

Department of the Treasury  
Internal Revenue Service

General  
Description

**1977**  
**Individual**  
**or**  
**State Tax**  
**Model File**

**Individual**  
**Income Tax**  
**Returns**

Statistics Division  
Internal Revenue Service

INDEX

Page

Introduction .....  
Core Record Layout .....  
Explanation of Codes in the Tape Files .....  
Explanation of Fields in the Tape Files .....  
Sources, Sample, and Limitations of the Data .....  
State Tax Model File Sample Description .....  
Reliability Tables (A, B, 1, 2 & 3) .....  
Technical Description of the Files .....  
1977 Federal Tax Forms .....

## INTRODUCTION

The Internal Revenue Service Individual and State Tax Models consist of a sample of 155,212 and 136,324 Federal tax return records selected as part of its Statistics of Income program to represent the 86.6 million Form 1040 and 1040A returns filed for Tax Year 1977. 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 specific items in the manipulated input file and provide for stub and column identification in a flexible print format.

The tax model files, which are 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 either of 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 generalized programs, without interfering with its regular statistical programs, the IRS will prepare the tabulations on a reimbursable basis.

(2) The user may purchase the model files and develop the programs to manipulate the data and/or produce the desired tabulations. These model files contain no taxpayer identifying information and are readily available from the Machine Readable Archives Branch (NNR) of the National Archives and Records Service in Washington, D.C. (20408).

This general description provides a file layout, an explanation of each of the codes and fields contained in the files, technical specifications concerning the tapes, statements and tables related to the reliability of the estimates, and facsimiles of the appropriate Federal tax forms for a reference to the line items which were abstracted for the 1977 Statistics of Income program. In the explanations that follow, certain codes and fields have been designated "blank." Codes and fields so designated have no data and are available to the user for storage of computed items.

1977 INDIVIDUAL/STATE TAX MODEL CORE RECORD LAYOUT

0	BLANK
1	CSAMP
2	BLANK
3	BLANK
4	STATE
5	STATE
6	STATE
7	CAPTRT
8	SELD
9	BLANK
10	BLANK
11	BLANK
12	FLPD-YR
13	FLPD-YR
14	FLPD-YR
15	FLPD-NO
16	FLPD-NO
17	OTIIRT
18	OTIIRT
19	OTIIRT
20	OTUPRT
21	OTUPRT
22	TSAMP
23	TSAMP
24	TXRT
25	TXRT
26	MARS
27	BANK
28	BANK
29	CSELI
30	DEPINC
31	DGROUP
32	ELECT
33	GTCR
34	BLANK
35	IRANRP
36	IRASE
37	IRATYP
38	BLANK
39	PTXPX
40	BLANK
41	SCHOF
42	SPECTX
43	BLANK
44	STXPX
45	TFORM
46	TXNT
47	BLANK
48	TXST
49	BLANK
50	BLANK
51	BLANK
52	BLANK
53	BLANK
54	BLANK
55	BLANK
56	BLANK
57	BLANK
58	BLANK
59	BLANK
60	BLANK

1	NUMBER	2	NUMBER	3	NUMBER	4	NUMBER	5	NUMBER	6	NUMBER	7	NUMBER	8	NUMBER	9	NUMBER	10	NUMBER
11	TOTAL EXEMPTIONS	12	TAXPAYER EXEMPTIONS	13	AGE EXEMPTIONS	14	BLINDNESS EXEMPTIONS	15	DEPENDENTS EXEMPTIONS	16	CHILDREN AT HOME EXEMPTIONS	17	CHILDREN AWAY FROM HOME EXEMPTIONS	18	PARENTS AT HOME EXEMPTIONS	19	PARENTS AWAY FROM HOME EXEMPTIONS	20	OTHER EXEMPTIONS
21	SALARIES AND WAGES	22	INTEREST RECEIVED	23	TOTAL RECEIVED	24	IN AGI	25	STATE INCOME TAX REFUNDS	26	ALIMONY RECEIVED	27	BUSINESS AND PROFESSION NET PROFIT (LOSS) +/-	28	SALES OF CAPITAL ASSETS: CAPITAL GAIN DISTRIBUTIONS ON FORM 1040	29	SALES OF PROPERTY OTHER THAN CAPITAL ASSETS +/-	30	FULLY TAXABLE PENS. AND ANNUIT.
31	TAX TABLE INCOME	32	TAX FROM SPECIAL COMPUTATION	33	TAX AFTER GENERAL TAX CREDIT	34	CONTRIB. TO CAND.	35	ELDERLY	36	CHILD CARE	37	INVESTMENT	38	FOREIGN TAX	39	WIN	40	NEW JOBS
41	AGI (+/-)	42	ADJUSTMENTS	43	EMPLOYEE BUSINESS EXPENSES	44	PAYMENT TO IRA	45	PAYMENT TO SE RETIREMENT PLAN	46	ALIMONY PAID	47	FORFEITED INTEREST PENALTY	48	GRAND TOTAL	49	AGI (DEFICIT) +/-	50	
51	MOVING EXPENSES	52	DOMESTIC AID FOREIGN DIVIDENDS	53	OTHER INCOME (LOSS) +/-	54	MOVING EXPENSES	55	EMPLOYEE BUSINESS EXPENSES	56	PAYMENT TO IRA	57	ADJUSTMENTS	58	ADJUSTMENTS	59	ADJUSTMENTS	60	ADJUSTMENTS
61	TAX TABLE INCOME	62	TAX FROM SPECIAL COMPUTATION	63	TAX AFTER GENERAL TAX CREDIT	64	CONTRIB. TO CAND.	65	ELDERLY	66	CHILD CARE	67	INVESTMENT	68	FOREIGN TAX	69	WIN	70	NEW JOBS

Record Length = 846  
 Block Size = 5x 846 = 4230  
 Codes = Unsigned Packed Decimal  
 Fields = Signed Packed Decimal

1977 Individual Tax Model

41	TOTAL TAX CREDITS	42	INCOME TAX AFTER CREDITS	43	SELF EMPLOYMENT TAX	44	MINIMUM TAX	45	RECOMP. PRIOR YEAR INVEST. CREDIT	46	SOC. SEC. TAX ON TIPS AND UNCOLL. TAX	47	PENALTY TAX ON IRA	48	TOTAL TAX LIABILITY	49	INCOME TAX WITHHELD	50	1977 ESTIMATED TAX PAYMENTS
51	EARNED INCOME CREDIT (TOTAL)	52	PAYMENT WITH REQUEST OR EXTENSION OF FILING TIME	53	EXCESS SOCIAL SECURITY TAX WITHHELD	54	CREDIT FOR TAX ON GAS, FUEL AND OIL	55	TOTAL TAXPAYMENTS	56	BALANCE DUE (TOTAL OVER-PAYMENT) +/-	57	CREDIT ON 1978 TAX RETURN	58	TAX PAID WITH RETURN	59	MEDICAL AND DENTAL DEDUCTION	60	INSUR., PREN., MEDICINE AND DRUGS (TOTAL)
61	BALANCE OF INSUR. PREMIUM	62	TOTAL EXPENSES	63	TOTAL MED. AND DENTAL DEDUCTION	64	STATE AND LOCAL INCOME TAX	65	REAL ESTATE TAX	66	STATE AND LOCAL GAS TAX	67	GENERAL SALES TAX	68	PERSONAL PROPERTY TAX	69	TOTAL TAXES PAID DEDUCTION	70	INTEREST DEDUCTION
71	TOTAL INTEREST DEDUCTION	72	CASH	73	OTHER THAN CASH	74	CARRYOVER	75	TOTAL	76	NET CASUALTY OR THEFT LOSS	77	MISCELLANEOUS DEDUCTIONS	78	POLITICAL CONTRIBUTIONS	79	TOTAL MISC. DEDUCTIONS	80	TOTAL ITEMIZED DEDUCTIONS
81	DIVIDENDS AND OTHER DISTRIBUTIONS	82	CAPITAL GAIN DISTRIBUTIONS	83	NET S.T. GAIN (LOSS) AFTER CARRYOVER +/-	84	SALES OF CAPITAL ASSETS	85	NET CAPITAL GAINS/LOSSES +/-	86	PERMISSIONS AND ARBITRAGES RECEIVED THIS YEAR	87	TAXABLE PORTION	88	NET NET INCOME (LOSS) +/-	89	ROYALTY NET INCOME +/-	90	PARTNERSHIP TOTAL INCOME
91	PARTNERSHIP NET PROFIT +/-	92	TOTAL INCOME	93	NET PROFIT (LOSS) +/-	94	TOTAL INCOME	95	NET PROFIT (LOSS) +/-	96	PAYMENTS RECEIVED	97	DISABILITY	98	WIFE	99	HUSBAND	100	TOTAL GROSS GROSS EXPENSES

1977 Individual Tax Model Master File

101	102	103	104	105	106	107	108	109	110
INCOME EARNED ABROAD									
TAX PREFERENCES (MINIMUM TAX)									
Total									
LIMIT									
CHILD CARE CREDIT									
ELIGIBLE FOR 1977 CREDIT									
1976 Expenses									
All Expenses									
111	112	113	114	115	116	117	118	119	120
TAX PREFERENCES (MINIMUM TAX)									
Recomputed Tax Preference Income									
Total Tax Preferences									
Income Tax After Credits Limited									
Total Net Taxes									
Net Operating Loss eligible for Carryover									
121	122	123	124	125	126	127	128	129	130
MINIMUM TAX									
MAXIMUM TAX									
POST - 9/10/75									
INVESTMENT INTEREST									
Minimum Tax Deferred									
Tax Preferences Excess Credits									
Income									
Net									
PERSONAL SERVICE									
Tax Preference Offset									
Adjusted Taxable Income									
Carryover From Prior Years									
Total									
Additional Limitation									
131	132	133	134	135	136	137	138	139	140
INVESTMENT INTEREST									
Disallowed in Current - Year									
Other Current - Year									
Total									
Carryover From Prior Years									
Amount Disallowed									
Carryover									
One-half Excess Net Long-Term Gains									
141	142	143	144	145	146	147	148	149	150
INVESTMENT INTEREST									
Disallowed in Current - Year									
Other Current - Year									
Total									
Carryover From Prior Years									
Amount Allowed									
Carryover									
Taxable Income									
COMPUTED TAX									
Income Tax Before Credits, Regular Computation									
General Tax Credit									
Old Concept									
New Concept									
Tax Savings (+/-)									
Tax Preference (+/-)									
Plus Tax Preferences (+/-)									
Adjusted Gross Income									
INCOME CONCEPTS									
Expanded Income (+/-)									
Earned Income Cr. Refundable Portion									
Income Tax Preference (+/-)									
Plus Tax Preferences (+/-)									
Tax Refund									

blank	blank	return sequence number	blank	Integer Weight	Decimal Weight
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EXPLANATION OF CODES IN THE TAPE FILE

Code 0, columns 0,1 -- BLANK

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

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

1/ Based on AGI only, and contains nontaxable returns only (returns with no income tax after credits and no minimum tax)

Code 4, columns 4 & 5 -- BLANK

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	APO/FPO
53	Puerto Rico
54	CP:IO



Code 8, columns 8 & 9 -- CAPITAL GAINS, LOWER RATE  
0 or 14 through 70

Code 10, columns 10 & 11 -- DISTRICT WEIGHTING SELECT CODE  
00 through 99

Code 12, columns 12 & 13 -- BLANK

Code 14, columns 14 & 15 -- FILING PERIOD: YEAR

Code 16, columns 16 & 17 -- FILING PERIOD: MONTH

Code 18, columns 18 & 19 -- ORDINARY TAXABLE INCOME, LOWER RATE  
0 or 14 through 70

Code 20, columns 20 & 21 -- ORDINARY TAXABLE INCOME, UPPER RATE  
0 or 51 through 70

