expense (attach Form 2106 or statement)	39	
40a	Payments to a Keogh (H.R. 10) retirement plan	40a	
40b	Payments to an individual retirement arrangement from attached Form 5329, Part III	40b	
41	Forfeited interest penalty for premature withdrawal—see page 10 of Instructions	41	
42	<b>Total</b> (add lines 37 through 41). Enter here and on line 14	42	

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

43	Adjusted gross income (from line 15)	43	
44	(a) If you itemize deductions, check here <input type="checkbox"/> and enter total from Schedule A, line 41 and attach Schedule A	44	
	(b) If you do not itemize deductions and line 15 is \$15,000 or more, check here <input type="checkbox"/> and: If box on line 2 or 5 is checked, enter 16% of line 15 but not more than \$2,600; if box on line 1 or 4 is checked, enter \$2,300; if box on line 3 is checked, enter \$1,300		
45	Subtract line 44 from line 43	45	
46	Multiply total number of exemptions claimed on line 7, by \$750	46	
47	<b>Taxable income.</b> Subtract line 46 from line 45	47	

(Figure your tax on the amount on line 47 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 16a.

Part IV Credits	48	Retirement income credit (attach Schedule R)	48	
	49	Investment credit (attach Form 3468)	49	
	50	Foreign tax credit (attach Form 1116)	50	
	51	Contributions to candidates for public office credit—see page 10 of Instructions	51	
	52	Work Incentive (WIN) credit (attach Form 4874)	52	
	53	Purchase of new principal residence credit (attach Form 5405)	53	
	54	<b>Total</b> (add lines 48 through 53). Enter here and on line 17	54	

Part V Other Taxes	55	Tax from recomputing prior-year investment credit (attach Form 4255)	55	
	56	Tax from recomputing prior-year Work Incentive (WIN) credit (attach Schedule)	56	
	57	Minimum tax. Check here <input type="checkbox"/> , if Form 4625 is attached	57	
	58	Tax on premature distributions from attached Form 5329, Part V	58	
	59	Self-employment tax (attach Schedule SE)	59	
	60	Social security tax on tip income not reported to employer (attach Form 4137)	60	
	61	Uncollected employee social security tax on tips (from Forms W-2)	61	
	62	Excess contribution tax from attached Form 5329, Part IV	62	
	63	<b>Total</b> (add lines 55 through 62). Enter here and on line 19	63	

**Part VI Other Payments**

64	Excess FICA, RRTA, or FICA/RRTA tax withheld (two or more employers—see page 10 of Instructions)	64	
65	Credit for Federal tax on special fuels, nonhighway gasoline and lubricating oil (attach Form 4136)	65	
66	Credit from a Regulated Investment Company (attach Form 2439)	66	
67	<b>Total</b> (add lines 64 through 66). Enter here and on line 21e	67	

# 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).

# 1975

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 page 11 of Instructions.)	Contributions (See page 12 of Instructions for examples)
<p><b>1</b> One half (but not more than \$150) of insurance premiums for medical care. (Be sure to include in line 10 below)</p> <p><b>2</b> Medicine and drugs</p> <p><b>3</b> Enter 1% of line 15, Form 1040</p> <p><b>4</b> Subtract line 3 from line 2. Enter difference (if less than zero, enter zero)</p> <p><b>5</b> Enter balance of insurance premiums for medical care not entered on line 1</p> <p><b>6</b> Enter other medical and dental expenses:</p> <p style="margin-left: 20px;"><b>a</b> Doctors, dentists, nurses, etc.</p> <p style="margin-left: 20px;"><b>b</b> Hospitals</p> <p style="margin-left: 20px;"><b>c</b> Other (itemize—include hearing aids, dentures, eyeglasses, transportation, etc.) ▶</p> <p><b>7</b> Total (add lines 4 through 6c)</p> <p><b>8</b> Enter 3% of line 15, Form 1040</p> <p><b>9</b> Subtract line 8 from line 7 (if less than zero, enter zero)</p> <p><b>10</b> Total (add lines 1 and 9). Enter here and on line 35 ▶</p>	<p><b>21 a</b> Cash contributions for which you have receipts, cancelled checks or other written evidence</p> <p><b>b</b> Other cash contributions. List donees and amounts. ▶</p> <p><b>22</b> Other than cash (see page 12 of instructions for required statement)</p> <p><b>23</b> Carryover from prior years</p> <p><b>24</b> Total contributions (add lines 21a through 23). Enter here and on line 38 ▶</p>
	<p><b>Casualty or Theft Loss(es)</b> (See page 13 of Instructions.) <b>Note:</b> If you had more than one loss, omit lines 25 through 28 and see page 13 of Instructions for guidance.</p> <p><b>25</b> Loss before insurance reimbursement</p> <p><b>26</b> Insurance reimbursement</p> <p><b>27</b> Subtract line 26 from line 25. Enter difference (if less than zero, enter zero)</p> <p><b>28</b> Enter \$100 or amount on line 27, whichever is smaller</p> <p><b>29</b> Casualty or theft loss (subtract line 28 from line 27). Enter here and on line 39 ▶</p>
	<p><b>Miscellaneous Deductions</b> (See page 13 of Instructions.)</p> <p><b>30</b> Alimony paid</p> <p><b>31</b> Union dues</p> <p><b>32</b> Expenses for child and dependent care services (attach Form 2441)</p> <p><b>33</b> Other (itemize) ▶</p> <p><b>34</b> Total (add lines 30 through 33). Enter here and on line 40 ▶</p>
<p><b>Taxes</b> (See page 11 of Instructions.)</p> <p><b>11</b> State and local income</p> <p><b>12</b> Real estate</p> <p><b>13</b> State and local gasoline (see gas tax tables)</p> <p><b>14</b> General sales (see sales tax tables)</p> <p><b>15</b> Personal property</p> <p><b>16</b> Other (itemize) ▶</p> <p><b>17</b> Total (add lines 11 through 16). Enter here and on line 36 ▶</p>	
<p><b>Interest Expense</b> (See page 12 of Instructions.)</p> <p><b>18</b> Home mortgage</p> <p><b>19</b> Other (itemize) ▶</p> <p><b>20</b> Total (add lines 18 and 19). Enter here and on line 37 ▶</p>	<p style="text-align: center;"><b>Summary of Itemized Deductions</b></p> <p><b>35</b> Total medical and dental—line 10</p> <p><b>36</b> Total taxes—line 17</p> <p><b>37</b> Total interest—line 20</p> <p><b>38</b> Total contributions—line 24</p> <p><b>39</b> Casualty or theft loss(es)—line 29</p> <p><b>40</b> Total miscellaneous—line 34</p> <p><b>41</b> Total deductions (add lines 35 through 40). Enter here and on Form 1040, line 44 ▶</p>

**A**



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)

Table with 3 columns for listing dividend payers and amounts.

2 Total of line 1

3 Capital gain distributions (see page 14 of Instructions. Enter here and on Schedule D, line 7). See note below

4 Nontaxable distributions (see page 14 of Instructions)

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

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 page 14 of Instructions). (List payers and amounts)

Table with 3 columns for listing interest payers and amounts.

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 29b.



**SCHEDULE C**  
**(Form 1040)**  
Department of the Treasury  
Internal Revenue Service

**Profit or (Loss) From Business or Profession**

(Sole Proprietorship)

Partnerships, Joint Ventures, etc., Must File Form 1065.

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

**1975**

Name(s) as shown on Form 1040

Social security number

**A** Principal business activity (see Schedule C Instructions) ; product

**B** Business name **C** Employer identification number

**D** Business address (number and street) City, State and ZIP code

**E** Indicate method of accounting: (1)  Cash (2)  Accrual (3)  Other

**F** Were you required to file Form W-3 or Form 1096 for 1975? (see Schedule C Instructions) If "Yes," where filed

**G** Was an Employer's Quarterly Federal Tax Return, Form 941, filed for this business for any quarter in 1975?

**H** Method of inventory valuation Was there any substantial change in the manner of determining quantities, costs, or valuations between the opening and closing inventories? (If "Yes," attach explanation)

<b>C</b>	
Yes	No

<b>Income</b>	<b>1</b> Gross receipts or sales \$ ..... Less: returns and allowances \$ ..... <b>Balance</b> ▶	1	
	<b>2</b> Less: Cost of goods sold and/or operations (Schedule C-1, line 8) .....	2	
	<b>3</b> Gross profit .....	3	
	<b>4</b> Other income (attach schedule) .....	4	
	<b>5</b> Total income (add lines 3 and 4) .....	5	
<b>Deductions</b>	<b>6</b> Depreciation (explain in Schedule C-3) .....	6	
	<b>7</b> Taxes on business and business property (explain in Schedule C-2) .....	7	
	<b>8</b> Rent on business property .....	8	
	<b>9</b> Repairs (explain in Schedule C-2) .....	9	
	<b>10</b> Salaries and wages not included on line 3, Schedule C-1 (exclude any paid to yourself) .....	10	
	<b>11</b> Insurance .....	11	
	<b>12</b> Legal and professional fees .....	12	
	<b>13</b> Commissions .....	13	
	<b>14</b> Amortization (attach statement) .....	14	
	<b>15 (a)</b> Pension and profit-sharing plans (see Schedule C Instructions) .....	15(a)	
	<b>(b)</b> Employee benefit programs (see Schedule C Instructions) .....	(b)	
	<b>16</b> Interest on business indebtedness .....	16	
	<b>17</b> Bad debts arising from sales or services .....	17	
	<b>18</b> Depletion .....	18	
	<b>19</b> Other business expenses (specify):		
<b>(a)</b> .....			
<b>(b)</b> .....			
<b>(c)</b> .....			
<b>(d)</b> .....			
<b>(e)</b> .....			
<b>(f)</b> .....			
<b>(g)</b> .....			
<b>(h)</b> .....			
<b>(i)</b> .....			
<b>(j)</b> .....			
<b>(k)</b> Total other business expenses (add lines 19(a) through 19(j)) .....	19(k)		
<b>20</b> Total deductions (add lines 6 through 19(k)) .....	20		
<b>21</b> Net profit or (loss) (subtract line 20 from line 5). Enter here and on Form 1040, line 28. <b>ALSO</b> enter on Schedule SE, line 5(a) .....	21		

**SCHEDULE C-1.—Cost of Goods Sold and/or Operations** (See Schedule C Instructions for Line 2)

<b>1</b> Inventory at beginning of year (if different from last year's closing inventory, attach explanation) .....	1
<b>2</b> Purchases \$ ..... Less: cost of items withdrawn for personal use \$ ..... <b>Balance</b> ▶	2
<b>3</b> Cost of labor (do not include salary paid to yourself) .....	3
<b>4</b> Materials and supplies .....	4
<b>5</b> Other costs (attach schedule) .....	5
<b>6</b> Total of lines 1 through 5 .....	6
<b>7</b> Less: Inventory at end of year .....	7
<b>8</b> Cost of goods sold and/or operations. Enter here and on line 2 above .....	8

**SCHEDULE C-2.—Explanation of Lines 7 and 9**

Line No.	Explanation	Amount	Line No.	Explanation	Amount
		\$			\$

**SCHEDULE C-3.—Depreciation** (See Schedule C Instructions for Line 6) If you need more space, you may use Form 4562.

**Note:** If depreciation is computed by using the **Class Life (ADR) System** for assets placed in service after **December 31, 1970**, or the **Guideline Class Life System** for assets placed in service before **January 1, 1971**, you must file **Form 4832** (Class Life (ADR) System) or **Form 5006** (Guideline Class Life System). Except as otherwise expressly provided in income tax regulations sections 1.167(a)-11(b)(5)(vi) and 1.167(a)-12, the provisions of Revenue Procedures 62-21 and 65-13 are not applicable for taxable years ending after **December 31, 1970**. (See Publication 534.)