Code 22, columns 22 & 23 -- TAX MODEL SAMPLE CODE (special project only)

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 24, columns 24 & 25 -- MARGINAL TAX RATE  
0 or 14 through 70

Code <sup>26</sup>20, column 26 -- 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 27, column 27 -- FOREIGN BANK ACCOUNTS

- 0 No question on form
- 1 Bank, yes/trust, yes
- 2 Bank, yes/trust, no
- 3 Bank, no/trust, yes
- 4 Bank, no/trust, no
- 5 Bank, yes/trust, no response
- 6 Bank, no/trust, no response
- 7 Bank, no response/trust, yes
- 8 Bank, no response/trust, no
- 9 No response to either question

Code 28, column 28 -- Child Care credit number of Individuals

Actual number entered 0-9

Code 29, column 29 -- 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 30, column 30 -- Dependent with Unearned Income

- 0 Box not checked
- 1 Box checked
- 2 No box on form

Code 31, column 31 — Group  
0 through 5

Code 32, column 32 — Presidential Election Fund

0 No Boxes Checked  
1 1 "Yes" box checked  
2 2 "Yes" boxes checked  
8 Only the "No" boxes checked

Code 33, column 33 — GENERAL TAX CREDIT

0 No General Tax Credit  
1 Taxable Income Credit  
2 Personal Exemption Credit

Code 34, column 34 — BLANK

Code 35, column 35 — IRA - from employees; Income

0 Returns with no IRA on employee income  
1 Returns with IRA deduction for one taxpayer based on employee income  
2 Joint return with IRA deduction for both spouses based on employee income  
3 Joint returns with spousal arrangement IRA deduction based on employee income  
4 Joint returns with IRA deduction for one spouse, but cannot determine if based on employee or self-employment income  
5 Joint return with IRA deduction for both spouses, but cannot determine if based on employee or self-employment income  
6 Joint returns with spousal arrangement IRA deduction

Code 36, column 36 — IRA - from self-employment income

0 Returns with no IRA deduction based on self-employment income  
1 Returns with IRA deduction for one taxpayer based on self-employment income  
2 Joint returns with IRA deduction for both spouses based on self-employment income

- 3 Joint returns with a spousal arrangement  
IRA deduction based on self-employment  
income
- 4 Joint return with IRA deduction for one  
spouse, but cannot determine if based on  
employee or self-employment income
- 5 Joint return with IRA deductions for both  
spouses, but cannot determine if for  
employee or self-employment income
- 6 Joint return with spousal arrangement  
but cannot determine if for employee or  
self-employment income

Code 37, Column 37 -- Type of IRA

- 0 No payments to IRA
- 1 Employee Plans only
- 2 Employee Plans and Spousal  
arrangements
- 3 Self-employed Plans only
- 4 Self-employee Plans and spousal  
arrangements
- 5 Both employee Plans and spousal  
arrangements
- 6 Plan not specified

Code 38, Column 38 -- BLANK

Code 39, Column 39 -- Primary Taxpayer Exemption

- 1 Regular
- 2 Age
- 3 Age and Blind
- 4 Blind

Code 40, Column 40 -- BLANK

Code 41, Column 41 -- 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 42, Column 42 -- Special Tax Computation

0	No Entry
1	Form 4970 tax used
2	Form 4972 tax used
3	Form 5544 tax used
4	Form 5405 tax used
5	Section 72(m)(5) penalty tax used
6	Any combination of above taxes

Code 43, column 43 -- BLANK

Code 44, column 44 -- Secondary Taxpayer Exemption

0	No Secondary Taxpayer
1	Regular
2	Age
3	Age and Blind
4	Blind

Code 45, column 45 -- Form of Return

0	1040 Return
1	1040A Return

Code 46, column 46 -- Taxable or Nontaxable Returns

1	Taxable Returns
2	Nontaxable Returns

Code 47, column 47 -- BLANK

Code 48, column 48 -- Tax Status

0	No Tax Computation
1	Normal Tax - Regular
2	Income Averaging (Sch. G)
3	Alternative
4	Maximum Tax (Regular)
5	Maximum Tax (Alternative)
6	No Taxable Income, but with Special Computations
7	Partially Tax Exempt Income
8	Partially Tax Exempt (Alternative)
9	Additional Tax for Tax Preferences Only

Code 49, column 49 -- BLANK

Code 50, columns 50 - 55 -- BLANK

Code 56, columns 56 - 60 -- BLANK

## EXPLANATION OF FIELDS IN THE TAPE FILES

The following explanations define data elements contained in the 1977 Individual and State Tax Model Files that have not been abstracted directly from one specific line on Form 1040, Form 1040A, or the accompanying schedules and forms. Field numbers for the data elements not appearing in this section have been entered on the lines from which the data elements were abstracted in the "FORMS" section of this booklet.

<u>FIELD NUMBER</u>	<u>FIELD NAME &amp; REFERENCE or DEFINITION</u>
*1	TOTAL EXEMPTIONS: line 6 of Form 1040, line 7 of Form 1040A.
*2	TAXPAYER EXEMPTIONS: lines 6a + 6b of Form 1040, lines 5a + 5b of Form 1040A.
*3	AGE EXEMPTIONS: lines 6a + 6b of Form 1040, lines 5a + 5b of Form 1040A.
*4	BLINDNESS EXEMPTIONS: lines 6a + 6b of Form 1040, lines 5a + 5b of Form 1040A.
*5	DEPENDENT EXEMPTIONS (TOTAL): lines 6c + 6d of Form 1040, lines 5c + 5d of Form 1040A.
*6	CHILDREN AT HOME EXEMPTIONS: line 6c of Form 1040, line 5c of Form 1040A.
*7	CHILDREN AWAY FROM HOME EXEMPTIONS: line 6d of Form 1040, line 5d of Form 1040A.
*8	PARENTS AT HOME EXEMPTIONS: line 6d of Form 1040, line 5d of Form 1040A.
*9	PARENTS AWAY FROM HOME EXEMPTIONS: line 6d of Form 1040, line 5d of Form 1040A.
*10	OTHER DEPENDENTS EXEMPTIONS: line 6d of Form 1040, line 5d of Form 1040A.
29	GRAND TOTAL ADJUSTMENTS: lines 28 + 30 of Form 1040.
41	TOTAL TAX CREDITS: line 46 of Form 1040 + Field 143 + Earned Income Credit used to offset Income Tax Before Credits (the smaller of line 47 of Form 1040 or Field 51).
42	INCOME TAX AFTER CREDITS: line 47 of Form 1040 - Earned Income Credit used to offset Income Tax Before Credits (the smaller of line 47 of Form 1040 or Field 51).
48	TOTAL TAX LIABILITY: line 54 of Form 1040 - Earned Income Credit used to offset Income Tax Before Credits (the smaller of line 47 of Form 1040 or Field 51) - Earned Income Credit used to offset all other taxes.

\* Data in these fields represent the number of exemptions, not the amount.

FIELD NUMBER (cont.)      FIELD NAME & REFERENCE or DEFINITION (cont.)

- 58      TAX PAID WITH RETURN: There is no specific line reference for this data element. This amount is written in the margin during revenue processing, and corresponds to the amount of the payment accompanying the tax return when filed.
- 84      COMBINED 1040/SCHEDULE D NET LONG-TERM CAPITAL GAIN OR LOSS: This is a computed amount equal to Field 18 + line 13 of Schedule D of Form 1040.
- 85      COMBINED 1040/SCHEDULE D NET CAPITAL GAIN OR LOSS: This is a computed amount equal to Field 18 + [ line 15b(+) or 16b(-) of Schedule D of Form 1040 ].
- 117     TOTAL TAX PREFERENCES: This is a computed amount equal to the sum of the tax preference detail items (Field 116) minus the computed no benefit deduction claimed.
- 140     ONE-HALF EXCESS NET LONG-TERM CAPITAL GAINS: This is a computed amount equal to the excluded portion of long-term capital gains.
- 141     TAXABLE INCOME, NEW CONCEPT: This is a computed amount equal to adjusted gross income minus excess itemized deductions (or plus unused zero bracket amount) minus exemption amount. This concept includes the zero bracket amount (equivalent of the former standard deduction) and is thus not comparable to taxable income as shown for earlier years.
- 142     TAXABLE INCOME, OLD CONCEPT: This is a computed amount equal to adjusted gross income minus zero bracket amount or total itemized deductions minus exemption amount, but never less than zero. This concept does not include the zero bracket amount, and as such is comparable to taxable income as shown for earlier years.
- 143     GENERAL TAX CREDIT: This is a computed amount equal to 2% of taxable income or \$35 per personal exemption, limited to a maximum of \$180.
- 144     INCOME TAX BEFORE CREDITS, REGULAR COMPUTATION: This is a computed amount arrived at by applying the tax rate schedules to taxable income, without regard to the type of computation used by the taxpayer.
- 145     TAX SAVINGS: This is a computed amount arrived at by subtracting the tax computed by the taxpayer from Field 144.

FIELD NUMBER (cont.)

FIELD NAME & REFERENCE or DEFINITION (cont.)

146 EARNED INCOME CREDIT, REFUNDABLE PORTION: This is a computed amount equal to Total Earned Income Credit (Field 51) minus Earned Income Credit used to offset Income Tax Before Credits minus Earned Income Credit used to offset all other taxes.

147 EXPANDED INCOME

148 AGI + EXCLUDED TAX PREFERENCES

149 AGI - INVESTMENT INTEREST

} These computed income concepts are included for a special study to be done by I.R.S.

151

152

153

} BLANK FIELDS, CONTAIN NO DATA

154 RETURN SEQUENCE NUMBER

155 BLANK FIELD, CONTAINS NO DATA

156 INTEGER WEIGHT FACTOR

157 DECIMAL WEIGHT FACTOR



SOURCES OF THE DATA, DESCRIPTION OF THE SAMPLE AND  
LIMITATIONS OF THE DATA

SOURCES OF THE DATA

The data in the 1977 Individual and State Tax Model files were compiled from a stratified systematic sample of unaudited individual income tax returns, Forms 1040 and 1040A, filed by U.S. citizens and residents during Calendar Year 1978 and processed in the service centers of the Internal Revenue Service. The total sample of 155,212 returns was systematically selected from a population of 86,634,640 returns.

The records in these files are intended to represent all returns filed for Income Year 1977. While the overwhelming majority of returns processed during 1978 were for Calendar Year 1977, a few of them were for non-calendar years ending during 1977 and 1978 and some were delinquent returns for prior years. Returns for recent prior years were used for the 1977 statistics in place of 1977 returns processed for revenue purposes after December 31, 1978. In general, the characteristics of returns due but not yet filed could best be represented by the returns for previous income years that were processed in 1978.

All returns processed during 1978 were subjected to sampling except tentative and amended returns. Tentative returns were not subjected to sampling because the revised returns may have been sampled later on, while amended returns were excluded because the original returns had already been subjected to sampling.

DESCRIPTION OF THE SAMPLE AND LIMITATIONS OF THE DATA

Sample Criteria and Selection

Forms 1040 and 1040A returns filed and entered into the Internal Revenue Service's Individual Master File System during 1978 were stratified, by computer, into sample classes based on State groupings, the presence or absence of a Schedule C (Profit or Loss from Business or Profession), and on combinations of (a) adjusted gross income or deficit, or the largest of specific income or loss items, and (b) business or farm receipts. The State groups, listed in table A, were based on the size of the tax return population of each State and defined in such a way as to secure

at least a minimum number of sample returns from each State. The sample for the State groups was then allocated to financial strata to minimize the variance of the estimates. Refer to table A for strata descriptions and the number of returns in the population and sample, by strata and State groups.

#### Method of Estimation

A separate set of rates (by sample strata) for each of the five groups of States was prescribed for the selection of the sample, the rates varying from 0.02 percent to 100 percent. The adequacy of the sample stratum, by applying the prescribed rates to the number of returns reported filed by each of the ten Internal Revenue service centers. When the actual number of sample returns differed considerably from the expected number, a followup was conducted.

Sampling weights were obtained by dividing the number of returns filed per sample stratum by the number of sample returns actually received for the stratum. All sampling weights were then converted to "integer weighting factors," which were applied to each sample return. For example, if a weight of 44.24 was computed for a stratum, 24 percent of the sample returns in the stratum were systematically given a weighting factor of 45, and 76 percent a weight of 44.

#### Sampling Variability

The coefficient of variation is the standard deviation of an estimate expressed as a percent of the estimate. The standard deviation when added to and subtracted from the estimate provides the computed upper and lower limits within which approximately two out of three estimates from similarly selected samples would be expected to fall.

Coefficients of variation for this booklet were computed using a sum-of-squares formula for selected frequency and amount estimates and appear in tables 1 and 2. The upper limit coefficients of variation shown in table B were computed using a formula based on the sum-of-squares method. These coefficients, applicable to frequencies only, are meant as a general guide for use when computed coefficients of variation are not shown.

## Response and Other Nonsampling Errors

In transcribing and tabulating the information from the returns in the sample, additional checks were imposed to improve the quality of the resulting estimates. Incorrect or missing entries were corrected during statistical editing to make them consistent with other entries on the return or accompanying schedules. Data were also adjusted during editing in an attempt to achieve consistent statistical definitions.

Quality of the basic data abstracted at the processing centers was controlled there by means of a continuous subsampling verification system. In addition, the Statistics Division in the National Office conducted an independent reprocessing of a small subsample of the returns statistically processed in the field as a further check on processing. Prior to creation of the Individual and State Tax Model Files, numerous computer tests were applied to each return record to assure that proper balance and relationships among return items were maintained.

However, the controls maintained over the selection of the sample returns, the processing of the source data, and the review of the statistics did not completely eliminate the possibility of error. Also, practical operating considerations necessitated the allowance of reasonable tolerances in the statistical processing of the data.

## STATE TAX MODEL SAMPLE DESCRIPTION

The 1977 State Tax Model File is based on the same Statistics of Income sample as the 1977 Individual Tax Model File. The individual records in the file have been sorted into 54 segments, one for each of the 50 States and the District of Columbia, as well as 3 segments for returns of U.S. citizens living abroad filed through the Office of International Operations. In addition to entering a STATE identifying code on each record, all records with adjusted gross income (AGI) of \$200,000 or more have been deleted from the file. This was done to prevent unauthorized disclosure of tax return information with respect to a given geographic area. The sample of 136,324 records in this file are used to represent 86,581,237 of the 86,634,640 individual income tax return records filed with adjusted gross income less than \$200,000 for Tax Year 1977. Table 2 of this booklet presents coefficients of variation by size of adjusted gross income for each State. Sample counts and population for all returns and for returns with adjusted gross income less than \$200,000, classified by States, are presented in Table 3.

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

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

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

**Table A.—Number of Form 1040 and Form 1040A Returns in the Population and Sample, 1977**

Description of the sample strata	All groups, total		Group 1 <sup>1</sup>		Group 2 <sup>2</sup>		Group 3 <sup>3</sup>		Group 4 <sup>4</sup>		Group 5 <sup>5</sup>	
	Population	Sample	Population	Sample	Population	Sample	Population	Sample	Population	Sample	Population	Sample
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Grand total</b> .....	86,759,003	155,239	536,709	5,663	4,471,990	32,440	3,691,628	7,956	8,965,943	14,546	69,092,823	94,664
<b>Nonbusiness and farm (Schedule F only), total</b> .....	78,636,694	83,247	464,941	2,887	3,998,935	12,212	3,306,160	4,336	7,981,805	8,452	62,884,853	55,360
Form 1040A returns with adjusted gross income under \$10,000 .....	25,402,788	5,099	150,576	32	1,386,793	284	1,166,739	233	2,591,108	522	20,107,572	4,028
Adjusted gross income \$200,000 and over with no tax after credits and no minimum tax .....	42	42	—	—	2	2	1	1	1	1	36	38
<b>Larger of adjusted gross income or largest specific income item</b> .....												
<b>and</b> .....												
<b>Farm receipts</b> .....												
Under \$20,000 .....	13,691,760	5,421	71,863	146	721,061	874	605,186	304	1,537,822	467	10,855,838	3,630
Under \$50,000 .....	12,980,437	8,917	72,500	218	680,359	2,043	571,794	686	1,338,764	803	10,317,020	5,167
Under \$100,000 .....	10,349,517	8,839	57,542	345	512,236	1,696	424,612	677	1,047,457	1,152	8,301,670	4,969
Under \$150,000 .....	11,013,932	9,800	64,885	454	481,457	1,782	385,931	655	1,037,701	1,246	9,043,958	5,663
Under \$200,000 .....	4,187,353	9,541	37,040	297	170,422	863	116,794	329	336,653	676	3,526,244	7,376
Under \$300,000 .....	885,522	10,470	9,404	724	37,753	1,693	27,207	514	72,843	1,090	738,315	6,249
Under \$500,000 .....	185,001	8,775	863	443	6,954	877	6,404	323	15,459	908	155,301	6,224
Under \$1,000,000 .....	40,054	10,055	204	204	1,608	1,608	1,316	438	3,320	1,110	33,606	6,695
Under \$200,000 .....	6,288	6,288	24	24	290	290	176	176	477	477	5,321	5,321
Under \$500,000 .....	8,124,399	72,052	71,768	2,776	473,055	20,228	385,468	3,630	984,138	6,094	6,207,970	39,324
Under \$1,000,000 .....	18	18	—	—	—	—	—	—	—	—	18	18
<b>Business (Schedules C and F, or C only), total</b> .....	1,996,208	6,589	16,482	166	123,751	2,695	108,973	275	254,192	309	1,492,810	3,144
Adjusted gross income \$200,000 and over with no tax after credits and no minimum tax .....	1,581,103	6,341	12,999	157	99,321	2,551	82,849	250	203,923	413	1,182,011	2,970
<b>Larger of adjusted gross income or largest specific income item</b> .....	1,433,011	8,687	11,089	232	86,791	3,107	69,296	415	182,945	737	1,082,890	4,196
<b>Business receipts</b> .....	1,677,035	10,791	14,369	360	91,833	3,678	71,675	505	197,203	958	1,301,955	5,260
Under \$20,000 .....	944,422	9,771	11,391	370	47,960	2,400	34,452	582	96,038	776	754,531	5,643
Under \$50,000 .....	370,206	9,283	4,387	440	18,029	2,253	13,435	534	36,621	737	297,734	5,319
Under \$100,000 .....	82,845	7,838	745	745	3,658	1,632	3,228	458	6,745	878	66,469	3,925
Under \$150,000 .....	33,025	8,208	284	284	1,504	1,504	1,422	473	4,016	801	25,799	5,146
Under \$200,000 .....	4,526	4,526	22	22	208	208	133	138	455	455	3,703	3,703
Under \$500,000 .....	—	—	—	—	—	—	—	—	—	—	—	—
Under \$1,000,000 .....	—	—	—	—	—	—	—	—	—	—	—	—
Under \$2,000,000 .....	—	—	—	—	—	—	—	—	—	—	—	—
Under \$5,000,000 .....	—	—	—	—	—	—	—	—	—	—	—	—

<sup>1</sup> Alaska, Vermont, and Wyoming  
<sup>2</sup> Delaware, District of Columbia, Hawaii, Idaho, Maine, Montana, Nevada, New Hampshire, New Mexico, North Dakota, Rhode Island, South Dakota, and Utah.  
<sup>3</sup> Arizona, Arkansas, Mississippi, Nebraska, and West Virginia  
<sup>4</sup> Alabama, Colorado, Iowa, Kansas, Kentucky, Oregon, Oklahoma, South Carolina, and Puerto Rico.  
<sup>5</sup> California, Connecticut, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, Virginia, Washington, Wisconsin, APO/FPO, and U. S. citizens abroad.

Table B.—“Upper Limit” Coefficients of Variation for the Estimated Number of Returns, 1977

Estimated number of returns	Adjusted gross income or deficit (Expressed in percent)									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
	Less than \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 or more	
30	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
40	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
50	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
75	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
100	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
200	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
300	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
400	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
500	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
600	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
750	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
2,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
3,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
5,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
7,500	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
10,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
15,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
20,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
25,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
30,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
40,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
50,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
75,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
100,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
150,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
200,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
300,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
400,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
500,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
750,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1,000,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
2,000,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
3,000,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
5,000,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
7,500,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
10,000,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
12,000,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
15,000,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
20,000,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
25,000,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
30,000,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
50,000,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
75,000,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
100,000,000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	

\* No sampling variability since all returns in the category are in the sample.  
 † Reliable upper limit coefficients of variation cannot be computed for these estimated frequencies.  
 ‡ Not applicable, since the estimated number of returns exceeded the population total.

**Table 1—All Returns: Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income**  
 [Coefficient of variation for number of returns and amounts (percent)]