Check box if you made an election this taxable year to use  **Class Life (ADR) System** and/or  **Guideline Class Life System**.

a. Group and guideline class or description of property	b. Date acquired	c. Cost or other basis	d. Depreciation allowed or allowable in prior years	e. Method of computing depreciation	f. Life or rate	g. Depreciation for this year
<b>1 Total additional first-year depreciation</b> (do not include in items below)						
<b>2 Depreciation from Form 4832</b>						
<b>3 Depreciation from Form 5006</b> (See Note above)						
<b>4 Other depreciation:</b>						
Buildings						
Furniture and fixtures						
Transportation equipment						
Machinery and other equipment						
Other (specify)						
<b>5 Totals</b>						
<b>6 Less amount of depreciation claimed in Schedule C-1, page 1</b>						
<b>7 Balance—Enter here and on page 1, line 6</b>						

**SCHEDULE C-4.—Expense Account Information** (See Schedule C Instructions for Schedule C-4)

Enter information with regard to yourself and your five highest paid employees. In determining the five highest paid employees, expense account allowances must be added to their salaries and wages. However, the information need not be submitted for any employee for whom the combined amount is less than \$25,000, or for yourself if your expense account allowance plus line 21, page 1, is less than \$25,000.

Name	Expense account	Salaries and Wages
Owner		
<b>1</b>		
<b>2</b>		
<b>3</b>		
<b>4</b>		
<b>5</b>		

Did you claim a deduction for expenses connected with:  
 (1) Entertainment facility (boat, resort, ranch, etc.)?  Yes  No (3) Employees' families at conventions or meetings?  Yes  No  
 (2) Living accommodations (except employees on business)?  Yes  No (4) Employee or family vacations not reported on Form W 2?  Yes  No

**Capital Gains and Losses** (Examples of property to be reported on this Schedule are gains and losses on stocks, bonds, and similar investments, and gains (but not losses) on personal assets such as a home or jewelry.)  
▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).

**1975**

Name(s) as shown on Form 1040

Social security number

**Part I Short-term Capital Gains and Losses—Assets Held Not More Than 6 Months**

**D**

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (Mo., day, yr.)	c. Date sold (Mo., day, yr.)	d. Gross sales price	e. Cost or other basis, as adjusted (see instruction F) and expense of sale	f. Gain or (loss) (d less e)
<b>1</b>					
<b>2</b> Enter your share of net short-term gain or (loss) from partnerships and fiduciaries . . . . .					<b>2</b>
<b>3</b> Enter net gain or (loss), combine lines 1 and 2 . . . . .					<b>3</b>
<b>4(a)</b> Short-term capital loss component carryover from years beginning before 1970 (see Instruction I) . . . . .					<b>4(a)</b> ( )
<b>(b)</b> Short-term capital loss carryover attributable to years beginning after 1969 (see Instruction I) . . . . .					<b>(b)</b> ( )
<b>5</b> Net short-term gain or (loss), combine lines 3, 4(a) and (b) . . . . .					<b>5</b>

**Part II Long-term Capital Gains and Losses—Assets Held More Than 6 Months**

<b>6</b>					
<b>7</b> Capital gain distributions . . . . .					<b>7</b>
<b>8</b> Enter gain, if applicable, from Form 4797, line 4(a)(1) (see Instruction A) . . . . .					<b>8</b>
<b>9</b> Enter your share of net long-term gain or (loss) from partnerships and fiduciaries . . . . .					<b>9</b>
<b>10</b> Enter your share of net long-term gain from small business corporations (Subchapter S) . . . . .					<b>10</b>
<b>11</b> Net gain or (loss), combine lines 6 through 10 . . . . .					<b>11</b>
<b>12(a)</b> Long-term capital loss component carryover from years beginning before 1970 (see Instruction I) . . . . .					<b>12(a)</b> ( )
<b>(b)</b> Long-term capital loss carryover attributable to years beginning after 1969 (see Instruction I) . . . . .					<b>(b)</b> ( )
<b>13</b> Net long-term gain or (loss), combine lines 11, 12(a) and (b) . . . . .					<b>13</b>

**Part III Summary of Parts I and II**

<b>14</b> Combine the amounts shown on lines 5 and 13, and enter the net gain or (loss) here . . . . .					<b>14</b>
<b>15</b> If line 14 shows a gain— <b>(a)</b> Enter 50% of line 13 or 50% of line 14, whichever is smaller (see Part VI for computation of alternative tax). Enter zero if there is a loss or no entry on line 13 . . . . .					<b>15(a)</b>
<b>(b)</b> Subtract line 15(a) from line 14. Enter here and on Form 1040, line 29a . . . . .					<b>(b)</b>
<b>16</b> If line 14 shows a loss— ▶ If losses are shown on BOTH lines 12(a) and 13, omit lines 16(a) and (b) and go to Part IV (see Instruction J). ▶ Otherwise, <b>(a)</b> Enter one of the following amounts: <i>(i)</i> If amount on line 5 is zero or a net gain, enter 50% of amount on line 14; <i>(ii)</i> If amount on line 13 is zero or a net gain, enter amount on line 14; or, <i>(iii)</i> If amounts on line 5 and line 13 are net losses, enter amount on line 5 added to 50% of amount on line 13 . . . . .					<b>16(a)</b>
<b>(b)</b> Enter here and enter as a (loss) on Form 1040, line 29a, the smallest of: <i>(i)</i> The amount on line 16(a); <i>(ii)</i> \$1,000 (\$500 if married and filing a separate return—if a loss is shown on line 4(a) or 12(a), see instruction N for a higher limit not to exceed \$1,000); or, <i>(iii)</i> Taxable income, as adjusted (see Instruction M) . . . . .					<b>(b)</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 K)	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 L) . . . . .	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 29a, the smallest of: (a) Amount on line 33; (b) \$1,000 (\$500 if married and filing a separate return—see Instruction N for a higher limit not to exceed \$1,000); or, (c) Taxable Income, as adjusted (see Instruction M) . . . . .	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 N)**

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 K) . . . . .	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 L) . . . . .	43	

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

44	Enter amount from Form 1040, line 47 . . . . .	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 . . . . . 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.	47	
48	Enter your share of certain long-term gains from partnerships, fiduciaries, and small business corporations referred to as "certain subsection (d) gains" (see Instruction W) . . . . .	48	
49	Enter amount from line 48 or \$50,000 (\$25,000 if married filing separately), whichever is larger . . . . . If line 49 is equal to or greater than line 47, check here <input type="checkbox"/> and omit lines 50 through 54.	49	
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 47, enter this alternative tax on Form 1040, line 16a . . . . .	57	

# Schedules E&R—Supplemental Income Schedule AND Retirement Income Credit Computation

(Form 1040)  
Department of the Treasury  
Internal Revenue Service

(From pensions and annuities, rents and royalties, partnerships, estates and trusts, etc.)  
▶ Attach to Form 1040. ▶ See Instructions for Schedules E and R (Form 1040).

# 1975

Name(s) as shown on Form 1040

Your social security number

## Schedule E—Supplemental Income Schedule (Complete Schedule R on back if eligible for retirement income credit)

**Part I Pension and Annuity Income.** If fully taxable, do not complete this part. Enter amount on Form 1040, line 31b. For one pension or annuity not fully taxable, complete this part. If you have more than one pension or annuity that is not fully taxable, attach a schedule and enter combined total of taxable portions on line 5.

1 Name of payer

2 Did your employer contribute part of the cost?  Yes  No  
If "Yes," is your contribution recoverable within 3 years of the annuity starting date?  Yes  No  
If "Yes," show: Your contribution \$....., Contribution recovered in prior years \$.....

3 Amount received this year

4 Amount excludable this year

5 Taxable portion (subtract line 4 from line 3)

**Part II Rent and Royalty Income.** If you need more space, you may use Form 4831.  
Note: If you are reporting farm rental income here, see Schedule E Instructions to determine if you should also file Form 4835. If at least two-thirds of your gross income is from farming or fishing, check this box .

(a) Kind and location of property If residential, also write "R"	(b) Total amount of rents	(c) Total amount of royalties	(d) Depreciation (explain below) or depletion (attach computation)	(e) Other expenses (Repairs, etc.—explain below)

1 Totals

2 Net income or (loss) from rents and royalties (column (b) plus column (c) less columns (d) and (e))

**Part III Income or Losses from Partnerships, Estates or Trusts, Small Business Corporations.**  
Note: If any of the partnership, estate or trust income reported below is from farming or fishing, see Schedule E Instructions to determine if you should also file Form 4835. If at least two-thirds of your gross income is from farming or fishing, check this box .

(a) Name	(b) Enter in column (b): P for Partnership, E for Estate or Trust, or S for Small Business Corporation.	(c) Employer identification number	(d) Income or (loss)	(e) Additional 1st year depreciation (applicable only to partnerships)

1 Totals

2 Income or (loss). Total of column (d) less total of column (e)

TOTAL OF PARTS I, II, AND III (Enter here and on Form 1040, line 31a)

Explanation of Column (e), Part II		Item	Amount	Item	Amount
Item	Amount				

**Schedule for Depreciation Claimed in Part II Above.** If you need more space or you computed depreciation under the Class Life (ADR) System or Guideline Class Life System, use Form 4562.

(a) Description of property	(b) Date acquired	(c) Cost or other basis	(d) Depreciation allowed or allowable in prior years	(e) Method of computing depreciation	(f) Life or rate	(g) Depreciation for this year
1 Total additional first-year depreciation (do not include in items below)						
2 Totals						

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 1975, you may be entitled to a retirement income credit. If you elect to have the Service compute your tax (See Form 1040 instructions, page 5), 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 1975? (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 Alternative Computation (Combined information of husband and wife if joint return and both 65 or over)
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<b>1</b> Maximum amount of retirement income for credit computation . . . . .	\$1,524	00	\$1,524	00	\$2,286 00
<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):					
(1) If you are under 62, enter the amount in excess of \$900 . . . . .					<b>R</b>
(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) If you are under 65: 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) If you are 65 or older: Enter total of pensions and annuities, interest, dividends, proceeds of retirement bonds, and amounts received from individual retirement accounts and individual retirement annuities that are 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 16c . . . . .					
<b>10 Retirement income credit.</b> Enter here and on Form 1040, line 48, 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 48, the amount on line 8 or line 12, whichever is smaller . . . . .					

**SCHEDULE F  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service

**Farm Income and Expenses**

(Compute social security self-employment tax on Schedule SE)  
▶ Attach to Form 1040. ▶ See Instructions for Schedule F (Form 1040).  
▶ If rental income, see instructions before using this schedule.

**1975**

Name(s) as shown on Form 1040

Social security number

Business name and address

Employer identification number  
(See instructions)

Location of farm(s) and number of acres in each farm

**Part I Farm Income—Cash Receipts and Disbursements Method**

Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report such sales on Form 4797.

**Sales of Purchased Livestock and Other Items Purchased for Resale**

a. Description	b. Amount received	c. Cost or other basis
1 Livestock:	\$	\$
2 Other items:		
3 Totals	\$	\$
4 Profit or (loss), subtract line 3, column c from line 3, column b		\$

**Sales of Market Livestock and Produce Raised and Held Primarily for Sale and Other Farm Income**

Kind	Quantity	Amount
5 Cattle		\$
6 Calves		
7 Sheep		
8 Swine		
9 Poultry		
10 Dairy products		
11 Eggs		
12 Wool		
13 Cotton		
14 Tobacco		
15 Vegetables		
16 Grain		
17 Fruits and nuts		
18 Other (specify):		

**OTHER FARM INCOME**

19 Machine work	
20 (a) Patronage dividends (See Sch. F instructions)	
(b) Per-unit retains (See Sch. F instructions)	
21 Nonpatronage distributions from exempt cooperatives	
22 Agricultural program payments:	
(a) Cash	
(b) Materials and services	
23 Commodity credit loans under election (or forfeited)	
24 Federal gasoline tax credit	
25 State gasoline tax refund	
26 Other (specify):	
27 Add lines 5 through 26	\$

28 Gross profit \*(add lines 4 and 27) \$

54 Net farm profit or (loss) (subtract line 53 from 28). Enter here and on Form 1040, line 32. ALSO enter on Schedule SE, Part I, line 1(a) \$

**Part II Farm Deductions—For Cash and Accrual Method Taxpayers**

**F**

Do not include personal or living expenses not attributable to production of farm income, such as taxes, insurance, repairs, etc., on your dwelling.