Size of adjusted gross income	Number of returns		Salaries and wages		Interest received		Alimony received		State income tax refunds		Total		Persons and amounts	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Amount
All returns, total	0.0	0.1	0.1	0.2	0.5	1.0	8.5	10.1	1.0	1.2	1.6	1.6	1.6	1.6
Under \$2,000	1.8	10.1	2.0	2.3	3.6	4.4	7.0	64.6	16.6	10.0	10.3	13.6	11.5	
\$2,000 under \$4,000	1.8	1.8	2.0	2.1	3.2	2.2	28.9	32.9	2.1	28.3	6.3	8.9	7.1	
\$4,000 under \$6,000	1.8	1.8	2.0	2.2	2.9	4.6	29.8	38.0	1.3	18.5	5.1	6.2	5.2	
\$6,000 under \$8,000	1.8	1.8	2.0	2.3	3.0	2.3	27.0	29.3	1.0	16.7	5.4	6.3	5.5	
\$8,000 under \$10,000	2.1	2.1	2.3	2.4	3.0	5.5	27.0	33.7	0.6	12.5	5.9	7.2	6.4	
\$10,000 under \$12,000	1.3	1.3	1.4	2.1	4.8	24.1	24.1	34.2	5.7	7.1	5.3	6.6	5.4	
\$12,000 under \$14,000	1.4	1.4	1.4	1.5	2.1	5.3	27.2	30.5	5.0	6.9	7.4	7.4	6.1	
\$14,000 under \$16,000	1.5	1.5	1.6	1.6	2.1	5.5	24.7	33.0	4.5	5.6	6.3	8.2	7.6	
\$16,000 under \$18,000	1.3	1.3	1.4	1.4	1.8	5.1	28.7	33.2	3.9	5.3	6.4	8.4	8.4	
\$18,000 under \$20,000	1.5	1.5	1.6	1.6	2.0	5.3	33.8	39.1	5.0	5.0	6.8	8.4	8.4	
\$20,000 under \$25,000	0.8	0.8	0.8	0.9	1.1	3.5	36.2	60.8	2.3	3.2	4.9	6.5	5.0	
\$25,000 under \$30,000	1.4	1.4	1.4	1.5	1.6	4.6	45.4	52.2	3.0	4.0	6.6	8.6	6.6	
\$30,000 under \$50,000	0.2	0.2	0.3	0.4	0.4	2.0	23.0	32.5	1.4	2.3	3.3	4.5	4.6	
\$50,000 under \$100,000	0.3	0.3	0.5	0.7	0.4	1.6	20.1	31.4	1.6	2.9	3.1	4.6	3.2	
\$100,000 under \$200,000	0.4	0.4	0.6	0.8	0.5	1.2	21.0	36.6	1.8	4.1	3.2	5.1	3.2	
\$200,000 under \$500,000	0.5	0.5	0.6	0.9	0.5	1.2	20.8	38.6	1.8	4.0	2.9	5.5	2.9	
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Taxable returns, total	0.3	0.1	0.4	0.2	0.5	1.1	9.1	10.8	1.0	1.2	1.8	2.1	1.8	
Under \$2,000	19.4	7.8	32.6	9.8	20.7	11.8	45.6	38.9	16.2	18.7	48.8	39.4	49.8	
\$2,000 under \$4,000	4.2	4.3	4.5	4.5	7.5	12.2	49.0	47.7	54.8	46.4	33.5	38.6	34.1	
\$4,000 under \$6,000	2.5	2.5	2.8	2.8	4.1	6.7	39.0	46.6	28.9	32.5	8.4	9.6	9.8	
\$6,000 under \$8,000	2.3	2.3	2.5	2.6	3.5	5.9	24.2	31.6	14.7	18.6	6.4	7.4	6.5	
\$8,000 under \$10,000	2.2	2.2	2.4	2.4	3.1	5.8	27.3	34.7	9.6	13.4	6.3	7.6	7.5	
\$10,000 under \$12,000	1.3	1.3	1.4	1.5	2.1	4.9	24.4	35.9	5.9	7.3	5.4	6.7	5.5	
\$12,000 under \$14,000	1.4	1.4	1.5	1.5	2.1	5.4	27.2	30.5	5.1	7.0	6.1	7.4	6.1	
\$14,000 under \$16,000	1.5	1.5	1.6	1.6	2.1	5.5	24.7	33.0	4.5	5.7	6.4	8.2	6.5	
\$16,000 under \$18,000	1.5	1.5	1.6	1.6	1.9	5.1	28.2	39.6	3.9	5.3	6.4	8.4	8.4	
\$18,000 under \$20,000	1.3	1.3	1.4	1.4	2.0	5.3	33.8	38.1	3.8	5.0	6.9	8.4	6.6	
\$20,000 under \$25,000	0.8	0.8	0.8	0.9	1.1	3.5	38.2	60.8	2.3	3.2	6.7	8.6	7.0	
\$25,000 under \$30,000	1.4	1.4	1.4	1.5	1.6	4.6	45.4	52.2	3.1	4.0	6.6	8.6	6.8	
\$30,000 under \$50,000	0.3	0.3	0.3	0.4	0.4	2.0	23.3	34.3	1.4	2.3	3.2	4.5	3.3	
\$50,000 under \$100,000	0.3	0.3	0.5	0.7	0.4	1.6	20.1	31.4	1.6	2.9	3.1	4.5	3.3	
\$100,000 under \$200,000	0.4	0.4	0.6	0.8	0.4	1.6	21.0	36.6	1.9	4.1	3.2	4.6	3.2	
\$200,000 under \$500,000	0.5	0.5	0.6	0.9	0.5	1.6	20.8	38.6	1.8	4.0	2.9	5.5	3.3	
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total nontaxable returns	0.9	1.4	1.1	1.5	1.8	3.2	23.9	27.3	6.7	8.6	3.8	4.8	3.9	
All returns, summary														
Under \$5,000	0.9	1.3	1.0	1.3	2.0	3.1	22.6	26.2	11.1	11.9	4.4	5.8	4.6	
\$5,000 under \$10,000	1.0	1.1	1.2	1.3	1.7	3.1	16.1	20.7	6.2	9.2	3.3	4.1	3.9	
\$10,000 under \$15,000	0.3	0.3	0.4	0.5	1.1	3.2	16.1	20.6	3.2	4.2	4.5	4.5	4.0	
\$15,000 under \$20,000	0.3	0.3	0.4	0.5	0.9	3.2	16.3	23.6	2.3	3.1	4.0	5.2	3.1	
\$20,000 or more	0.2	0.1	0.2	0.2	0.4	1.3	17.5	21.1	1.2	1.4	2.6	3.2	2.7	

Footnote at end of table

Table 1—All Returns: Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued

Size of adjusted gross income	Pensions and annuities—Continued											Dividends and other distributions received				
	Fully taxable			Partially taxable			Nontaxable		Total		Capital gain distributions received		Nontaxable distributions			
	Reported on Schedule E			Amount received			Taxable portion	Number of returns		Amount		Number of returns		Amount		
	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	
All returns, total	1.7	2.0	4.9	5.5	4.9	6.7	6.5	7.2	9.4	0.9	1.3	3.2	6.8	3.4	5.1	
Under \$2,000	12.3	16.1	34.8	44.0	31.4	38.5	36.0	21.1	25.0	7.9	6.2	26.1	35.6	30.7	13.7	
\$2,000 under \$4,000	7.6	8.9	18.9	21.4	19.9	25.7	24.4	23.8	33.0	6.7	10.9	23.3	42.6	35.1	13.7	
\$4,000 under \$6,000	5.4	6.4	13.0	14.9	19.7	22.8	25.4	28.8	33.0	5.5	9.1	19.5	28.0	23.3	8.3	
\$6,000 under \$8,000	5.7	6.6	15.8	17.8	16.3	22.4	22.6	31.7	40.0	5.6	10.3	19.7	28.2	26.7	11.7	
\$8,000 under \$10,000	6.3	7.4	18.8	18.8	16.5	23.4	24.3	24.5	28.9	5.6	10.5	18.0	28.1	26.7	11.7	
\$10,000 under \$12,000	5.7	6.8	15.8	18.6	17.3	23.3	24.3	23.3	37.9	4.6	9.6	14.8	30.4	15.3	25.2	
\$12,000 under \$14,000	6.3	7.9	17.5	21.6	17.3	20.0	22.0	33.3	42.7	4.5	10.0	15.6	34.6	17.1	27.0	
\$14,000 under \$16,000	6.8	8.8	18.5	21.7	19.5	22.0	24.0	32.7	41.0	4.3	10.2	14.1	35.2	15.3	27.0	
\$16,000 under \$18,000	6.9	8.8	18.5	20.6	19.5	21.4	27.7	34.9	35.9	4.0	10.4	13.6	35.8	15.9	25.6	
\$18,000 under \$20,000	7.3	8.8	18.8	22.1	21.7	20.5	30.8	26.4	34.5	4.0	10.3	14.4	24.8	14.5	24.8	
\$20,000 under \$25,000	5.3	6.9	15.5	22.1	19.3	20.0	22.7	19.8	23.1	2.5	7.0	9.4	15.6	10.1	20.0	
\$25,000 under \$30,000	7.1	9.2	21.2	25.8	18.5	26.7	29.7	27.2	30.4	2.9	8.7	10.2	48.2	21.1	20.0	
\$30,000 under \$50,000	3.5	4.9	9.7	13.2	8.6	8.6	14.3	13.2	18.7	1.0	3.3	4.1	23.1	4.4	14.2	
\$50,000 under \$100,000	3.5	5.0	7.9	11.9	7.0	12.0	13.5	14.5	20.0	0.6	2.2	2.6	13.1	2.8	10.3	
\$100,000 under \$200,000	3.7	6.6	7.5	14.0	6.6	16.7	18.5	16.3	23.7	0.6	1.9	2.2	11.1	2.4	7.9	
\$200,000 under \$400,000	3.3	6.0	7.1	12.3	6.0	13.2	13.3	17.7	26.4	0.6	1.7	2.2	19.8	2.1	10.6	
\$400,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
\$1,000,000 or more	1.9	2.2	5.6	6.1	5.3	7.5	7.2	8.2	10.2	1.0	1.3	3.2	7.2	3.4	5.1	
Taxable returns, total	31.4	15.3	36.7	46.3	39.7	38.2	41.7	89.1	89.1	28.7	10.7	56.2	15.6	20.6	0.7	
Under \$2,000	35.2	41.0	69.1	62.4	59.7	99.7	96.7	88.2	89.3	15.7	20.2	89.3	79.9	79.9	70.8	
\$2,000 under \$4,000	8.6	9.9	21.8	24.2	19.7	27.7	24.8	34.9	34.3	6.6	12.4	23.0	36.1	29.3	5.4	
\$4,000 under \$6,000	6.8	7.9	20.5	23.1	19.7	23.8	21.6	34.8	43.3	5.9	11.1	19.9	31.6	25.1	5.4	
\$6,000 under \$8,000	6.6	7.7	16.7	19.3	17.4	32.7	23.3	26.2	31.4	5.9	11.1	19.9	27.3	19.4	3.4	
\$8,000 under \$10,000	5.7	6.8	15.8	18.6	17.4	25.7	24.7	24.0	38.5	4.7	9.8	15.0	30.8	15.3	25.2	
\$10,000 under \$12,000	6.2	7.9	17.5	21.6	17.4	20.2	22.0	33.3	42.7	4.6	10.2	16.1	30.0	17.3	21.1	
\$12,000 under \$14,000	6.8	8.9	18.5	21.7	16.6	22.2	24.2	32.7	41.0	4.3	10.4	14.2	33.9	14.5	21.6	
\$14,000 under \$16,000	6.9	8.8	20.0	26.6	17.8	31.5	27.7	24.9	34.9	4.1	10.5	13.9	32.3	13.5	23.4	
\$16,000 under \$18,000	7.3	8.8	19.2	27.7	21.7	30.7	31.0	26.4	35.5	4.1	10.4	14.4	24.2	11.5	25.4	
\$18,000 under \$20,000	5.4	6.9	15.6	20.9	13.9	20.0	22.7	19.8	23.1	2.5	7.1	9.4	16.5	13.2	20.2	
\$20,000 under \$25,000	7.1	9.2	21.2	25.8	18.5	26.7	29.7	27.2	30.4	2.9	8.8	10.2	46.2	12.5	21.7	
\$25,000 under \$30,000	3.5	4.9	9.8	13.3	8.6	13.1	14.3	13.2	18.7	1.0	3.3	4.1	23.1	4.4	14.3	
\$30,000 under \$50,000	3.5	5.0	12.0	16.0	7.1	12.0	13.5	14.5	20.0	0.6	2.2	2.6	13.1	2.8	10.3	
\$50,000 under \$100,000	3.7	6.6	7.5	14.0	6.6	16.7	18.5	16.3	25.7	0.6	1.9	2.2	11.1	2.4	7.9	
\$100,000 under \$200,000	3.3	6.0	7.1	12.3	6.0	13.2	13.3	17.7	26.4	0.6	1.7	2.2	19.8	2.1	10.6	
\$200,000 under \$500,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
\$1,000,000 or more	4.1	5.1	10.3	12.0	11.9	15.5	15.4	14.2	18.5	3.7	6.5	12.3	21.8	15.7	25.4	
Total nontaxable returns	4.1	5.1	10.3	12.0	11.9	15.5	15.4	14.2	18.5	3.7	6.5	12.3	21.8	15.7	25.4	
All returns, summary	4.9	5.9	12.6	14.8	14.0	17.6	17.1	15.0	19.5	4.2	5.6	14.2	25.4	18.7	22.1	
Under \$5,000	3.5	4.2	10.2	12.5	10.9	14.1	15.1	17.1	21.2	3.4	6.3	12.3	17.9	12.7	24.8	
\$5,000 under \$10,000	3.8	5.1	12.9	15.2	11.7	18.9	17.9	17.8	26.5	2.7	6.2	9.5	18.9	10.1	16.0	
\$10,000 under \$15,000	4.3	5.2	12.9	15.2	11.7	18.9	17.9	17.1	23.0	2.4	6.5	8.7	22.6	9.4	15.7	
\$15,000 under \$20,000	2.9	3.5	7.7	9.4	6.8	9.8	10.7	10.9	12.3	0.9	1.3	3.2	8.6	3.3	5.4	

Footnote at end of table.