Items	Amount
29 Labor hired	\$
30 Repairs, maintenance	
31 Interest	
32 Rent of farm, pasture	
33 Feed purchased	
34 Seed, plants purchased	
35 Fertilizers, lime, chemicals	
36 Machine hire	
37 Supplies purchased	
38 Breeding fees	
39 Veterinary fees, medicine	
40 Gasoline, fuel, oil	
41 Storage, warehousing	
42 Taxes	
43 Insurance	
44 Utilities	
45 Freight, trucking	
46 Conservation expenses	
47 Land clearing expenses	
48 Pension and profit-sharing plans (see Sch. F instructions)	
49 Employee benefit programs other than line 48 (see Sch. F instructions)	
50 Other (specify):	
51 Add lines 29 through 50	\$
52 Depreciation (from line 59, Part III)	
53 Total deductions. Add lines 51 and 52	\$

\* Use amount on line 28 for optional method of computing net earnings from self-employment. (See Schedule SE, Part I, line 3.)



**Part III Depreciation** (Do not include property you and your family occupy as a dwelling, its furnishings, and other items used for personal purposes.) If you need more space, you may use Form 4562.

Note: If depreciation is computed by using the Class Life (ADR) System for assets placed in service after December 31, 1970, or the Guideline Class Life System for assets placed in service before January 1, 1971, you must file Form 4832 (Class Life (ADR) System) or Form 5006 (Guideline Class Life System). Except as otherwise expressly provided in income tax regulations sections 1.167(a)-11(b)(5)(vi) and 1.167(a)-12, the provisions of Revenue Procedures 62-21 and 65-13 are not applicable for taxable years ending after December 31, 1970. (See Publication 534.)

If you elected the Class Life (ADR) System this taxable year, check this box   
 If you elected the Guideline Class Life System this taxable year, check this box

a. Group and guideline class or description of property	b. Date acquired	c. Cost or other basis	d. Depreciation allowed or allowable in prior years	e. Method of computing depreciation	f. Life or rate	g. Depreciation for this year
<b>55 Total additional first-year depreciation (do not include in items below)</b> →						
<b>56 Depreciation from Form 4832</b> ( See Note )						
<b>57 Depreciation from Form 5006</b> ( above )						
<b>58 Other depreciation:</b>						
Buildings . . . . .						
Furniture and fixtures . . . . .						
Transportation equipment . . . . .						
Machinery and other equipment . . . . .						
Other (specify): . . . . .						
<b>59 Totals</b> . . . . .						Enter here and in Part II, line 52 . . . ▶

**Part IV Farm Income—Accrual Method**

(Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report such sales on Form 4797 and omit them from "On hand at beginning of year" column)

Description (Kind of livestock, crops, or other products)	On hand at beginning of year		Purchased during year		Raised during year	Consumed or lost during year	Sold during year		On hand at end of year	
	Quantity	Inventory value	Quantity	Amount paid	Quantity	Quantity	Quantity	Amount received	Quantity	Inventory value
		\$		\$				\$		\$
<b>60 Totals (enter here and in Part V below)</b> . . . . .		\$		\$				\$		\$
		(Enter on line 70)		(Enter on line 71)				(Enter on line 62)		(Enter on line 61)

**Part V Summary of Income and Deductions—Accrual Method**

<b>61 Inventory of livestock, crops, and products at end of year</b> . . . . .		\$
<b>62 Sales of livestock, crops, and products during year</b> . . . . .	\$	
<b>63 Agricultural program payments:</b> (a) Cash . . . . .		
(b) Materials and services . . . . .		
<b>64 Commodity credit loans under election (or forfeited)</b> . . . . .		
<b>65 Federal gasoline tax credit</b> . . . . .		
<b>66 State gasoline tax refund</b> . . . . .		
<b>67 Other farm income (specify):</b> . . . . .		
<b>68 Add lines 62 through 67</b> . . . . .		
<b>69 Total (add lines 61 and 68)</b> . . . . .	\$	
<b>70 Inventory of livestock, crops, and products at beginning of year</b> . . . . .	\$	
<b>71 Cost of livestock and products purchased during year</b> . . . . .		
<b>72 Gross profits *(subtract the sum of lines 70 and 71 from line 69)</b> . . . . .	\$	
<b>73 Total deductions from Part II, line 53</b> . . . . .	\$	
<b>74 Net farm profit or (loss) (subtract line 73 from line 72). Enter here and on Form 1040, line 32. ALSO enter on Schedule SE, Part I, line 1(a)</b> . . . . .	\$	

\* Use amount on line 72 for optional method of computing net earnings from self-employment. (See Schedule SE, Part I, line 3.)

Name(s) as shown on Form 1040

Your social security number

**Taxable Income and Adjustments**

	(a) Computation year <b>1975</b>	(b) 1st preceding base period year <b>1974</b>	(c) 2d preceding base period year <b>1973</b>	(d) 3d preceding base period year <b>1972</b>	(e) 4th preceding base period year <b>1971</b>
<b>1</b> Taxable income (see Specific Instructions on page 4)					
<b>2</b> Income earned outside of the United States or within U.S. possessions and excluded under sections 911 and 931 (see Specific Instructions on page 4)					
<b>3</b> Excess community income and certain amounts received by owner-employees subject to a penalty under section 72(m)(5) (see Specific Instructions on page 4)					
<b>4</b> Accumulation distributions subject to section 668(a) (see Form 4970). (Enter amount(s) on this line only if the distribution has been included in taxable income on line 1.)					
<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.



**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> Tax (add lines 14 and 18). Enter here and on Form 1040, line 16a. Also check Schedule G box on Form 1040, line 16a	<b>19</b>	

**Computations on this page are not needed unless line 15, Form 1040, for 1975 is under \$15,000 and you do not itemize deductions, or you used the optional tax tables for 1974, 1973, 1972 or 1971.**

**Computation of Taxable Income for 1975 if Adjusted Gross Income is Under \$15,000 and You Do Not Itemize Deductions**

1	Enter amount from Form 1040 (1975), line 15 . . . . .	
2 (a)	Enter 16% of line 1 $\left\{ \begin{array}{l} \text{but not more than } \$2,400 \text{ if Form 1040, line 2 or 5 is checked} \\ \text{but not more than } \$2,300 \text{ if Form 1040, line 1 or 4 is checked} \\ \text{but not more than } \$1,300 \text{ if Form 1040, line 3 is checked} \end{array} \right\}$ . . . . .	
(b)	Enter $\left\{ \begin{array}{l} \$1,900 \text{ if Form 1040, line 2 or 5 is checked} \\ \$1,600 \text{ if Form 1040, line 1 or 4 is checked} \\ \$950 \text{ if Form 1040, line 3 is checked} \end{array} \right\}$ . . . . .	
(c)	Standard deduction. Enter line 2(a) or (b) whichever is greater. (If you are married filing separately and your spouse uses the percentage standard deduction (line 2(a)), then you must use it.) . . . . .	
3	Line 1 less line 2(c) . . . . .	
4	Multiply total number of exemptions claimed by \$750 . . . . .	
5	Taxable income (line 3 less line 4). Enter here and on page 1, line 1, column (a) . . . . .	

**Computation of Taxable Income for 1974, 1973, and 1972 if You Used the Optional Tax Tables**

	1974	1973	1972
1	Enter amount from $\left\{ \begin{array}{l} \text{Form 1040 (1974 and 1973), line 15} \\ \text{Form 1040A (1974 and 1973), line 12} \\ \text{Form 1040 (1972), line 17} \\ \text{Form 1040A (1972), line 14} \end{array} \right\}$ . . . . .		
2 (a)	Enter 15% of line 1 (limited to \$1,000 if you were married and filed separately) . . . . .		
(b)	Enter \$1,300 (\$650 if you were married and filed separately) . . . . .		
(c)	Standard deduction. Enter line 2(a) or (b) whichever is greater. (If you were married and filed separately and your spouse used the percentage standard deduction (line 2(a)), then you must use it.) . . . . .		
3	Line 1 less line 2(c) . . . . .		
4	Multiply total number of exemptions claimed by \$750 . . . . .		
5	Taxable income (line 3 less line 4). Enter here and on page 1, line 1, in the applicable column(s) (b), (c), OR (d) . . . . .		

**Computation of Taxable Income for 1971 if You Used the Optional Tax Tables**

1	Enter amount from Form 1040 (1971), line 18 . . . . .	
2 (a)	Enter 13% of line 1 (limited to \$750 if you were married and filed separately) . . . . .	
(b)	Enter \$1,050 (\$525 if you were married and filed separately) . . . . .	
(c)	Standard deduction. Enter line 2(a) or (b) whichever is greater. (If you were married and filed separately and your spouse used the percentage standard deduction (line 2(a)), then you must use it.) . . . . .	
3	Line 1 less line 2(c) . . . . .	
4	Multiply total number of exemptions claimed by \$675 . . . . .	
5	Taxable income (line 3 less line 4). Enter here and on page 1, line 1, column (e) . . . . .	

## General Instructions

The income-averaging method of computing tax may be to your advantage if your income has increased substantially this year. To make a quick check to see if you may be entitled to this benefit:

- (1) multiply the sum of your taxable income for the four prior years by 30%.
- (2) subtract the result of (1) above from your current year's taxable income.
- (3) if your current year's taxable income exceeds the amount determined in step (1) by more than \$3,000 complete this schedule.

Since there are certain restrictions and limitations under the law, you may find that you are not entitled to the benefits of averaging after making a detailed computation. See lines 1 through 8 of the schedule.

This schedule must be attached to your Form 1040 to choose the benefits of income averaging. Only individuals who are citizens or residents of the United States throughout 1975 are eligible for averaging. Corporations, estates, and trusts do not qualify.

**A. WHO MAY FILE.**—Generally, you may choose the provisions of income averaging for 1975, by filing Schedule G with your Form 1040 if you meet the requirements of (1) citizenship or residence, and (2) support. On a joint return both spouses must meet these requirements.

(1) **Citizenship or residence requirement.**—You must have been a citizen or resident of the United States throughout 1975. If you were a nonresident alien at any time during the five taxable year period ending with 1975 you are not eligible.

(2) **Support requirement.**—You must have furnished at least 50 percent of your own support for each of the years 1971 through 1974. In a year in which you were married it is only necessary that you, together with your spouse, provided at least 50 percent of the support of both of you. For definition of support, see page 6, Form 1040 Instructions.

**Exceptions.** The support requirement is waived if—

(1) You were age 25 or more before the end of 1975 and were not a full-time student during at least any four of your taxable years beginning after you reached age 21. Thus, generally, if you are age 25 or over and have been out of school for 4 years since age 21, you are eligible for averaging. You are considered a student for a taxable year if during 5 calendar months of that year you were a full-time student at an educational institution or were pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational institution or of a State or its political subdivision.

(2) More than 50 percent of your 1975 taxable income (line 1, column (a)) is attributable to work you performed in substantial part during two or more of the four taxable years preceding 1975, or

(3) You file a joint return for 1975 and not more than 25 percent of the aggregate adjusted gross income (Form 1040, line 15) is attributable to you.

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

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

(2) Use the Tax Tables in the Form 1040 instructions. You may, however, use the standard deduction.

(3) Take advantage of the alternative tax on capital gain under section 1201(b).

(4) Take advantage of the maximum tax rate on earned income.

**C. BASE PERIOD INCOME RULES.**—Your base period income for each of your base period years (1971–1974) must be determined in a manner consistent with your return for 1975. If you file a separate return for 1975, you must determine your separate base period income for each of your base period years.

If you and your spouse file a joint return for 1975, you must determine the sum of your separate base period incomes for each base period year. If, however, you and your spouse file a joint return for 1975 and were married and filed joint returns with each other for any base period year, your base period income for each such year is to be figured on the basis of your aggregate taxable income for that year. If you file a return for 1975 as a qualifying widow(er) with dependent child (under section 2(a)), your base period income for each of the base period years (1971–1974) is the sum of your base period income and that of your deceased spouse for each such year. If you and your spouse were married in 1975 and make a joint return for 1975, and neither of you were married from 1971 through 1974, your base period income for each of those years is the sum of your separate base period income and that of your spouse's for each such year.

In some cases the computation of your separate base period income for a base period year may require as many as three computations. The facts in each case determine how many computations are necessary. For instance, if you were married for 1975 and made a joint return with your spouse, but had a different spouse for 1975 than for a base period year, two computations are necessary. In such case, your separate base period income for the year in question is the larger of the following amounts:

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

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

However, if you and your spouse file separate returns for 1975, a third computation is necessary. Your separate base period income will be the largest of the amounts determined under (1) and (2) above and:

(3) One-half the total amount of the base period income resulting from adding your adjusted separate income and deductions to your spouse's 1975 adjusted separate income and deductions for that base period year.

The amount of your separate income and deductions for a base period year is the excess of your gross income for that year over your allowable deductions. Your separate deductions for any base period year for which you made a separate return are the deductions allowable on that return. If you made a joint return for a base period year, your separate deductions are (1) in the case of deductions allowable in computing your adjusted gross income, the sum of such deductions attributable to your gross income, and (2) in the case of deductions allowable in computing taxable income (exemptions and itemized deductions), the amount resulting from multiplying the amount of such deductions allowable on the joint return by a fraction whose numerator is your adjusted gross income and whose denominator is the aggregate adjusted gross income on the joint return. However, if 85 percent or more of the aggregate adjusted gross income of you and your spouse is attributable to either spouse, all of the deductions allowable in computing taxable income are allowable to the spouse to whom such income is attributable. See the specific instruction for line 1 on adjusted gross income.

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

If you must determine your separate base period income for any of the base period years, attach a statement showing

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

(1) 6000 (W's separate adjusted gross income)  
 18000 (A and W's adjusted gross income from joint return) × 3600 (Total of itemized deductions and personal exemptions on A & W's joint return) = 1200

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

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

W's separate base period income is \$7,200, the larger of the two methods. H and W's base period income (since there are no adjustments) for 1971 is \$9,600 (H's separate base period income of \$2,400 (unmarried in 1971) plus W's separate base period income of \$7,200).

### Specific Instructions for Page 1

The following instructions are numbered to correspond with the line numbers on page 1, Schedule G.

#### Taxable Income and Adjustments

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

- (a) Form 1040 (1975)—line 47
- (b) Form 1040 (1974 and 1973)—line 48
- (c) Form 1040A (1974 and 1973)—line 16
- (d) Form 1040 (1972)—line 55
- (e) Form 1040A (1972)—line 18
- (f) Form 1040 (1971)—line 50

For any year for which you use the tax tables to compute your tax, you may arrive at the amount to be entered on line 1, by subtracting from your adjusted gross income, the standard deduction and the number of exemptions multiplied by \$750 for 1975, 1974, 1973, and 1972, and \$675 for 1971.

Your adjusted gross income is:

- (a) Form 1040 (1975, 1974 and 1973)—line 15
- (b) Form 1040A (1974 and 1973)—line 12
- (c) Form 1040 (1972)—line 17
- (d) Form 1040A (1972)—line 14
- (e) Form 1040 (1971)—line 18

See page 2 for computation schedules you can use to figure your taxable income if line 15, Form 1040 for 1975 is under \$15,000 and you do not itemize deductions, or if you used the optional tax tables for 1974, 1973, 1972, or 1971.

**Note:** If you were not married to and did not file a joint return with the same spouse for every year after 1970, or were not single for all those years, it will be necessary to determine the amount to be entered in columns (b), (c), (d), and (e) in accordance with General Instruction C.

**Line 2.**—Enter on line 2 for each base period year the income (less any deductions properly allocable to or chargeable against such amount) previously excluded from income because it was earned income derived from sources without the United States or from income within its possessions (sections 911 and 931–934). For 1975 you may not exclude such amounts from gross income and they will therefore be reflected in taxable income.

the computation and the names under which the returns were filed. An example illustrating such computation follows:

H and W are calendar year taxpayers who were married and otherwise eligible to choose the benefits of income averaging for the taxable year 1975 for which they made a joint return. W, however, was married to and made a joint return with A for the taxable year 1971. H was unmarried for 1971. H and W compute their base period income for 1971 in the following manner:

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

(1) 6000 (W's separate adjusted gross income)  
 18000 (A and W's adjusted gross income from joint return) × 3600 (Total of itemized deductions and personal exemptions on A & W's joint return) = 1200

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

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

W's separate base period income is \$7,200, the larger of the two methods. H and W's base period income (since there are no adjustments) for 1971 is \$9,600 (H's separate base period income of \$2,400 (unmarried in 1971) plus W's separate base period income of \$7,200).

**Line 3.**—Include income attributable to the following sources in the total you enter on line 3 (attach statement showing itemization):

(a) Excess Community Income. If you are married, a resident of a community property state, and file a separate return for 1975, you must include on line 3 the excess of the community earned income reportable by you over the amount of such income attributable to your services. You need make no adjustment when the community earned income attributable to your services exceeds 50 percent of the aggregate community earned income. The following example illustrates this.—

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

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

(2) W filing a separate return must include \$10,000 in the total for line 3, which is the excess of the community earned income reportable by W (\$30,000) over the amount of community earned income attributable to W's services (\$20,000).

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

#### Computation of Tax

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

For more information, get **Publication 506**, Computing Your Tax Under the Income Averaging Method.

# Computation of Social Security Self-Employment Tax

**1975**

▶ Each self-employed person must file a Schedule SE. ▶ Attach to Form 1040.  
▶ See Earned Income Credit Instructions on page 8 and Instructions for Schedule SE (Form 1040).

- If you had wages, including tips, of \$14,100 or more that were subject to social security or railroad retirement taxes, do not fill in this schedule unless you are eligible for the Earned Income Credit. See Instructions.
- 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.

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

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

You may elect to compute your net farm earnings using the **OPTIONAL METHOD**, line 3, instead of using the **Regular Method**, line 2, if your 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**.

<b>REGULAR METHOD</b>	(a) Schedule F, line 54 (cash method), or line 74 (accrual method)		
1 Net profit or (loss) from:	(b) Farm partnerships		
2 Net earnings from farm self-employment (add lines 1(a) and (b))			
<b>FARM OPTIONAL METHOD</b>	(a) Not more than \$2,400, enter two-thirds of the gross profits		
3 If gross profits from farming <sup>1</sup> are:	(b) More than \$2,400 and the net farm profit is less than \$1,600, enter \$1,600		
<small><sup>1</sup> 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 14) as explained in instructions for Schedule SE.</small>			
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

<b>REGULAR METHOD</b>	(a) Schedule C, line 21. (Enter combined amount if more than one business.)		
5 Net profit or (loss) from:	(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 <input type="checkbox"/> and enter zero on this line		
	(d) Service with a foreign government or international organization		
	(e) Other (See Form 1040 instructions for line 35.) Specify ▶		
6 Total (add lines 5(a) through (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 <b>OR</b> 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.			
<small>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,<sup>2</sup> and you had actual net earnings from self employment of \$400 or more for at least 2 of the 3 following years: 1972, 1973, and 1974. The nonfarm optional method can only be used for 5 taxable years.</small>			
<b>NONFARM OPTIONAL METHOD</b>			
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 <sup>2</sup> 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			
<small><sup>2</sup> 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 14) 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.</small>			

## 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 schedule.)			
14 The largest amount of combined wages and self-employment earnings subject to social security or railroad retirement taxes for 1975 is		\$14,100	00
15 (a) Total "FICA" wages and "RRTA" compensation			
(b) Unreported tips subject to FICA tax from Form 4137, line 9 or to RRTA			
(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 Self-employment tax. (If line 17 is \$14,100.00, enter \$1,113.90; if less, multiply the amount on line 17 by .079.) Enter here and on Form 1040, line 59			

# Computation of Credit for Federal Tax on Gasoline, Special Fuels, and Lubricating Oil

▶ Attach this form to your income tax return.

Name (as shown on your income tax return)

Identifying number

<b>Part I</b> Type of Use	Gasoline, Diesel Fuel and Special Motor Fuels			Lubricating Oil		
	Number of Gallons Used (A)	Rate of Tax (B)	Column (A) Multiplied by Column (B) (C)	Number of Gallons Used (D)	Rate of Tax (E)	Column (D) Multiplied by Column (E) (F)
<b>1 Nonhighway:</b>						
a. Farm (for farming purposes) . . . . .		.02 } .04 } *	\$		.06	\$
b. Motorboat . . . . .		.02			.06	
c. Other (specify) . . . . .		.02 } .04 } *			.06	
<b>2 Local transit system. (See instruction D.3.) . . . . .</b>		.02			.06	
<b>3 Aircraft . . . . .</b>						\$
<b>4 Totals . . . . .</b>			\$			\$

<b>Part II</b> Type of Use	Aviation Fuels			
	Fuels Other Than Gasoline (Example, Jet Fuel) Number of Gallons Used (A)	Gasoline Number of Gallons Used (B)	Rate of Tax (C)	Column (A) or (B) Multiplied by Column (C) (D)
<b>5 a. Farm (for farming purposes)</b>			.07	\$
			.04 } *	
			.07 } *	
<b>b. Aviation (only applicable to commercial use as defined in instruction E.4.(d))</b>			.04 } *	
			.07 } *	
<b>6 Total . . . . .</b>				\$
<b>7 Total income tax credit claimed (sum of line 4, columns (C) and (F) and line 6, column (D)) . . . . .</b>				\$

**\* Tax Rate (per gallon used)**

Type of Use	Gasoline (Nonaviation use)	Diesel Fuel and Special Motor Fuel	Aviation Fuel Gasoline
Farm (farming purposes)	4¢	2¢ or 4¢ whatever paid	4¢ or 7¢ whatever paid
Other	2¢	2¢ or 4¢ whatever paid	
Aviation (only applicable to commercial use as defined in instruction E.4.(d))			4¢ or 7¢ whatever paid

**Instructions**

(Section references are to the Internal Revenue Code unless otherwise specified)

**A. Who May File.**—Any individual, estate, trust, or corporation, including a small business corporation and domestic international sales corporation, which claims credit for Federal excise tax on the gallons used of gasoline, special fuels, and lubricating oil, must file this form. You should attach it to the income tax return.

A partnership need not file this form because the partners claim the credit for Federal excise tax on gasoline, special fuels, and lubricating oil used. However, a partnership must attach a statement to their return, Form 1065. The statement should show the allocation among the partners of

the gallons used of gasoline, special fuels, and lubricating oil. The statement should also be subdivided according to types of use, as in the form above.

Special refund provisions are available if the credit for any fuel category or lubricating oil amounts to \$1,000 or more in any of the first three quarters of your taxable year. (See Instruction B.)

**B. Quarterly Tax Refund of \$1,000 or More.**—If the credit is at least \$1,000 for any fuel category or lubricating oil in any of the first three quarters of your taxable year you may file a refund claim, Form 843, for tax during the quarter on: (a) gasoline used (except, on a farm for farming purposes), (b) lubricating oil used, or (c) special fuels used (except on farm for farm-

ing purposes). However, you must file a claim for any quarter before the end of the next quarter. A claim for gasoline, special fuels, and lubricating oil should provide separate computations as shown in the form above. (If you prefer, you may use the schedule above to show these figures.)

**C. What Lubricating Oil to Include.**—You may claim an income tax credit for lubricating oil (other than cutting oils and used oil) that is used otherwise than in a highway motor vehicle. Cutting oils are oils sold for use on metals in cutting and machining operations (such as forging, drawing, rolling, shearing, punching, and stamping). Uses of lubricating oil other than in a highway motor vehicle include oiling plant machinery and lubricating vehicles other than

(Continued on back)

## Instructions (Continued)

highway motor vehicles, such as aircraft, bulldozers, power shovels, or farm tractors.

Do not include oil (a) used in a highway motor vehicle, such as a truck, even if it is operated off the highway, (b) sold free of the Federal excise tax on lubricating oil, such as transformer or insulating oil, certain motor fuel additives, crude neat's-foot oil, castor oil, or oils purchased excise-tax-free by use of an exemption certificate, or (c) for which you have claimed a refund on a Form 843 filed on time for any of the first three quarters of your taxable year. (See Instruction B.)

### D. What Gasoline to Include.

**1. Farm Use.**—You may claim an income tax credit for Federal excise tax on gasoline used for farming purposes on a farm that is a trade or business located in the United States.

The term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farm; plantations, ranches, nurseries, ranges, greenhouses, or other similar structures used primarily for the raising of agricultural or horticultural commodities; and orchards.