**Table 1—All Returns: Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued**

Size of adjusted gross income	Dividends and other distributions received—Continued										Rent				Royalty							
	Domestic and foreign dividends received					Exclusion					Total		Net income		Net loss		Net income		Net loss			
	Amount		Number of returns		Amount		Number of returns		Amount		Number of returns		Amount		Number of returns		Amount		Number of returns		Amount	
	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	
All returns, total	0.9	1.3	0.9	1.0	1.2	1.3	1.9	2.5	1.9	2.3	4.4	4.8	17.4	10.5	.....	.....	.....	.....	.....	.....	.....	
Under \$2,000	7.9	6.4	8.1	8.6	9.5	6.6	9.8	12.2	10.4	9.5	25.2	15.6	39.7	30.8	.....	.....	.....	.....	.....	.....	.....	
\$2,000 under \$4,000	5.1	10.4	6.9	7.4	7.8	11.4	9.5	11.8	13.5	10.4	29.6	15.6	39.7	30.8	.....	.....	.....	.....	.....	.....	.....	
\$4,000 under \$6,000	5.6	9.2	5.6	6.2	6.5	9.9	8.3	11.9	11.6	15.8	24.2	30.3	49.1	43.1	.....	.....	.....	.....	.....	.....	.....	
\$6,000 under \$8,000	5.6	10.2	6.7	6.3	6.7	10.9	9.1	14.2	11.7	16.8	24.2	30.3	49.1	43.1	.....	.....	.....	.....	.....	.....	.....	
\$8,000 under \$10,000	5.6	10.6	5.7	6.6	6.7	11.4	9.1	14.1	10.3	12.6	23.3	31.9	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$10,000 under \$12,000	4.8	9.6	4.7	5.4	5.6	10.3	7.4	12.8	8.9	12.5	23.3	31.9	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$12,000 under \$14,000	4.8	10.0	4.6	5.4	5.6	10.7	8.2	17.0	8.8	11.5	22.9	31.9	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$14,000 under \$16,000	4.3	10.4	4.4	5.1	5.4	11.2	8.1	15.5	7.5	12.8	19.5	36.4	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$16,000 under \$18,000	4.0	10.5	4.2	4.9	5.1	11.3	7.3	13.3	7.0	10.9	19.3	36.4	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$18,000 under \$20,000	4.1	10.4	4.2	4.9	5.2	11.2	7.6	13.8	8.0	11.0	25.1	29.7	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$20,000 under \$25,000	2.5	7.1	2.5	3.0	3.2	7.8	5.3	10.2	5.0	7.0	13.3	26.2	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$25,000 under \$30,000	2.9	8.8	3.0	3.5	3.8	8.5	6.2	11.8	5.7	6.5	14.3	28.1	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$30,000 under \$50,000	1.0	3.3	1.0	1.2	1.3	3.5	2.9	4.4	2.7	2.7	6.1	14.4	26.6	32.1	.....	.....	.....	.....	.....	.....	.....	
\$50,000 under \$100,000	0.6	2.3	0.7	0.8	0.8	2.3	1.7	4.0	2.1	3.7	3.7	7.0	12.2	22.1	.....	.....	.....	.....	.....	.....	.....	
\$100,000 under \$200,000	0.5	1.9	0.6	0.6	0.7	1.9	1.9	3.6	2.2	2.2	3.0	7.0	9.8	14.1	.....	.....	.....	.....	.....	.....	.....	
\$200,000 under \$500,000	0.5	1.4	0.6	0.6	0.6	1.4	1.5	3.7	2.0	4.2	2.3	5.8	7.1	13.9	.....	.....	.....	.....	.....	.....	.....	
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	.....	.....	.....	.....	.....	.....	.....	
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	.....	.....	.....	.....	.....	.....	.....	
Taxable returns, total	1.0	1.3	1.0	1.0	1.2	1.4	2.0	2.7	2.0	2.3	4.5	5.0	18.0	10.6	.....	.....	.....	.....	.....	.....	.....	
Under \$2,000	28.7	11.5	28.8	27.9	32.5	11.2	58.0	23.0	27.4	23.5	46.2	53.1	62.2	39.5	.....	.....	.....	.....	.....	.....	.....	
\$2,000 under \$4,000	15.7	20.2	16.0	16.5	17.1	21.4	37.9	43.5	42.3	33.7	63.5	53.1	62.2	39.5	.....	.....	.....	.....	.....	.....	.....	
\$4,000 under \$6,000	7.9	12.4	8.1	8.4	9.0	13.1	13.9	19.9	19.1	20.2	39.4	30.3	49.1	43.1	.....	.....	.....	.....	.....	.....	.....	
\$6,000 under \$8,000	6.6	11.6	6.7	7.3	7.7	12.4	11.3	18.0	14.6	14.6	32.0	26.2	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$8,000 under \$10,000	5.9	11.2	6.0	7.0	7.1	12.0	10.0	15.8	11.5	14.3	34.2	38.9	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$10,000 under \$12,000	4.8	9.8	4.8	5.6	5.7	10.4	7.6	13.2	9.5	9.5	23.3	37.9	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$12,000 under \$14,000	4.6	10.2	4.7	5.5	5.7	11.0	8.4	17.4	9.2	11.9	23.4	32.2	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$14,000 under \$16,000	4.3	10.6	4.4	5.2	5.4	11.4	8.3	14.3	7.7	13.2	23.0	39.5	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$16,000 under \$18,000	4.1	10.6	4.2	5.0	5.2	11.4	8.4	13.6	7.1	11.1	25.9	30.0	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$18,000 under \$20,000	4.1	10.5	4.2	4.9	5.2	11.4	7.6	13.9	8.1	10.5	25.9	30.0	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$20,000 under \$25,000	2.3	6.6	2.5	3.0	3.3	7.9	5.4	10.5	5.0	7.1	13.4	26.2	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$25,000 under \$30,000	2.3	6.6	3.0	3.6	3.8	9.6	6.2	11.9	5.8	6.6	14.6	29.5	49.0	43.0	.....	.....	.....	.....	.....	.....	.....	
\$30,000 under \$50,000	1.0	3.3	1.0	1.2	1.3	3.5	2.9	4.4	2.8	2.8	6.1	14.4	26.6	32.1	.....	.....	.....	.....	.....	.....	.....	
\$50,000 under \$100,000	0.6	2.3	0.7	0.8	0.8	2.3	1.9	3.6	2.1	3.6	3.7	7.0	9.8	14.1	.....	.....	.....	.....	.....	.....	.....	
\$100,000 under \$200,000	0.6	1.9	0.6	0.6	0.7	1.9	1.7	3.6	2.2	2.2	3.0	7.0	9.8	14.1	.....	.....	.....	.....	.....	.....	.....	
\$200,000 under \$500,000	0.6	1.4	0.6	0.6	0.6	1.4	1.5	3.7	2.0	4.2	2.3	5.8	7.1	13.9	.....	.....	.....	.....	.....	.....	.....	
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	.....	.....	.....	.....	.....	.....	.....	
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	.....	.....	.....	.....	.....	.....	.....	
Total nontaxable returns	3.7	6.5	3.8	4.3	4.6	7.0	5.0	6.8	5.9	7.1	14.7	20.0	82.5	49.3	.....	.....	.....	.....	.....	.....	.....	
All returns, summary:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Under \$5,000	4.2	5.5	4.4	4.7	5.0	5.9	5.9	7.8	7.5	8.3	17.6	21.6	80.2	33.2	.....	.....	.....	.....	.....	.....	.....	
\$5,000 under \$10,000	3.4	6.3	3.5	3.9	4.1	6.8	5.6	8.6	6.9	9.6	16.8	21.4	42.9	27.4	.....	.....	.....	.....	.....	.....	.....	
\$10,000 under \$15,000	2.7	6.2	2.8	3.3	3.4	6.6	4.9	8.2	5.4	8.2	14.1	24.2	43.2	33.2	.....	.....	.....	.....	.....	.....	.....	
\$15,000 under \$20,000	2.4	6.6	2.5	3.0	3.2	7.1	4.7	7.1	4.7	6.9	13.3	27.9	68.6	62.3	.....	.....	.....	.....	.....	.....	.....	
\$20,000 or more	0.9	1.3	0.9	1.1	1.2	1.4	2.2	3.0	2.2	2.4	4.3	5.1	19.3	10.6	.....	.....	.....	.....	.....	.....	.....	

Footnote at end of table.

**Table 1—All Returns: Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued**

[Coefficient of variation for number of returns and amounts (percent)]