Gasoline is considered used for farming purposes only if the farm's owner, tenant, or operator uses it in connection with—

(a) cultivating the soil, or raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training and management of livestock, bees, poultry, fur-bearing animals and wildlife. If a person other than the owner, tenant, or operator of the farm (for example, a custom operator) uses the gasoline, the owner, tenant, or operator is treated as the user and ultimate purchaser of the gasoline;

(b) handling, drying, packing, grading, or storing any agricultural or horticultural commodity in its unmanufactured state, if, during the period for which the claim is filed, the owner, tenant, or operator produced more than half the commodity treated;

(c) planting, cultivating, caring for, or cutting trees, or preparing (other than milling) trees for market, incidental to farming operations; or

(d) operating, managing, conserving, improving, or maintaining the farm and its tools and equipment.

Do not include gasoline used (1) off the farm, such as on the highway to transport livestock, feed, crops, or equipment; (2) in processing, packaging, freezing, or canning operations; (3) for personal or other nonfarming purposes; or (4) on the farm of another person, even though used for farming purposes.

Often a vehicle will be used both on the farm for farming purposes and for nonfarming purposes. In such a case, give a breakdown of the gasoline used, and show the gallons used on the farm for farming purposes.

**2. Nonhighway Uses.**—Gasoline is regarded as having been used for a nonhighway purpose if used otherwise than as

fuel in a highway vehicle which, (1) when used is registered or required to be registered for highway use under the laws of any State or foreign country, or (2) is a highway vehicle owned by the United States, and used on the highway.

Do not include gasoline used for which you claimed a refund on a Form 843 filed on time for any of the first three quarters of your taxable year. (See Instruction B.)

**3. Local Transit Systems.**—Include gasoline used during any calendar quarter in vehicles while engaged in furnishing scheduled common carrier public passenger land transportation service along regular routes. The ultimate purchaser of the gasoline may claim a credit of 2 cents for each gallon of gasoline used this way. Enter on line 2, column A, for "Number of Gallons Used" the result of multiplying—

(a) the number of gallons used in connection with the total passenger fare revenue from scheduled service during the quarter, by

(b) the percentage the ultimate purchaser's commuter fare revenue was to the total passenger fare revenue, both kinds of revenue being from scheduled service during the quarter. (Note—To justify a claim for credit this percentage must be at least 60 percent.)

Commuter fare revenue consists of income received for transporting persons and received (a) in amounts each not exceeding 60 cents; (b) for commuters' or season tickets for single trips of less than 30 miles; or (c) for commuters' tickets valid up to one month.

When claiming refund or credit, local transit systems must attach a statement with the information required under section 6421 and its Regulations.

Do not include gasoline used for which you claimed a refund on a Form 843 filed on time for any of the first three quarters of your taxable year. (See Instruction B.)

### E. What Special Fuels to Include.

**1. Farm Use.**—You may claim an income tax credit for Federal excise tax imposed on fuels defined in paragraphs 4(a), (b), and (c), and which are used on a farm for farming purposes by the owner, tenant, or operator of the farm within the meaning of Instruction D.1.

**2. Local Transit Systems.**—This applies to fuels defined in paragraphs 4(a) and (b), and which the purchaser uses during any calendar quarter in vehicles in furnishing scheduled common carrier public passenger land transportation service along regular routes. (See Instruction D.3., above, to figure the "Number of Gallons Used.")

Do not include special fuels used for which you claimed a refund on a Form 843 filed on time for any of the first three quarters of your taxable year. (See Instruction B.)

**3. Nontaxable Uses.**—This relates to fuels defined in paragraphs 4(a), (b), and (c), and which you either use for a purpose taxable at a lower rate than the purpose for which it was sold, use for a nontaxable purpose, or resell. You may claim a credit

for the tax on the fuel sold to you, but if you used the fuel you must reduce the credit claimed by the tax, imposed by section 4041, applicable to the actual use.

Do not include special fuels used for which you claimed a refund on a Form 843 filed on time for any of the first three quarters of your taxable year. (See Instruction B.)

### 4. Definitions.

(a) **Diesel Fuel.**—Any liquid other than any product taxable as gasoline under section 4081, that is:

(i) sold by any person to an owner, lessee, or other operator of a diesel-powered highway vehicle, for use as fuel in the vehicle; or

(ii) used by any person as a fuel in a diesel-powered highway vehicle unless there was a taxable sale of such liquid under (i) above.

(b) **Special Motor Fuels.**—These fuels are benzol, benzene, naphtha, liquefied petroleum gas, casinghead and natural gasoline, or any other liquid (except kerosene, gas oil, fuel oil, or any product taxable under section 4081 or described as taxable in paragraph 4(a) above). That is the fuel must be:

(i) sold by any person to an owner, lessee, or other operator of a motor vehicle or motorboat, for use as fuel in the motor vehicle or motorboat; or

(ii) used by any person as a fuel in a motor vehicle or motorboat, unless there was a taxable sale of such liquid under (i) above.

(c) **Noncommercial Aviation Fuel.**—Any liquid (such as, jet fuel) not taxable under section 4081, and taxed at 7 cents a gallon; and gasoline taxable under section 4081 and taxed at 3 cents a gallon. That is, the liquid or gasoline must be:

(i) sold by any person to an owner, lessee, or other operator of an aircraft, for use as fuel in the aircraft for other than commercial aviation; or

(ii) used by any person as a fuel in an aircraft in other than commercial aviation, unless there was a taxable sale of such liquid under (i) above.

(d) **Commercial Aviation.**—Commercial aviation is use of an aircraft in a business of transporting by air persons or property for compensation or hire and requires the reporting of excise tax from such business on Form 720, Quarterly Federal Excise Tax Return. The use of an aircraft would be exempt from filing Form 720 and not considered commercial aviation if the aircraft (a) has a maximum certified takeoff weight of 6,000 pounds or less and is not operated on an established line, or (b) is owned or leased by a member of an affiliated group, and is not available for hire to nonmembers.

**F. Additional Information.**—Internal Revenue Service Publications 225, Farmer's Tax Guide, and 378, Federal Fuel Tax Credit or Refund for Nonhighway and Transit Users, are available free at your Internal Revenue Service office.



# Computation of Minimum Tax

▶ Attach to Form 1040

1975

Name(s) as shown on Form 1040

Your social security number

**1 Tax Preference Items.** File this form if the total tax preference items (line 2) is more than \$30,000 (\$15,000 if married filing separately) even though you owe no minimum tax. If this is a short period return, see instructions for line 3. **Caution:** See "Limitations on amounts treated as tax preference items in certain cases" in instructions.

(a) Accelerated depreciation on real property:

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

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

(c) Amortization of certified pollution control facilities . . . . .

(d) Amortization of railroad rolling stock . . . . .

(e) Amortization of on-the-job training facilities . . . . .

(f) Amortization of child care facilities . . . . .

(g) Stock options . . . . .

(h) Reserves for losses on bad debts of financial institutions . . . . .

(i) Depletion . . . . .

(j) Capital gains . . . . .

**2 Total tax preference items (add lines 1(a) through 1(j)) . . . . .**

**3 Exclusion.** Enter \$30,000. If married filing separately, enter \$15,000 . . . . .

**4 Subtract line 3 from line 2 . . . . .**

**5 Amount from Form 1040, line 18 \*** . . . . .

**6 Amount from Form 1040, line 55 . . . . .**

**7 Amount from Form 1040, line 56 . . . . .**

**8 Amount from Form 1040, line 58 for Individual Retirement Bonds . . . . .**

**9 Tax imposed under sec. 72(m)(5) (premature distributions from self-employed retirement plans) . . . . .**

**10 Tax carryover from prior year(s) (attach statement showing computation) . . . . .**

**11 Add lines 5 through 10 . . . . .**

**12 Subtract line 11 from line 4 . . . . .**

**13 Multiply amount on line 12 by .10 and enter result . . . . .**

**14 Enter amount of any 1975 net operating loss carryover to 1976 (attach statement showing computation) . . . . .**

**15 Multiply amount on line 14 by .10 and enter result . . . . .**

**16 Deferred minimum tax—enter amount from line 13 or line 15, whichever is smaller . . . . .**

**17 Minimum Tax.** Subtract line 16 from line 13 . . . . .

**18 Enter minimum tax deferred from prior year(s) until this year (attach statement showing computation) . . . . .**

**19 Total minimum tax.** Add lines 17 and 18 . . . . .

**20 Excess credits.** See instructions for line 20 before completing this section. If Form 1040, line 18 is more than zero, omit lines 20(a) through (e) and enter the amount from line 19 on line 21.

- (a) Credit for personal exemptions . . . . .
- (b) Retirement income credit . . . . .
- (c) Credit for political contributions . . . . .
- (d) Credit for purchase of new principal residence . . . . .
- (e) Add amounts on lines 20(a) through (d) . . . . .

**21 Subtract line 20(e) from line 19.** Enter here and on Form 1040, line 57 . . . . .

\*Do not include any tax imposed under sec. 402(e) (ordinary income portion of lump-sum distributions) or any partial tax under sec. 668 (accumulation distribution by trusts), see special rule—proposed I.T. Regs. sec. 1.56-1(c).

## Instructions

(Section references are to the Internal Revenue Code unless otherwise specified)

**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 reasonable addition to the reserve for bad debts that would have been allowable if the bad debt

reserve had been maintained for all taxable years on the basis of actual experience. See sec. 57(a)(7).

**(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 29b, enter amount included on line 29b 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.**—You, as a partner, must take into account separately your 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 10—Tax Carryover from Prior Year(s).**—If the tax less credits for a taxable year exceeds the sum of the items of tax preference in excess of \$30,000 (\$15,000 if married filing separately), the excess may be carried forward for 7 years to reduce the amount subject to minimum tax. See sec. 56(c).

If this carryover is from more than one prior year, use the carryover from the earliest year first. Attach a statement showing computation of the carryover.

**Line 14—1975 Net Operating Loss Carryover to 1976.**—Under certain conditions, part or all of the amount shown on line 13 may be deferred to a subsequent year. See sec. 56(b).

**Line 18—Minimum Tax Deferred from Prior Year(s).**—If a net operating loss carryover from 1974 reduces taxable income for 1975, and the net operating loss giving rise to the carryover resulted in the deferral of minimum tax in 1974, all or part of the deferred minimum tax may be includable on line 18 as tax liability for 1975.

The deferred minimum tax is to be included on line 18 to the extent the portion of the net operating loss carryover attributable to the deferred minimum tax reduces taxable income for 1975. For purposes of computing the amount attributable to the deferred minimum tax has priority and is applied in reducing the 1975 taxable income before the portion of the carryover that is attributable to the deferred minimum tax. See sec. 56(b).

**Line 20—Excess Credits.**—If Form 1040, line 18 is zero you may be able to claim the unused portion of these credits against your minimum tax. The credits are applied in the order listed on Form 4625, first to the tax on Form 1040, line 16(a), and next to the minimum tax on Form 4625, line 19. For example, if the amount on Form 1040, line 18 is zero after applying the personal exemption credit and a portion of retirement income credit, the balance of retirement income credit and any credits for political contributions and the purchase of a new principal residence can be applied to the extent of the minimum tax on Form 4625, line 19. Enter on lines 20(a), (b), (c), and (d) only that portion of the credits that are used to reduce the minimum tax. Do not reduce the minimum tax below zero. See sections 37, 41, 42, and 44.

# Casualties and Thefts

▶ See separate instructions.  
▶ Attach this form or other explanation to Form 1040.

# 1975

Name(s) as shown on Form 1040

Social Security Number

**Use Part I** to determine the amount of a deductible casualty or theft loss of property, other than trade, business, rental, or royalty property, provided only one casualty or theft occurred during the taxable year and any related insurance or other compensation did not exceed the property's cost or other basis, as adjusted.

**Use Part II** to determine the amount of a casualty or theft loss or gain if the circumstances mentioned in Part I are not applicable. For example: (1) if there is more than one casualty or theft occurrence; (2) if there is a mixture of casualty or theft losses and gains; or (3) trade, business, rental, or royalty property is involved. If Part II is used, go to Part III, on page 2, first.

<b>Part I</b> Casualty or Theft Loss (Use if One Loss Occurred)	Item or article	Item or article	Item or article
1 Description of property . . . . .			
2 Cost or other basis, as adjusted (see instruction H) . . . . .			
3 Decrease in fair market value (see instruction I)			
a. Value before casualty or theft . . . . .			
b. Value after casualty or theft . . . . .			
c. Excess of line 3a over line 3b . . . . .			
4 Lesser of line 2 or line 3c . . . . .			
5 Insurance recovery or other compensation . . . . .			
6 Excess of line 4 over line 5 . . . . .			
7 Total of amounts on line 6 . . . . .			
8 Amounts on line 6 attributable to income-producing property . . . . .			
9 Line 7 less line 8 . . . . .			
10 Enter \$100, or amount on line 9, whichever is smaller (see instruction J) . . . . .			
11 Excess of line 9 over line 10 . . . . .			
12 Casualty or theft loss. Add line 8 and line 11, enter here and on Schedule A (Form 1040), line 29—identify as "Loss from Form 4684, Part I, line 12" . . . . .			

<b>Part II</b> Summary of Gains and Losses (Use if More Than One Loss Occurred)	(B) Losses from casualties or thefts		(C) Gains from casualties or thefts included in income
(A) Identify casualty or theft loss from Part III or from your own separate attachment	(i) Property other than trade, business, rental, or royalty property	(ii) Trade, business, rental, or royalty property	

**Casualty or Theft of Property Held Six Months or Less**

1			
2 Totals, add amounts on line 1 for each column . . . . .			
3 Combine columns (B)(ii) and (C) on line 2, enter here and on Form 4797, Part II, line 8, column g (Note: if Form 4797 is not required for other transactions, enter amount on Form 1040, line 30)—identify as "Gain or (loss) from Form 4684, Part II, line 3" . . . . .			
4 Enter amount from line 2, column (B)(i) here and on Schedule A (Form 1040), line 29—identify as "Loss from Form 4684, Part II, line 4" . . . . .			

**Casualty or Theft of Property Held More Than Six Months (See instruction G)**

5 Any casualty or theft gains from Form 4797, Part III, line 22 . . . . .			
6			
7 Total losses, add amounts on line 6, columns (B)(i) and (B)(ii) . . . . .			
8 Total gains, add lines 5 and 6, column (C) . . . . .			
9 Combine columns (B)(i) and (B)(ii) on line 7 . . . . .			
10 If line 9 is <b>more than</b> line 8:			
a. Combine line 7, column (B)(ii) with line 8, enter here and on Form 4797, Part II, line 8, column g (Note: if Form 4797 is not required for other transactions, enter amount on Form 1040, line 30)—identify as "Gain or (loss) from Form 4684, Part II, line 10a" . . . . .			
b. Enter amount from line 7, column (B)(i) here and on Schedule A (Form 1040), line 29—identify as "Loss from Form 4684, Part II, line 10b" . . . . .			
11 If line 9 is <b>equal to or less than</b> line 8, enter the difference here and on Form 4797, Part I, line 3, column g—identify as "Gain from Form 4684, Part II, line 11" . . . . .			

**Part III** Applicable if Part II is used

(A) Description of property	(B) Cost or other basis, as adjusted. See instruction H.	(C) Insurance recovery or other compensation. If col. (C) exceeds col. (B), skip to col. (I).	(D) Fair market value before casualty or theft. See instruction I.	(E) Fair market value after casualty or theft. See instruction I.	(F) Decrease in fair market value. (i) Less col. (E) if no decrease, enter zero. See instruction I.	(G) Lessee of col. (B) or col. (F).	(H) LOSS		(I) GAIN Excess of col. (C) over col. (B). See instruction K.
							(i) Property other than trade, business, rental or royalty property.	(ii) Trade, business, rental or royalty property.	
<b>Casualty or Theft Occurrence Number 1</b>									
1									
2	Total of amounts on line 1, column (H)(i)								
3	Amount on line 2 attributable to income-producing property								
4	Line 2 less line 3								
5	\$100 limitation, or portion of limitation used, see instruction J								
6	Excess of line 4 over line 5								
7	Total of amounts on lines 3 and 6, column (H)(i) and line 1, column (H)(ii) and column (I)—enter here and in Part II, line 1, and identify as "Casualty or theft occurrence number 1"								
8	Property Held More Than Six Months								
9	Total of amounts on line 8, column (H)(i)								
10	Amount on line 9 attributable to income-producing property								
11	Line 9 less line 10								
12	Portion of \$100 limitation not used on line 5								
13	Excess of line 11 over line 12								
14	Total of amounts on lines 10 and 13, column (H)(i) and line 8, column (H)(ii) and column (I)—enter here and in Part II, line 6, and identify as "Casualty or theft occurrence number 1"								
<b>Casualty or Theft Occurrence Number 2</b>									
15	Property Held Six Months or Less								
16	Total of amounts on line 15, column (H)(i)								
17	Amount on line 16 attributable to income-producing property								
18	Line 16 less line 17								
19	\$100 limitation, or portion of limitation used, see instruction J								
20	Excess of line 18 over line 19								
21	Total of amounts on lines 17 and 20, column (H)(i) and line 15, column (H)(ii) and column (I)—enter here and in Part II, line 1, and identify as "Casualty or theft occurrence number 2"								
22	Property Held More Than Six Months								
23	Total of amounts on line 22, column (H)(i)								
24	Amount on line 23 attributable to income-producing property								
25	Line 23 less line 24								
26	Portion of \$100 limitation not used on line 19								
27	Excess of line 25 over line 26								
28	Total of amounts on lines 24 and 27, column (H)(i) and line 22, column (H)(ii) and column (I)—enter here and in Part II, line 6, and identify as "Casualty or theft occurrence number 2"								

# Maximum Tax on Earned Income

▶ Attach to Form 1040 (or Form 1041).

# 1975

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
2	Deductions (see instructions)			2
3	Earned net income. Subtract line 2 from line 1			3
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 1975 tax preference items or (2) one-fifth of the total of your tax preference items for 1971, 1972, 1973, 1974, and 1975	8a		8
	b. Less	8b	\$30,000	
	c. Subtract line 8b from line 8a			
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
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		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 16a (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
<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 your share of certain long-term gains from partnerships, fiduciaries, and small business corporations 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
34	Enter here and on Form 1040, line 16a (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 29b. Also, enter on line 21 the total amount of capital gain distributions received.

## Instructions

(Section references are to the Internal Revenue Code unless otherwise specified)

**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” generally 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), and 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 the definition of earned income.

See section 1.1348-3(b) of the regulations for the 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.

# 1975

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 Prior Years, 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) . . . . .			
<b>Note:</b> 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

Note: Identify all amounts carried to other forms as "From Form 4952."	(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 Prior Years**

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

	Enter only amount applicable to each year		
	(a) 1972	(b) 1973	(c) 1974
27 Carryover: Enter amount(s) from 1974 Form 4952, lines 26 and 39 . . . . .			
28 Enter amount from line 13, column (a) plus \$25,000* . . . . .			
29 Enter the larger of the amount on line 5 or \$25,000* . . . . .			
30 Excess of amount on line 28 over line 29 . . . . .			
31 Enter 50% of line 30 ► \$ . . . . . Allocate amount to the earliest year first . . . . .			
32 Interest deduction limitation: Enter the smaller of amount on line 27 or 31 for each column			
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 all 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 prior years disallowed in 1975 (excess of line 27 over line 32) . . . . .			
37 Enter the 50% capital gain deduction claimed on your 1975 Schedule D . . . . .			
38 Allocate amount on line 37 to the earliest year first . . . . .			
39 Interest carryover to 1976 (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 by which 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 amounts 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 by which 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, taxpayers will include their 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 if 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.**—Amounts disallowed in the current year because

of the limitation are 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 I.**—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 II.**—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 prior years 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.



**Special 10-Year Averaging Method**  
 (For Total Distribution from Qualified Retirement Plan)

**1975**

▶ Attach to Form 1040 or Form 1041. ▶ See separate instructions.

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.

**Part I** Use this Part if Special 10-Year Averaging Method was Not Elected in 1974

1	Capital gain portion from block 2, Form 1099R <i>Note: If you are a beneficiary entitled to the death benefit exclusion (see instruction A), divide line 1 by line 3 and multiply the result by line 5. Enter this amount on Schedule D (Form 1040 or Form 1041), Part II, line 6, column f, instead of amount shown in block 2 of Form 1099R and identify in column a as "Capital gain portion of lump-sum distribution less death benefit exclusion." Individuals who do not need Schedule D to report any other gains or losses or to figure the alternative tax, enter 50 percent of the amount on Form 1040, line 29b. If you are not entitled to the death benefit exclusion, enter on Schedule D the capital gain portion shown on Form 1099R in accordance with the previous instructions except identify as "Capital gain portion of lump-sum distribution."</i>	1	
2	Ordinary income portion from block 3, Form 1099R. Enter here instead of on Form 1040 or Form 1041 (see instruction A)	2	
3	Add lines 1 and 2	3	
4	Death benefit exclusion (see instruction A)	4	
5	Total taxable amount (subtract line 4 from line 3)	5	
6	Current actuarial value of annuity (if applicable)	6	
7	Adjusted total taxable amount (add lines 5 and 6). If this amount is \$70,000 or more, skip lines 8 through 11, and also enter this amount on line 12	7	
8	50 percent of line 7, but not more than \$10,000	8	
9	Subtract \$20,000 from line 7. Enter difference, but not less than zero.	9	
10	20 percent of line 9	10	
11	Adjusted minimum distribution allowance (subtract line 10 from line 8)	11	
12	Adjusted total taxable amount less adjusted minimum distribution allowance (subtract line 11 from line 7)	12	
13	10 percent of line 12	13	
14	Tax on amount on line 13. Use tax rate Schedule X (Single Taxpayer Rate)*	14	
15	Multiply line 14 by 10. If no entry on line 6, skip lines 16 through 21, and also enter this amount on line 22	15	
16	Divide line 6 by line 7 (see instruction E)	16	%
17	Multiply line 11 by percentage on line 16	17	
18	Subtract line 17 from line 6	18	
19	10 percent of line 18	19	
20	Tax on amount on line 19. Use tax rate Schedule X (Single Taxpayer Rate)*	20	
21	Multiply line 20 by 10	21	
22	Subtract line 21 from line 15	22	
23	Divide line 2 by line 3 (see instruction E)	23	%
24	Tax on ordinary income portion of lump-sum distribution (multiply line 22 by percentage on line 23). 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 16a or Form 1041, line 24 or 25	24	

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

**Part II Use this Part if Special 10-Year Averaging Method was Elected or an Annuity Contract Received in 1974**

	(a) Total Received 1975	(b) Total Received 1974	(c) Total of Columns (a) and (b)
<b>1</b> Capital gain portion from block 2, Form 1099R . . . . .	<b>1</b>		
<i>Note: If you are a beneficiary entitled to the death benefit exclusion (see instruction A), use the amounts on the lines in column (a) and divide line 1 by line 3 and multiply the result by line 5. Enter this amount on Schedule D (Form 1040 or Form 1041), Part II, line 6, column f, instead of amount shown in block 2 of Form 1099R and identify in column a as "Capital gain portion of lump-sum distribution less death benefit exclusion." Individuals who do not need Schedule D to report any other gains or losses or to figure the alternative tax, enter 50 percent of the amount on Form 1040, line 29b. If you are not entitled to the death benefit exclusion, enter on Schedule D the capital gain portion shown on Form 1099R in accordance with the previous instructions except identify as "Capital gain portion of lump-sum distribution."</i>			
<b>2</b> Ordinary income portion from block 3, Form 1099R. Enter here instead of on Form 1040 or Form 1041 (see instruction A) . . . . .	<b>2</b>		
<b>3</b> Add lines 1 and 2 . . . . .	<b>3</b>		
<b>4</b> Death benefit exclusion (see instruction A) . . . . .	<b>4</b>		
<b>5</b> Total taxable amount (subtract line 4 from line 3) . . . . .	<b>5</b>		
<b>6</b> Current actuarial value of annuity (if applicable) . . . . .	<b>6</b>		
<b>7</b> Adjusted total taxable amount (add lines 5 and 6, column (c)). If this amount is \$70,000 or more, skip lines 8 through 11, and also enter this amount on line 12 . . . . .		<b>7</b>	
<b>8</b> 50 percent of line 7, but not more than \$10,000 . . . . .		<b>8</b>	
<b>9</b> Subtract \$20,000 from line 7. Enter difference, but not less than zero . . . . .	<b>9</b>		
<b>10</b> 20 percent of line 9 . . . . .		<b>10</b>	
<b>11</b> Adjusted minimum distribution allowance (subtract line 10 from line 8) . . . . .			<b>11</b>
<b>12</b> Adjusted total taxable amount less adjusted minimum distribution allowance (subtract line 11 from line 7) . . . . .			<b>12</b>
<b>13</b> 10 percent of line 12 . . . . .			<b>13</b>
<b>14</b> Tax on amount on line 13. Use tax rate Schedule X (Single Taxpayer Rate)* . . . . .			<b>14</b>
<b>15</b> Multiply line 14 by 10. If no entry on line 6, skip lines 16 through 21, and also enter this amount on line 22 . . . . .			<b>15</b>
<b>16</b> Divide line 6, column (c), by line 7 (see instruction E) . . . . .			<b>16</b> %
<b>17</b> Multiply line 11 by percentage on line 16 . . . . .			<b>17</b>
<b>18</b> Subtract line 17 from line 6, column (c) . . . . .			<b>18</b>
<b>19</b> 10 percent of line 18 . . . . .			<b>19</b>
<b>20</b> Tax on amount on line 19. Use tax rate Schedule X (Single Taxpayer Rate)* . . . . .			<b>20</b>
<b>21</b> Multiply line 20 by 10 . . . . .			<b>21</b>
<b>22</b> Subtract line 21 from line 15 . . . . .			<b>22</b>
<b>23</b> Divide line 2, column (c), by line 3, column (c) (see instruction E) . . . . .			<b>23</b> %
<b>24</b> Tax on ordinary income portions of lump-sum distributions (multiply line 22 by percentage on line 23) . . . . .			<b>24</b>
<b>25</b> Tax on ordinary income portion of lump-sum distribution shown on line 22 of your 1974 Form 4972 . . . . .			<b>25</b>
<b>26</b> Tax on ordinary income portion of lump-sum distribution received this year (subtract line 25 from line 24). 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 16a or Form 1041, line 24 or 25 . . . . .			<b>26</b>