Size of adjusted gross income	Sales of capital assets													
	Capital gain distributions reported on Form 1040		Returns with short-term capital gains or losses				Returns with long-term capital gains or losses				Post-1975 long-term capital less carryover			
	Number of returns (44)	Amount (45)	Pre-1970 short-term capital less carryover		Post-1969 short-term capital less carryover		Net short-term gain after carryover		Net short-term loss after carryover		Pre-1970 long-term capital less carryover		Post-1975 long-term capital less carryover	
			Number of returns (46)	Amount (47)	Number of returns (48)	Amount (49)	Number of returns (50)	Amount (51)	Number of returns (52)	Amount (53)	Number of returns (54)	Amount (55)	Number of returns (56)	Amount (57)
<b>All returns, total</b>	3.7	12.0	21.7	26.0	5.1	9.7	3.6	7.9	2.9	6.2	15.3	37.4	3.3	7.5
Under \$2,000	29.0	47.6	37.4	45.7	31.1	22.1	26.2	9.5	20.2	23.5	47.4	61.6	21.3	13.4
\$2,000 under \$4,000	20.8	39.8	—	27.4	44.2	39.5	42.9	34.1	0.0	0.0	0.0	0.0	0.0	69.2
\$4,000 under \$6,000	19.7	32.2	—	36.3	33.5	31.6	32.7	32.7	23.4	32.7	59.1	83.5	19.5	27.3
\$6,000 under \$8,000	20.3	47.4	96.7	96.7	34.0	37.9	24.1	32.2	24.5	32.2	55.1	90.3	24.8	29.5
\$8,000 under \$10,000	18.6	59.0	—	89.2	44.9	48.9	23.6	39.8	23.6	39.8	96.7	97.5	23.2	27.3
\$10,000 under \$12,000	15.9	25.0	77.6	95.1	27.8	23.2	25.9	27.8	15.9	27.8	53.5	93.5	19.2	23.7
\$12,000 under \$14,000	16.0	34.3	—	34.7	35.6	42.9	18.1	27.0	18.1	27.0	69.3	97.1	16.9	31.7
\$14,000 under \$16,000	13.8	36.1	61.7	65.7	25.3	33.3	20.0	17.3	14.2	20.0	56.4	91.1	17.3	22.6
\$16,000 under \$18,000	15.3	37.2	69.6	72.2	25.9	37.5	14.3	26.3	14.3	26.3	56.4	91.1	17.3	22.6
\$18,000 under \$20,000	15.3	37.2	69.6	72.2	25.9	37.5	14.3	26.3	14.3	26.3	56.4	91.1	17.3	22.6
\$20,000 under \$25,000	9.5	37.6	81.3	89.2	17.9	27.7	18.6	28.4	18.6	27.7	55.4	84.6	16.5	23.4
\$25,000 under \$30,000	10.9	31.7	81.5	88.4	16.1	25.6	12.4	22.4	9.7	18.9	47.3	53.5	11.1	23.4
\$30,000 under \$50,000	5.1	32.5	31.4	31.4	6.9	32.4	4.5	21.8	3.9	17.4	65.7	97.1	11.3	34.7
\$50,000 under \$100,000	4.5	110.4	20.9	47.7	4.1	10.6	3.0	7.5	2.1	10.5	13.1	31.3	2.6	22.7
\$100,000 under \$200,000	6.5	52.6	20.8	28.0	3.5	9.3	2.2	6.6	2.1	24.9	12.1	24.9	2.2	66
\$200,000 under \$500,000	7.4	67.9	16.6	36.3	2.9	8.5	2.7	4.8	1.7	6.3	10.2	19.2	0.0	60
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Taxable returns, total</b>	3.8	13.0	22.4	27.3	5.2	11.3	3.7	8.5	3.0	6.8	15.8	37.1	3.3	8.4
Under \$2,000	83.1	86.9	71.1	74.7	23.8	26.3	17.8	13.5	66.4	17.4	74.2	56.5	21.2	19.3
\$2,000 under \$4,000	98.1	98.1	—	—	79.2	85.5	76.7	78.5	57.4	83.6	—	—	71.5	76.0
\$4,000 under \$6,000	30.2	40.9	—	—	65.4	64.0	50.9	43.4	35.3	42.4	66.5	89.4	29.5	35.8
\$6,000 under \$8,000	25.3	56.5	98.7	98.7	47.0	60.8	25.7	36.6	32.5	43.8	93.1	93.1	36.3	48.3
\$8,000 under \$10,000	20.2	63.5	—	—	38.4	46.3	27.6	44.6	27.1	44.4	56.9	97.9	28.4	39.4
\$10,000 under \$12,000	16.1	25.8	77.6	95.1	29.9	35.2	25.1	31.4	16.9	29.3	58.2	62.5	22.5	32.6
\$12,000 under \$14,000	16.1	34.6	—	—	27.8	39.0	20.6	48.8	17.2	29.9	69.9	97.2	17.6	35.3
\$14,000 under \$16,000	14.0	26.1	67.0	68.2	26.4	36.1	20.2	21.9	14.8	24.3	56.4	51.3	17.6	24.2
\$16,000 under \$18,000	13.9	37.4	69.6	67.2	26.8	38.2	18.5	24.8	14.8	29.1	51.3	51.3	17.6	28.4
\$18,000 under \$20,000	15.3	27.2	89.1	89.1	26.7	62.5	19.1	28.6	16.2	54.7	84.6	84.6	16.9	25.7
\$20,000 under \$25,000	9.5	37.4	81.3	89.2	18.5	29.3	11.7	42.5	9.7	18.5	52.9	71.3	11.3	23.5
\$25,000 under \$30,000	10.9	31.8	55.4	67.6	16.7	17.7	12.5	17.7	9.9	19.7	47.3	63.6	11.5	35.0
\$30,000 under \$50,000	5.1	32.5	31.5	53.1	7.0	33.9	4.5	22.0	3.9	18.1	21.3	65.7	4.3	22.8
\$50,000 under \$100,000	4.5	110.4	20.9	47.7	4.1	10.6	3.0	7.5	2.1	10.5	13.1	31.3	2.6	22.7
\$100,000 under \$200,000	7.4	67.9	16.6	36.3	2.9	8.5	2.7	4.8	1.7	6.3	10.2	19.2	0.0	60
\$200,000 under \$500,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total nontaxable returns</b>	12.5	31.5	56.1	45.0	16.9	16.2	16.3	18.5	11.5	15.5	40.2	72.9	12.0	14.7
<b>All returns, summary:</b>														
Under \$5,000	14.3	29.9	37.4	45.7	23.5	19.2	21.8	11.8	15.4	18.7	59.0	62.7	15.6	19.7
\$5,000 under \$10,000	12.5	34.4	89.4	73.6	21.8	26.9	16.0	32.5	15.1	22.3	44.9	86.6	14.3	19.0
\$10,000 under \$15,000	10.0	22.0	57.6	74.2	17.5	21.3	13.5	25.8	10.1	19.7	38.2	92.7	11.4	19.9
\$15,000 under \$20,000	8.8	22.8	48.5	54.6	15.9	35.5	11.6	18.7	9.2	26.3	37.6	72.7	11.2	17.3
\$20,000 or more	4.3	18.1	22.4	32.9	4.7	11.9	3.4	9.7	2.6	6.4	15.5	23.2	3.1	9.9

Footnote at end of table.

**Table 1—All Returns: Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued**

Size of adjusted gross income	Sales of capital assets—Continued										Sales of property other than capital assets			
	Sales of capital assets reported on Schedule D—Continued					Net long-term capital gain in excess of any short-term capital loss					Net capital gain		Net capital loss	
	Net long-term gain after carryover		Net long-term loss after carryover		Net long-term gain in excess of any short-term capital loss		Net capital gain		Net capital loss		Net gain		Net loss	
	(58)	(59)	(60)	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	(70)	(71)
All returns, total	1.5	1.3	2.3	6.4	1.4	1.3	1.3	1.3	2.1	2.6	3.6	4.3	4.8	8.2
Under \$2,000	8.2	5.3	16.2	13.1	8.1	4.4	8.0	4.2	21.7	26.5	13.3	8.4	13.6	15.5
\$2,000 under \$4,000	10.0	12.6	20.1	18.5	9.2	12.0	9.0	4.2	18.5	23.3	21.0	21.0	21.1	33.7
\$4,000 under \$6,000	8.1	10.8	14.8	25.7	7.5	10.9	7.4	10.8	14.0	17.1	21.6	20.9	27.2	45.5
\$6,000 under \$8,000	7.9	11.7	17.2	53.3	11.5	17.3	11.1	11.1	15.6	17.5	20.9	22.9	22.9	27.7
\$8,000 under \$10,000	8.3	12.6	15.1	19.7	7.6	12.4	7.5	12.2	13.9	17.5	22.7	37.8	20.1	29.5
\$10,000 under \$12,000	6.9	10.0	12.2	23.2	6.4	9.9	6.3	9.6	11.1	13.7	17.5	31.6	20.1	25.4
\$12,000 under \$14,000	7.3	10.5	11.5	41.0	6.7	10.3	6.6	10.6	10.2	12.6	15.5	23.3	23.6	42.1
\$14,000 under \$16,000	6.4	10.1	12.0	18.4	5.9	10.0	5.8	9.6	10.4	12.7	15.5	25.6	23.7	30.3
\$16,000 under \$18,000	6.1	9.2	10.8	21.1	5.7	9.1	5.6	8.9	9.4	11.9	15.3	20.6	20.6	47.6
\$18,000 under \$20,000	6.7	9.4	11.2	20.1	6.2	9.4	6.1	9.1	10.0	12.8	16.5	21.0	23.9	39.3
\$20,000 under \$25,000	4.2	7.0	6.8	19.9	3.9	7.0	3.8	6.0	6.0	7.6	10.1	17.3	16.5	25.5
\$25,000 under \$30,000	4.6	7.6	7.6	27.2	4.4	7.7	4.4	7.5	6.6	8.1	9.6	16.4	18.2	55.4
\$30,000 under \$50,000	1.9	3.7	3.0	12.8	1.8	3.7	1.7	3.5	3.3	3.3	5.7	9.1	9.0	14.6
\$50,000 under \$100,000	1.2	2.5	2.0	6.5	1.2	2.5	1.2	2.2	1.9	1.9	3.7	7.5	5.9	12.7
\$100,000 under \$200,000	1.0	2.2	1.9	1.7	1.1	2.3	1.0	2.2	1.7	1.8	2.9	7.6	4.7	11.5
\$200,000 under \$500,000	0.9	1.7	1.8	5.8	0.9	1.7	0.9	1.7	1.7	1.7	3.8	7.6	3.8	9.2
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taxable returns, total	1.5	1.4	2.4	5.9	1.4	1.4	1.4	1.4	2.2	2.6	3.9	5.0	5.7	10.8
Under \$2,000	34.3	5.5	69.3	26.6	34.0	5.6	33.6	5.4	64.9	91.7	16.9	12.1	19.3	23.4
\$2,000 under \$4,000	22.9	24.8	47.2	59.4	22.9	24.8	22.9	24.8	42.6	61.8	21.7	50.1	54.5	63.1
\$4,000 under \$6,000	13.2	16.5	22.0	33.4	12.1	16.6	12.0	16.4	26.8	34.7	26.3	27.4	31.6	43.3
\$6,000 under \$8,000	10.4	15.8	22.3	28.1	9.6	13.5	9.4	13.0	25.5	32.1	37.3	46.6	35.5	52.5
\$8,000 under \$10,000	9.7	14.9	16.5	22.2	8.6	14.7	8.5	13.6	24.5	19.8	31.6	46.6	27.3	39.8
\$10,000 under \$12,000	7.4	10.7	12.8	25.3	6.8	10.6	6.7	10.4	11.5	14.4	19.6	36.5	24.1	34.6
\$12,000 under \$14,000	7.8	11.5	11.8	44.1	7.0	11.3	6.9	11.6	10.5	13.0	17.6	26.5	25.3	43.0
\$14,000 under \$16,000	6.6	10.4	12.4	19.5	6.1	10.3	5.9	10.7	10.7	13.1	16.7	29.9	26.2	32.6
\$16,000 under \$18,000	6.4	9.4	11.0	21.6	5.9	9.3	5.8	9.1	9.5	12.1	16.0	37.9	21.8	32.7
\$18,000 under \$20,000	6.8	9.7	11.2	20.3	6.3	9.6	6.2	9.3	10.1	13.0	17.3	23.7	24.5	41.7
\$20,000 under \$25,000	4.3	7.1	6.8	20.6	3.9	7.1	3.9	6.5	6.1	7.7	10.4	18.0	17.1	26.0
\$25,000 under \$30,000	4.8	7.7	7.7	28.8	4.5	7.7	4.4	7.5	6.7	8.2	10.0	17.4	19.6	32.0
\$30,000 under \$50,000	1.9	3.7	3.0	12.8	1.8	3.7	1.7	3.6	3.4	3.4	5.2	9.2	9.2	15.3
\$50,000 under \$100,000	1.2	2.5	2.0	6.5	1.2	2.5	1.2	2.2	1.8	2.1	3.8	6.5	5.9	11.7
\$100,000 under \$200,000	1.0	2.3	1.9	6.1	1.1	2.3	1.0	2.2	1.7	1.9	3.4	7.5	4.7	11.5
\$200,000 under \$500,000	0.9	1.7	1.8	5.9	0.9	1.7	0.9	1.7	1.7	1.8	2.9	7.1	3.6	9.2
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total nontaxable returns	4.4	5.1	9.0	22.5	4.2	4.8	4.1	4.8	8.9	10.5	8.0	7.3	8.7	12.2
All returns, summary:														
Under \$5,000	5.5	4.8	11.0	15.5	5.2	4.4	5.1	4.2	11.8	14.4	10.6	7.8	11.4	14.2
\$5,000 under \$10,000	5.1	7.7	9.8	33.5	4.7	7.6	4.7	9.0	10.9	13.5	13.5	21.1	13.1	22.7
\$10,000 under \$15,000	4.3	6.4	7.6	24.4	6.4	6.4	3.9	6.3	6.9	8.1	10.5	17.0	14.7	21.4
\$15,000 under \$20,000	4.0	6.0	6.9	12.9	3.7	5.9	3.6	5.7	6.1	7.7	10.0	13.5	10.6	27.6
\$20,000 or more	1.5	1.4	2.4	6.5	1.5	1.4	1.4	1.4	2.2	2.4	3.8	5.0	6.2	13.1