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

**Return for Individual  
Retirement Savings Arrangement**  
(Under Sections 408 or 409 of the Internal Revenue Code)  
▶ Attach to Form 1040.

Any individual who has established a retirement savings arrangement must complete Part I and Part II and attach this form to their individual income tax return, Form 1040. In addition: (1) if you claim a deduction on your Form 1040 for contributions to your retirement savings arrangement, complete Part III; (2) if you have made contributions in excess of your allowable limitation for this year or prior years, complete Part IV; (3) if you are not yet age 59½ when you receive a distribution from your retirement savings arrangement which is not due to a disability, a rollover contribution to another plan or arrangement, or the transfer of an amount to a former spouse under a divorce decree, you must complete Part V.

Name \_\_\_\_\_ Your social security number \_\_\_\_\_

Address (Number and street)

City or town, State and ZIP code

**IRA**

If you are not required to file a Form 1040 check here . . . . .

**Part I Individual and Retirement Savings Information**

**1 Type of funding arrangement:**

- (a)  Individual retirement account
- (b)  Individual retirement annuity
- (c)  Individual retirement bonds

**2** Were you during any part of the year an active participant in a qualified pension, profit-sharing or stock bonus plan, including a qualified Keogh (HR 10) plan (see instructions), or were you covered under a section 403(b) annuity or custodial account or under a government retirement plan other than the Social Security or Railroad Retirement Acts? . . . . .  Yes  No

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

-----  
Your signature \_\_\_\_\_ Date \_\_\_\_\_

-----  
Preparer's signature (other than taxpayer) \_\_\_\_\_ Date \_\_\_\_\_

-----  
Preparer's address and ZIP code \_\_\_\_\_

Part II

Attach Copy B of Form 5498 here

3 If filed by surviving spouse or beneficiary of an individual who created this retirement savings arrangement check here and enter name and social security number of individual for whom the arrangement was established

4 Indicate your age as of the end of the year:

- (a) Under age 59 1/2
(b) Age 59 1/2 to 70 1/2
(c) Over age 70 1/2

Do not complete items 5 through 7 unless you have:

- Transferred your entire interest from a qualified pension, profit-sharing or stock bonus plan to your retirement savings arrangement—Complete item 5.
Transferred any funds from one retirement savings arrangement to another retirement savings arrangement—Complete item 6.
Entered into a prohibited transaction—Complete item 7.

5 (a) If, during the year, you received a lump sum distribution of your entire account from a qualified pension, profit-sharing or stock bonus plan, check here
(b) If you checked (a) did you transfer the entire amount of the distribution which exceeded your contributions (see instructions) to your individual retirement savings arrangement within 60 days of receipt?
(c) If (b) above was "Yes," complete lines (i) through (iii) below:

Table with 3 columns: Yes, No, and a date grid with sub-columns for Month, Day, and Year.

Caution: Such a transfer may be considered a "rollover contribution" (see instructions) and not deductible.

6 If, during the year, you transferred any funds from one individual retirement savings arrangement to another individual retirement savings arrangement, enter the date of transfer here

Caution: (1) Such a transfer may be considered a "rollover contribution" (see instructions) and not deductible; (2) Such a transfer may be a taxable distribution.

7 If you have entered into a prohibited transaction under section 4975 or borrowed any amount from your retirement savings arrangement or pledged any part of your arrangement as security for a loan, check here
Note: See instructions for the tax consequences of such transactions.

Part III Computation of Allowable Deduction

(If you have entered into a prohibited transaction under section 4975, do not complete Part III or Part IV for the retirement savings arrangement with which you entered into such prohibited transaction.)

8 Wages, tips and other compensation (see definition B) from Form 1040 (if a joint return do not include compensation of spouse)
9 15% of line 8 or \$1,500, whichever is lesser (if you are age 70 1/2 or over or answered "Yes" to line 2, enter zero)
10 Amount paid by you or on your behalf under all your individual retirement savings arrangements (do not include any amounts which were considered as "rollover contributions," see lines 5 and 6, or the purchase price of any individual retirement bonds redeemed within 12 months of their date of purchase (see instructions) or life insurance portion of your endowment premium as reported on Form 5498 box 6)
11 Allowable deduction, lesser of line 9 or line 10 (enter here and on Form 1040, line 40b)

Part IV Tax on Excess Contributions

12 Tax on excess contributions (see Part IV of the Specific Instructions if Part III, line 10 exceeds line 11). Enter here and on Form 1040, line 62

Part V Tax on Premature Distributions

13 Tax on premature distributions (see Part V of the Specific Instructions if you received a distribution from your retirement savings arrangement before you have attained age 59 1/2). Enter here and on Form 1040, line 58

# Credit for Purchase or Construction of New Principal Residence

1975

▶ Attach to Form 1040.

Name(s) as shown on Form 1040

Your social security number

**Note:** Except in the case of self-construction, you must attach to your return a certification by the seller that the purchase price is the lowest price at which the residence was offered for sale after February 28, 1975, and that construction began before March 26, 1975. (See Instruction E.)

## Part I Computation of Credit

1 Date new principal residence was acquired . . . . .		
2 If new principal residence is self-constructed, date construction began . . . . .		
3 Date you occupied new principal residence . . . . .		
4 Cost of new principal residence. (See Instruction F.) . . . . .		
5 Less: Any gain from the sale of an old principal residence which is not recognized. (From attached Form 2119 or statement.) If your new residence was self-con- structed see next to last paragraph of Instruction F . . . . .		
6 Adjusted basis of new principal residence. Subtract line 5 from line 4. (See Instruction F.) . . . . .		
7 Multiply the amount on line 6 by .05 . . . . .		
8 Enter \$2,000 (\$1,000 if married filing separately). <b>Caution:</b> If more than one pur- chaser, an allocation must be made. See last paragraph of Instruction F . . . . .		
9 (a) Enter amount from Form 1040, line 16c . . . . .		
(b) Total of all other credits on Form 1040, Part IV . . . . .		
(c) Subtract line 9(b) from line 9(a) . . . . .		
10 Allowable credit. (Enter amount from line 7, 8, or 9(c), whichever is smallest.) Enter here and on Form 1040, line 53 . . . . .		

## Part II Recapture of Credit (Complete this part only if your taxable year began after March 31, 1975 and in your previous taxable year you sold the residence on which you claimed the credit)

11 Amount of credit claimed on residence sold. If you had an involuntary disposition as described in instruc- tion H, do not fill in remainder of this form, check here <input type="checkbox"/> and explain ▶ . . . . .	
12 Date you acquired residence on which you claimed credit. (If self-constructed date you first occupied the residence.) . . . . .	
13 Date you sold residence. (If the date on line 13 is not within 36 months of the date on line 12, omit lines 14 through 18 and enter zero on line 19, you do not have to recapture any of the credit on line 11.) . . . . .	
14 Date replacement residence acquired. (If self-constructed, check here <input type="checkbox"/> and give date construction began and date you occupied the residence. If residence was not replaced within the replacement period, omit lines 15 through 18 and enter on line 19 the amount on line 11.) . . . . .	
15 Enter adjusted sales price of residence sold, from Form 2119, line 10 or from statement . . . . .	
16 Cost (basis) of replacement residence, from Form 2119 or from statement. (If line 16 is equal to or is more than line 15, omit lines 17 and 18 and enter zero on line 19, there is no recapture.) (If line 16 is less than line 15 complete lines 17 through 19.) . . . . .	
17 Balance. (Subtract line 16 from line 15, if below zero enter zero.) . . . . .	
18 Divide amount on line 17 by amount on line 15 and enter the percentage here . . . . .	%
19 Credit to be recaptured. (Multiply amount on line 11 by the percentage on line 18.) Enter here and include the amount of the recapture in the total for line 63 on your 1975 Form 1040, write "from line 19 of Form 5405" to the left of line 63 . . . . .	

### Instructions

(Section references are to the Internal Revenue Code unless otherwise specified)

**A. General rule.**—You are allowed a credit against your income tax in an amount of 5 percent of the adjusted basis of a new principal residence purchased or constructed by you, if constructed, acquired, and occupied within specified periods. The maximum credit is \$2,000 (\$1,000 if you are married and filing a separate return), and the credit may not exceed the amount of your tax liability (Form 1040, line 18 without regard to this credit). Also the credit is allowed with respect to only one residence of a taxpayer.

To qualify for the credit under section 44, you must meet the following conditions:

(1) The residence must be your new principal residence.

(2) The construction must have begun before March 26, 1975,

(3) The residence must be acquired and occupied as your principal residence after March 12, 1975 and before January 1, 1977.

(4) Except in the case of self-construction, a binding contract for the purchase of the residence must be entered into before January 1, 1976, and

(5) Except in the case of self-construction, you must attach to your return a certification by the seller that the purchase price is the lowest price at which the residence was offered for sale after February 28, 1975, and that construction began before March 26, 1975.

**B. New principal residence.**—The property purchased must be your new principal

residence, the original use of which commences with you. The term "principal residence" refers to the place where you lived most of the year and has the same meaning as under section 1034. The term "residence" includes a single family structure, a residential unit in a condominium or cooperative housing project, your portion of a duplex or a row house, and a mobile home. The residence must be new. A renovated building does not qualify as new for this purpose, regardless of the extent of the renovation. The "original use" of the new principal residence by you means that such residence has never been lived in prior to acquisition. For these purposes, a residence will be treated as never having been lived in prior to acquisition if the first occupancy was by you pursuant to a lease arrangement pending settlement under a binding contract to purchase or

pursuant to a lease arrangement where a written option to purchase was contained in the original lease agreement.

**C. Date construction commenced.**—The credit applies only to a new principal residence the construction of which began before March 26, 1975. For this purpose, construction is considered to commence when actual physical work of a significant amount has occurred at the building site. A significant amount of construction requires more than drilling to determine soil conditions, preparation of an architect's sketches, securing of a building permit, or grading of the land. However, digging of the footings, excavation of the building foundation, or similar work constitutes a significant amount of construction.

Construction of a mobile home or a factory-built house is considered to commence when construction of important parts of the mobile home or factory-built house commenced. Construction or assembly of a minor portion of the components of the mobile home or factory-built house does not constitute commencement of construction.

**D. Acquisition and occupancy test.**—The credit applies only to property you acquired and occupied as your principal residence after March 12, 1975, and before January 1, 1977. However, where your residence was acquired by purchase, rather than self-construction, it must also have been acquired by you under a binding contract entered into before January 1, 1976. For these purposes, you have "acquired" a residence when legal title to it is conveyed to you at settlement, or you have possession of it pursuant to a binding contract under which you make periodic payments until you become entitled under the contract to demand conveyance of title. The credit may not be claimed until both the acquisition and occupancy tests have been satisfied.

**E. How to claim credit.**—Attach this form to your tax return on which the credit is claimed. Attach Form 2119 or a statement if you have any gain from the sale of an old principal residence that is not recognized. Except in the case of self-construction, you must also attach a certification by the seller that the purchase price is the lowest price at which the residence was offered for sale after February 28, 1975, and that construction began before March 26, 1975.

The seller's written certification may be in any form so long as it is signed by the seller and contains the required information on purchase price and the date construction commenced.

The following form for the certification statement will be accepted:

I certify that the construction of the residence at (specify address) was begun before March 26, 1975, and that this residence has not been offered for sale after February 28, 1975 in a listing, a written private offer, or an offer by means of advertisement at a lower purchase price than (state price), the price at which I sold the residence to (state name, present address, and social security number of purchaser) by contract dated (give date).

(Date, seller's signature and taxpayer identification number.)

An offer to sell is limited to a listing, a written private offer or an offer by means of advertisement to sell a specified residence at a specified purchase price.

In determining whether your new residence was sold at the lowest purchase price offered after February 28, 1975, appro-

priate adjustment shall be made for differences in financing terms and closing costs that increase both the seller's actual net proceeds and your actual cost. Where the sale to you includes property that was not the subject of the prior offer or excludes property that was included in the prior offer, the amount of the prior offer shall be adjusted to reflect the fair market value of such property, provided that, with respect to any property included in the sale which was not a part of the residence at the time of execution of the contract of purchase, you had the option to require inclusion or exclusion of such property. The fair market value of any excluded property is to be determined at the time of the prior offer, while all additions are to be valued at their fair market value on the date of execution of the contract of sale.

**F. Adjusted basis.**—The cost of your new principal residence includes all amounts that are attributable to the acquisition or construction of your new principal residence, but only to the extent that such amounts constitute capital expenditures and are not allowable as deductions in computing taxable income. To obtain your adjusted basis reduce the cost of your residence by any gain from the sale of an old principal residence that is not recognized due to the application of section 1033 or section 1034. For example, if you sold an old principal residence for \$40,000 that had an adjusted basis of \$25,000 and you re-invested the proceeds by purchasing a new principal residence for \$50,000 (including settlement costs which were capital in nature) and this purchase satisfies the statutory criteria under section 1034 for nonrecognition of gain, then the credit would apply with respect to \$35,000 of the cost of the new principal residence. The credit does not in any way affect your basis in your new principal residence.

Where self-construction of your new principal residence was begun before March 13, 1975, only that portion of the basis of the property allocable to construction after March 12, 1975, and before January 1, 1977, shall be taken into consideration in determining the amount of the credit allowable. For example, if prior to March 13, 1975, a taxpayer who qualifies for the credit has constructed a portion of a residence at a cost of \$20,000 and the total cost of the residence is \$50,000, \$30,000 will be subject to the credit.

Where you self-construct your new principal residence and you have a gain on the sale of an old residence which is not recognized due to the application of section 1033 or section 1034, only that portion of the gain allocable to cost of construction after March 12, 1975, and before January 1, 1977 is to be deducted to obtain the adjusted basis of your new principal residence. Thus, if in the above example the taxpayer had a \$5,000 gain from the sale of an old principal residence which is not recognized the taxpayer would report \$3,000 on line 5 and the adjusted basis on line 6 would be \$27,000.

$$\left( \frac{\$30,000}{\$50,000} \times \$5,000 = \$3,000 \right)$$

Where a new principal residence is purchased by more than one person other than you and your spouse, the amount of the credit allowed will be allocated among the purchasers in proportion to their respective ownership interests in such residence, with the limitation that the sum of the credits allowed to all such persons shall not exceed \$2,000. For this purpose, joint tenants with right of survivorship are treated as equal owners.

**G. Purchase.**—To qualify, the acquired property cannot be acquired by gift (in

whole or in part), by bequest, devise, or inheritance, or by purchase from a person whose relationship would result in disallowance of a loss under section 267 or 707(b) (relating to transactions between related taxpayers). For this purpose, the family of a taxpayer includes only the taxpayer's spouse, ancestors, and lineal descendants.

**H. Recapture of credit.**—The amount allowed as a credit on a purchase is recaptured in the event you sell or otherwise dispose of your residence within 36 months after the date on which you acquired the residence (or, in the case of self-construction, after the day on which you first occupied the residence) as your principal residence. There are exceptions for reinvestment in a new principal residence and for certain involuntary dispositions. For more information get **Publication 591**.

If the cost of purchasing a new residence is at least equal to the adjusted sales price of the old residence, no portion of the credit allowed is recaptured. However, if the cost of purchasing a new residence is less than the adjusted sales price of the old residence, the tax for the year following the year of sale is increased by an amount which is the following fractional portion of the credit allowed:

$$\frac{\text{Adjusted sales price of the old residence reduced (but not below zero) by cost of purchasing the new residence}}{\text{Adjusted sales price of the old residence.}}$$

The recapture does not apply to the following types of dispositions:

- (1) A disposition of a residence made on account of the death of the purchaser,
- (2) Disposition on account of complete or substantial destruction of a residence by fire, storm, or other casualty (described in section 165(c)(3)),
- (3) Compulsory and involuntary conversion of the residence (within meaning of section 1033(a)), or
- (4) A disposition pursuant to a settlement in a divorce or legal separation proceeding where the other spouse retains the residence as a principal residence.

**I. Penalties.**—Civil penalties and criminal fines and imprisonment could result from false certification by a seller. If it is found that the price for which the residence was sold is not in fact the lowest price for which the residence was offered for sale after February 28, 1975, then the statute provides that a seller who certified that it was, is liable to the purchaser for damages in an amount equal to three times the excess over the lowest purchase price plus reasonable attorney's fees. No income tax deduction is allowed to the seller for two-thirds of any damages paid or incurred pursuant to a judgment entered against the seller in a suit brought by a purchaser on this issue. An individual who falsely certifies may be liable for criminal penalties such as those under section 1001 of Title 18 of the United States Code.

**J. Denial of credit.**—In the absence of the taxpayer's participation in, or knowledge of, a false certification by the seller, the credit is not denied to a taxpayer who otherwise qualifies for the credit solely because the seller has falsely certified that the new principal residence was sold at the lowest offer. However, if certification as to the commencement of construction is false, no credit is allowed since such residence does not qualify as a new principal residence construction of which began before March 26, 1975.

For more information get **Publication 591**, Tax Credit for the New Home Buyer, available at any Internal Revenue Service office.

Department of the Treasury  
**Internal Revenue Service**

**Appendix for  
Users of  
Identified  
Copies of**

**1975  
Individual  
or  
State Tax  
Model File**

Statistics Division

Publication 1023-B  
(July 1977)

APPENDIX FOR USERS OF IDENTIFIED TAX MODEL TAPE COPIES

Explanations of codes and fields designated "BLANK"

Code 0, columns 0, 1 -- RECODED DISTRICT

01 Cincinnati, OH	31 Portsmouth, NH
02 Cleveland, OH	32 Providence, RI
03 Detroit, MI	33 Atlanta, GA
04 Indianapolis, IN	34 Birmingham, AL
05 Louisville, KY	35 Columbia, SC
06 Parkersburg, WV	36 Greensboro, NC
07 Baltimore, MD	37 Jackson, MS
08 Washington, DC	38 Jacksonville, FL
09 Newark, NJ	39 Nashville, TN
10 Philadelphia, PA	40 Albuquerque, NM
11 Pittsburgh, PA	41 Austin, TX
12 Richmond, VA	42 Cheyenne, WY
13 Wilmington, DE	43 Dallas, TX
14 Aberdeen, SD	44 Denver, CO
15 Chicago, IL	45 Little Rock, AR
16 Des Moines, IO	46 New Orleans, LA
17 Fargo, ND	47 Oklahoma City, OK
18 Milwaukee, WI	48 Wichita, KS
19 Omaha, NE	49 Anchorage, AK
20 St. Louis, MO	50 Boise, ID
21 St. Paul, MN	51 Helena, MT
22 Springfield, IL	52 Honolulu, HI
23 Albany, NY	53 Los Angeles, CA
24 Augusta, ME	54 Phoenix, AZ
25 Boston, MA	55 Portland, OR
26 Brooklyn, NY	56 Reno, NV
27 Buffalo, NY	57 Salt Lake City, VT
28 Burlington, VT	58 San Francisco, CA
29 Hartford, CT	59 Seattle, WA
30 Manhattan, NY	60 CP:IO
	61 Puerto Rico



1975 Individual Tax Model/General Description

---

Explanations of codes and fields designated "BLANK" (con't)

Code 6, columns 6 & 7 -- STATE CODE

<u>State Code</u>	<u>State Name</u>
1	Alabama
2	Alaska
3	Arizona
4	Arkansas
5	California
6	Colorado
7	Connecticut
8	Delaware
9	District of Columbia
10	Florida
11	Georgia
12	Hawaii
13	Idaho
14	Illinois
15	Indiana
16	Iowa
17	Kansas
18	Kentucky
19	Louisiana
20	Maine
21	Maryland
22	Massachusetts
23	Michigan
24	Minnesota
25	Mississippi
26	Missouri
27	Montana
28	Nebraska
29	Nevada
30	New Hampshire
31	New Jersey
32	New Mexico
33	New York
34	North Carolina
35	North Dakota
36	Ohio
37	Oklahoma
38	Oregon
39	Pennsylvania
40	Rhode Island
41	South Carolina
42	South Dakota
43	Tennessee
44	Texas
45	Utah
46	Vermont
47	Virginia
48	Washington
49	West Virginia
50	Wisconsin
51	Wyoming
52	AP0/FPO
53	Puerto Rico
54	CP:IO

1975 Individual Tax Model/General Description

---

Explanation of codes and fields designated "BLANK" (con't)

Code 16, columns 16 & 17 -- RECODED REVENUE SHARING CODE

Same as STATE code

Code 20, columns 20 & 21 -- SELECT - random number for weighting purposes

Code 22, columns 22 & 23 -- BLANK - contains no data

Code 24, columns 24 & 25 -- BLANK - contains no data

Code 33, column 33 -- HIGH INCOME NON TAXABLE

- 0 not a high income non-taxable
- 1 with no tax preferences
- 2 with no tax preferences, but with  $\frac{1}{2}$  excess LTGG
- 3 with tax preferences less than or equal to exclusion
- 4 with recomputed tax preferences less than or equal to exclusion
- 5 all other HINTX returns with tax preferences

Code 35, column 35 -- REGION

(\*All region codes are generated from State Code)

- 1 Central (15, 18, 23, 36, 49)
- 2 Mid-Atlantic (8, 9, 21, 31, 39, 47)
- 3 Mid-west (14, 16, 24, 26, 28, 35, 42, 50)
- 4 North Atlantic (7, 20, 22, 30, 33, 40, 46)
- 5 South East (1, 10, 11, 25, 34, 41, 43)
- 6 South West (4, 6, 17, 19, 32, 37, 44, 51)
- 7 Western (2, 3, 5, 12, 13, 27, 29, 38, 45, 48)
- 8 Other Areas (52, 53, 54)

Explanation of codes and fields designated "BLANK" (con't)

Code 41, column 41 -- PRIMARY TAX AVOIDER

- 1 interest deducted
- 2 taxes deducted
- 3 contributions deducted
- 4 medical deductions
- 5 net casualty or theft loss
- 6 miscellaneous deductions
- 7 foreign tax credit
- 8 investment credit
- 9 all other tax credits

Code 42, column 42 -- SECONDARY TAX AVOIDER

- 0 no secondary reason
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9

Code 45, column 45 -- BLANK - contains no data

Code 46, column 46 -- BLANK - contains no data

Code 47, column 47 -- CYCLE CODE

7601 - 7654

Code 50, columns 50 - 55 -- DOCUMENT LOCATOR NUMBER

Code 56, columns 56 - 60 -- PRIMARY SOCIAL SECURITY NUMBER

Field 154 -- RETURN IDENTIFICATION NUMBER

Field 155 -- SECONDARY SOCIAL SECURITY NUMBER

Field 157 -- BLANK - contains no data