Footnote at end of table

**Table 1—All Returns: Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued**

Size of adjusted gross income	Business and profession				Farm				Partnership							
	Net profit		Net loss		Net profit		Net loss		Total income		Total loss		Net profit		Net loss	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)	(81)	(82)	(83)	(84)	(85)	(86)	(87)	
All returns, total	0.4	0.6	1.1	1.5	3.5	3.7	3.1	2.4	1.9	2.5	2.0	2.6	2.0	2.6	2.1	
Under \$2,000	3.6	4.6	3.5	3.1	15.8	13.0	6.0	17.0	7.9	12.7	5.6	19.4	11.3	13.2	2.1	
\$2,000 under \$4,000	3.0	3.5	6.3	3.1	13.9	12.9	20.7	17.9	20.2	27.2	27.2	18.4	11.3	13.2	5.9	
\$4,000 under \$6,000	2.8	3.4	6.0	8.4	13.7	12.9	14.0	15.9	18.4	22.6	25.3	16.5	19.3	23.7	26.2	
\$6,000 under \$8,000	2.9	3.4	6.0	7.9	12.7	12.9	16.5	15.1	21.3	22.9	23.5	17.7	21.7	23.9	25.7	
\$8,000 under \$10,000	2.8	3.4	5.7	7.6	13.6	14.2	18.3	15.1	18.4	20.5	25.9	15.6	19.0	21.9	26.8	
\$10,000 under \$12,000	2.6	3.3	5.2	7.2	12.7	16.1	13.0	12.8	16.2	17.5	20.5	12.9	16.7	17.8	19.7	
\$12,000 under \$14,000	2.7	3.6	4.9	7.1	13.7	18.3	14.5	13.9	19.6	18.1	26.2	14.3	18.8	18.7	21.9	
\$14,000 under \$16,000	2.7	3.4	4.1	7.2	15.0	19.5	14.2	14.1	17.3	14.1	22.7	12.8	17.5	23.6	21.9	
\$16,000 under \$18,000	2.4	3.6	4.1	7.2	13.3	17.0	13.2	11.8	17.7	14.3	19.9	12.3	15.2	15.2	17.8	
\$18,000 under \$20,000	2.5	3.6	4.3	6.8	14.9	18.5	12.1	11.7	16.9	14.1	20.0	12.0	16.8	15.0	20.2	
\$20,000 under \$25,000	1.6	2.4	3.0	5.0	9.9	12.4	9.9	8.2	13.1	9.8	12.3	8.5	10.2	10.2	13.5	
\$25,000 under \$30,000	2.0	2.8	3.8	5.8	11.8	14.9	10.6	8.5	13.0	9.6	11.1	9.0	13.4	10.5	11.8	
\$30,000 under \$50,000	0.8	1.4	2.5	4.6	6.4	9.1	7.4	3.2	5.2	3.4	5.8	3.4	5.3	3.6	5.3	
\$50,000 under \$100,000	0.8	1.2	2.9	4.8	4.8	6.7	5.6	1.5	2.7	3.0	3.0	1.8	2.8	2.1	3.2	
\$100,000 under \$200,000	1.2	1.8	3.1	5.0	5.2	8.2	4.4	1.3	2.3	1.4	2.3	1.5	2.4	1.8	2.9	
\$200,000 under \$500,000	0.8	2.7	3.0	3.8	5.0	9.3	4.4	0.0	2.0	0.0	2.3	1.4	2.2	1.4	2.4	
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Taxable returns, total	0.5	0.6	1.3	1.6	4.2	4.4	3.2	2.4	2.0	2.5	1.8	2.6	2.1	2.9	1.8	
Under \$2,000	18.3	14.5	22.7	7.4	59.9	72.0	13.0	50.7	12.2	16.4	6.7	81.6	16.2	18.0	6.4	
\$2,000 under \$4,000	8.8	9.5	22.0	37.9	*98.7	*87.8	44.5	45.0	48.3	49.1	35.4	47.1	51.9	41.1	35.4	
\$4,000 under \$6,000	5.3	6.1	10.8	15.7	32.1	38.2	44.6	22.5	26.6	40.1	43.8	27.1	32.2	24.1	45.3	
\$6,000 under \$8,000	4.0	4.8	8.2	11.3	22.6	30.2	22.6	25.1	33.9	30.4	28.6	23.2	24.4	32.4	35.4	
\$8,000 under \$10,000	3.2	3.9	6.5	8.8	18.4	24.7	18.2	17.7	21.9	25.3	32.5	18.3	22.5	27.1	31.6	
\$10,000 under \$12,000	2.9	3.6	5.6	7.9	14.3	18.2	16.9	13.4	17.1	19.0	24.2	13.6	17.3	19.3	22.7	
\$12,000 under \$14,000	2.8	3.9	5.1	7.1	15.5	22.1	15.5	14.8	20.9	19.6	31.1	15.1	20.1	20.1	23.8	
\$14,000 under \$16,000	2.8	3.8	4.8	7.6	16.3	22.4	16.2	13.5	18.7	15.1	26.5	13.7	19.0	14.3	27.8	
\$16,000 under \$18,000	2.5	3.6	4.2	7.4	16.4	22.4	15.8	12.3	19.1	15.0	19.7	12.9	19.6	15.0	17.8	
\$18,000 under \$20,000	2.5	3.6	4.2	6.9	16.4	20.3	17.1	11.8	17.0	14.5	19.4	12.1	16.9	15.4	17.8	
\$20,000 under \$25,000	1.6	2.5	3.1	5.0	10.4	13.2	10.3	8.5	13.5	10.0	12.3	8.5	13.9	10.5	13.5	
\$25,000 under \$30,000	2.1	2.9	3.9	5.9	12.1	15.5	12.4	8.6	13.2	9.8	11.4	9.1	13.5	10.7	13.5	
\$30,000 under \$50,000	0.9	1.4	2.6	4.6	6.6	9.4	7.6	3.2	5.3	3.5	5.9	3.5	5.4	3.6	5.4	
\$50,000 under \$100,000	0.8	1.2	2.9	4.8	4.8	6.7	5.7	1.7	2.7	1.8	3.0	1.8	2.3	2.3	3.1	
\$100,000 under \$200,000	1.2	1.8	3.1	5.0	5.2	8.2	5.2	1.3	2.4	1.4	2.8	1.5	2.2	1.8	2.9	
\$200,000 under \$500,000	1.8	2.7	3.0	3.8	5.0	9.3	4.4	1.1	2.1	1.1	2.3	1.4	2.2	1.4	2.4	
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total non-taxable returns	1.4	1.9	2.5	2.7	6.2	7.4	5.2	8.5	8.4	8.4	5.8	8.9	9.7	8.8	6.0	
All returns, summary																
Under \$5,000	1.8	2.4	2.8	2.9	8.9	10.0	5.6	11.3	8.0	10.8	5.4	12.1	11.3	11.2	5.7	
\$5,000 under \$10,000	1.6	2.0	3.6	4.9	8.4	10.0	10.3	9.9	12.1	13.6	17.7	10.1	12.4	14.3	16.7	
\$10,000 under \$15,000	1.4	2.1	3.1	4.5	8.5	11.0	9.3	8.4	11.3	10.6	14.8	8.5	11.3	11.0	13.3	
\$15,000 under \$20,000	1.3	2.1	2.8	4.5	9.0	11.6	9.5	7.4	10.9	9.0	13.2	7.6	11.0	9.6	13.2	
\$20,000 or more	0.6	0.7	1.5	2.0	4.7	5.0	3.4	2.1	1.9	2.3	1.8	2.3	2.1	2.6	2.1	

Footnote at end of table.

**Table 1—All Returns: Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued**

Size of adjusted gross income	Estate or Trust										Small Business Corporation									
	Total income		Total loss		Net profit		Net loss		Total income		Total loss		Net profit		Net loss					
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount				
<b>All returns, total</b>	4.4	4.7	11.5	14.8	4.4	4.7	12.5	14.3	4.4	3.3	5.6	5.7	4.5	3.1	5.9	5.5				
Under \$2,000	252	16.1	65.4	32.6	25.3	16.5	66.3	33.4	18.4	17.9	11.2	32.8	32.8	21.6	18.3	11.3				
\$2,000 under \$4,000	223	28.6	52.9	54.8	28.6	45.2	54.8	43.7	63.9	46.5	64.5	45.5	64.5	45.0	45.6	45.6				
\$4,000 under \$6,000	24.6	39.2	74.7	89.4	24.6	41.0	89.4	40.8	60.5	35.1	78.0	42.9	42.9	33.5	33.1	33.1				
\$6,000 under \$8,000	23.6	27.6	54.1	81.1	23.6	37.2	54.1	36.6	30.8	33.1	39.6	33.1	33.1	32.1	32.2	32.2				
\$8,000 under \$10,000	26.1	29.1	74.8	59.3	26.1	28.1	60.8	60.8	42.5	28.8	33.9	42.7	42.7	31.9	33.6	33.6				
\$10,000 under \$12,000	22.8	33.2	54.0	60.2	22.8	33.4	64.3	64.3	28.7	21.7	33.5	29.1	29.1	41.8	41.8	41.8				
\$12,000 under \$14,000	20.8	34.7	46.6	76.6	20.8	35.9	54.1	54.1	31.0	42.2	34.6	35.2	35.2	42.2	42.2	42.2				
\$14,000 under \$16,000	20.6	31.1	68.6	58.5	20.6	31.4	64.0	64.0	31.1	39.9	30.0	31.3	31.3	35.9	35.9	35.9				
\$16,000 under \$18,000	20.2	32.3	63.5	50.6	20.4	32.3	52.1	52.1	27.1	39.6	33.0	35.2	35.2	39.6	39.6	39.6				
\$18,000 under \$20,000	20.3	25.7	54.5	51.2	20.3	25.7	54.5	51.2	32.6	30.8	32.4	32.6	32.6	51.5	51.5	51.5				
\$20,000 under \$25,000	13.5	23.5	39.4	58.3	13.5	23.7	45.7	45.7	16.7	22.3	18.5	20.2	20.2	18.7	18.7	18.7				
\$25,000 under \$30,000	15.0	26.8	32.8	50.2	15.0	26.8	37.0	37.0	18.8	22.6	21.7	23.1	23.1	22.8	22.8	22.8				
\$30,000 under \$50,000	6.3	10.6	15.0	47.0	6.3	10.7	16.1	16.1	6.2	6.6	8.5	9.9	9.9	9.2	9.2	9.2				
\$50,000 under \$100,000	3.5	7.3	10.8	26.1	3.5	7.3	12.3	12.3	3.5	3.5	5.1	5.1	5.1	5.1	5.1	5.1				
\$100,000 under \$200,000	2.8	6.5	7.5	15.9	2.8	6.5	9.4	9.4	2.9	2.9	3.9	3.9	3.9	4.3	4.3	4.3				
\$200,000 under \$500,000	6.0	2.1	6.0	13.4	6.0	2.2	7.1	7.1	6.0	6.0	7.1	7.1	7.1	3.2	3.2	3.2				
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
<b>Taxable returns, total</b>	4.5	4.9	11.5	16.9	4.5	4.9	12.1	16.1	4.5	3.1	6.1	5.6	4.6	3.0	6.5	5.6				
Under \$2,000	37.8	39.6	56.4	62.7	37.8	45.7	61.5	66.1	43.0	17.3	38.4	21.4	48.5	19.6	41.9	22.7				
\$2,000 under \$4,000	50.7	57.3	—	—	50.7	57.3	—	—	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
\$4,000 under \$6,000	35.6	38.0	—	—	35.6	38.0	—	—	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
\$6,000 under \$8,000	27.9	41.9	75.6	83.2	27.9	41.9	76.9	83.2	47.8	54.1	65.5	65.3	47.8	64.5	66.5	67.3				
\$8,000 under \$10,000	29.9	30.2	72.0	83.0	29.9	30.2	76.9	83.0	55.7	66.1	49.5	55.5	55.7	52.0	52.0	52.0				
\$10,000 under \$12,000	23.8	34.7	54.0	60.2	23.8	34.9	64.3	75.0	30.4	45.2	31.9	45.2	33.4	45.4	45.4	45.5				
\$12,000 under \$14,000	21.3	35.7	47.5	87.7	21.3	37.1	55.6	78.2	34.5	48.3	38.5	39.2	34.5	48.4	48.4	48.4				
\$14,000 under \$16,000	20.9	32.9	68.7	58.6	20.9	33.3	64.3	72.4	32.1	43.8	32.6	45.3	32.1	43.9	43.9	43.9				
\$16,000 under \$18,000	20.7	32.9	63.6	55.9	20.9	32.9	63.6	56.4	43.5	43.5	37.0	35.9	43.5	43.5	43.5	43.5				
\$18,000 under \$20,000	20.5	25.8	54.5	51.2	20.5	25.8	54.5	51.2	36.9	40.7	35.2	35.6	36.9	45.1	45.1	45.1				
\$20,000 under \$25,000	13.5	23.6	39.5	58.3	13.5	23.7	46.0	55.7	18.8	23.2	19.5	23.1	18.8	23.2	23.2	23.2				
\$25,000 under \$30,000	15.3	27.9	32.8	50.2	15.3	27.9	37.0	50.7	19.2	22.9	22.5	24.8	19.2	23.1	23.1	23.1				
\$30,000 under \$50,000	6.2	10.7	15.0	47.0	6.3	10.7	16.1	16.1	6.3	6.3	8.7	16.7	6.4	9.4	9.4	12.6				
\$50,000 under \$100,000	2.8	7.2	10.8	26.1	3.5	7.3	12.4	12.4	3.5	3.5	5.2	8.9	3.5	5.1	5.5	9.4				
\$100,000 under \$250,000	2.4	6.0	7.5	16.0	2.4	6.0	8.5	8.5	2.7	2.7	2.8	7.4	2.8	4.3	4.3	7.1				
\$250,000 under \$500,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
<b>Total nontaxable returns</b>	13.6	17.4	42.1	30.3	13.6	17.4	42.3	30.6	17.7	20.9	13.0	10.7	19.0	18.7	13.4	10.1				
<b>All returns, summary:</b>	15.3	15.2	48.2	31.1	15.4	15.4	48.7	31.8	30.5	30.5	17.2	11.6	29.6	20.9	17.7	10.9				
Under \$5,000	15.3	21.6	66.9	52.0	15.4	21.6	67.6	52.3	27.1	27.1	20.4	26.6	27.1	21.0	21.0	26.8				
\$5,000 under \$10,000	13.2	20.4	33.6	52.2	13.4	20.5	42.1	46.1	19.6	19.6	19.0	23.1	19.7	19.2	19.2	23.2				
\$10,000 under \$15,000	13.1	23.0	37.4	37.6	13.1	23.0	37.4	37.4	18.3	18.3	21.2	21.0	18.4	28.4	28.4	21.1				
\$15,000 under \$20,000	4.4	5.0	10.5	16.3	4.4	5.0	10.6	18.2	4.1	3.0	5.7	5.2	4.2	2.9	6.1	4.7				

Footnote at end of table.

**Individual Returns/1977 • Sources, Sample, and Limitations**  
**Table 1—All Returns: Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued**

(Coefficient of variation for number of returns and amounts (percent))

Size of adjusted gross income	Net income		Net loss		Total		Statutory adjustments				Employee business expenses			
							Disability income exclusion		Payments to an individual retirement account		Payments to a self-employed retirement plan			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(104)	(105)	(106)	(107)	(108)	(109)	(110)	(111)	(112)	(113)	(114)	(115)	(116)	(117)	
<b>All returns, total</b> .....	2.0	3.4	5.9	2.6	1.0	1.3	8.6	2.1	2.2	2.5	1.8	1.4	1.9	
Under \$2,000 .....	14.8	17.9	13.3	2.9	11.2	12.3	17.5	38.7	43.7	71.9	37.9	18.5	19.2	
\$2,000 under \$4,000 .....	12.0	17.5	38.6	31.0	10.4	13.6	28.1	33.6	55.3	15.6	37.6	13.4	15.6	
\$4,000 under \$6,000 .....	10.4	16.8	24.0	33.1	7.4	10.8	23.6	25.1	22.2	29.5	29.5	10.1	13.5	
\$6,000 under \$8,000 .....	10.7	21.2	48.4	32.2	6.6	8.1	26.2	28.0	19.6	26.6	34.7	8.7	10.3	
\$8,000 under \$10,000 .....	11.0	18.3	35.1	54.7	5.7	7.8	29.2	30.5	13.9	23.5	23.2	7.6	9.8	
\$10,000 under \$12,000 .....	8.7	17.2	28.0	42.4	4.6	6.6	22.7	24.4	12.7	20.8	24.5	6.1	8.8	
\$12,000 under \$14,000 .....	8.5	15.8	37.7	31.3	4.4	6.3	31.1	35.1	11.1	21.2	22.3	5.5	8.0	
\$14,000 under \$16,000 .....	7.7	16.0	30.8	33.2	4.1	6.1	27.9	30.4	10.9	17.6	16.3	5.2	7.4	
\$16,000 under \$18,000 .....	16.9	16.9	28.3	55.4	4.0	5.4	47.7	61.2	10.8	16.3	15.3	2.2	3.4	
\$18,000 under \$20,000 .....	8.0	13.7	24.3	28.5	4.2	5.8	13.3	9.7	10.8	12.3	13.3	2.2	3.4	
\$20,000 under \$25,000 .....	5.1	9.7	19.2	23.0	2.6	3.6	9.4	9.4	9.4	9.4	10.2	4.4	4.5	
\$25,000 under \$30,000 .....	6.1	13.1	20.4	23.3	3.1	3.7	9.6	9.6	6.7	9.2	9.5	4.2	5.3	
\$30,000 under \$50,000 .....	3.1	7.5	9.7	10.9	1.4	2.0	7.0	8.1	3.0	3.4	3.4	2.1	3.3	
\$50,000 under \$100,000 .....	2.6	9.3	5.4	9.7	1.1	1.7	96.8	96.8	2.3	2.1	2.3	2.1	3.5	
\$100,000 under \$200,000 .....	2.5	7.1	4.3	4.2	1.2	2.1	—	—	2.5	2.2	2.3	2.4	5.0	
\$200,000 under \$500,000 .....	2.1	7.1	3.2	3.2	1.4	3.2	—	—	3.0	2.4	2.6	2.9	6.9	
\$500,000 under \$1,000,000 .....	0.0	0.0	0.0	0.0	0.0	0.0	—	—	0.0	0.0	0.0	0.0	0.0	
\$1,000,000 or more .....	0.0	0.0	0.0	0.0	0.0	0.0	—	—	0.0	0.0	0.0	0.0	0.0	
<b>Taxable returns, total</b> .....	2.1	3.6	7.0	3.8	1.0	1.3	11.9	13.6	2.2	2.4	1.8	1.4	1.9	
under \$2,000 .....	67.3	47.7	13.0	4.2	36.5	33.0	0.0	0.0	25.7	49.9	68.9	20.7	48.5	
\$2,000 under \$4,000 .....	31.4	37.1	50.1	62.7	21.4	33.2	—	—	93.2	38.6	96.6	26.0	34.0	
\$4,000 under \$6,000 .....	16.2	23.9	40.6	45.8	10.7	18.9	47.1	51.4	27.8	33.5	43.6	14.5	20.0	
\$6,000 under \$8,000 .....	13.6	25.4	65.9	45.1	7.9	10.8	36.0	36.0	21.7	33.4	52.4	10.4	12.7	
\$8,000 under \$10,000 .....	11.8	20.0	40.0	35.4	6.1	8.2	28.8	28.8	14.2	25.4	25.4	8.1	10.7	
\$10,000 under \$12,000 .....	9.0	18.2	33.5	51.8	4.8	6.6	23.3	23.2	11.3	12.9	24.0	6.3	8.9	
\$12,000 under \$14,000 .....	8.7	16.3	38.7	34.7	4.4	6.4	31.5	35.5	10.6	24.5	27.0	5.7	8.2	
\$14,000 under \$16,000 .....	7.8	16.3	36.0	41.6	4.1	6.0	27.9	30.4	10.0	18.0	23.7	5.3	8.2	
\$16,000 under \$18,000 .....	7.8	17.3	29.0	60.9	5.4	8.1	47.7	61.2	9.1	10.2	16.7	7.4	7.4	
\$18,000 under \$20,000 .....	8.1	14.0	25.9	28.0	4.3	5.9	99.5	99.5	9.8	12.4	14.0	5.5	7.7	
\$20,000 under \$25,000 .....	5.1	9.8	19.5	24.6	2.7	3.6	—	—	5.7	9.3	10.5	3.4	4.9	
\$25,000 under \$30,000 .....	6.2	13.2	21.3	25.7	3.1	3.8	—	—	6.7	9.3	9.9	4.2	5.3	
\$30,000 under \$50,000 .....	3.1	7.2	10.0	11.5	1.4	2.0	70.5	81.4	2.8	3.1	3.1	2.1	3.3	
\$50,000 under \$100,000 .....	2.6	6.9	8.6	8.6	1.1	1.7	98.8	98.8	2.2	2.3	2.3	2.1	3.5	
\$100,000 under \$200,000 .....	2.5	7.4	5.3	7.4	1.2	2.1	—	—	2.5	2.2	2.2	2.1	3.0	
\$200,000 under \$500,000 .....	2.1	7.8	4.2	3.6	1.4	3.2	—	—	3.0	2.4	3.0	2.9	3.0	
\$500,000 under \$1,000,000 .....	0.0	0.0	0.0	0.0	0.0	0.0	—	—	0.0	0.0	0.0	0.0	0.0	
\$1,000,000 or more .....	0.0	0.0	0.0	0.0	0.0	0.0	—	—	0.0	0.0	0.0	0.0	0.0	
<b>Total nontaxable returns</b> .....	6.5	11.0	10.8	3.4	4.7	6.2	12.2	12.9	13.4	15.3	14.5	6.7	7.9	
<b>All returns, summary</b> .....	7.7	11.4	12.1	2.9	6.2	7.8	13.5	14.0	29.5	29.9	24.1	8.2	10.4	
Under \$5,000 .....	68	122	247	290	39	54	169	177	96	167	136	53	66	
\$5,000 under \$10,000 .....	5.4	10.5	19.5	24.1	2.7	4.0	16.2	17.7	7.4	12.8	14.2	3.5	5.3	
\$10,000 under \$15,000 .....	4.8	9.9	19.1	33.1	2.5	3.5	31.7	40.2	6.5	10.2	11.6	3.3	4.8	
\$15,000 under \$20,000 .....	2.5	3.8	6.3	4.3	1.1	1.3	71.0	71.0	2.4	2.2	1.8	1.7	2.1	

Footnotes at end of table.

**Table 1—All Returns: Coefficient of Variation for Sources of Income and Adjustments by Size of Adjusted Gross Income—Continued**  
 [Coefficient of variation for number of returns and amounts (percent)]

Size of adjusted gross income	Statutory adjustments—Continued										Total		Income earned abroad		Taxable amount
	Moving expenses		Forfeited interest penalty		Alimony paid		Total		Tax-exempt amount		Number of returns	Amount	Number of returns	Amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount					
(118)	(119)	(120)	(121)	(122)	(123)	(124)	(125)	(126)	(127)	(128)	(129)				
<b>All returns, total</b>	3.0	3.4	6.8	16.8	5.0	7.9	4.5	7.9	8.4	9.8	10.7	6.7			
Under \$2,000	22.4	28.9	38.2	69.8	40.4	21.7	25.9	26.0	24.5	28.8	45.7	65.5			
\$2,000 under \$4,000	25.6	30.5	37.9	68.8	44.5	21.7	25.9	26.0	24.5	28.8	45.7	65.5			
\$4,000 under \$6,000	20.8	28.8	27.5	60.0	35.0	18.4	18.4	43.4	33.9	33.9	65.4	68.6			
\$6,000 under \$8,000	15.3	18.4	36.6	51.5	33.4	18.4	18.4	43.4	33.9	33.9	65.4	68.6			
\$8,000 under \$10,000	13.7	23.5	30.9	44.2	29.5	15.4	15.4	28.8	28.8	28.8	65.4	68.6			
\$10,000 under \$12,000	11.5	15.4	33.0	41.4	24.7	11.5	11.5	28.8	28.8	28.8	65.4	68.6			
\$12,000 under \$14,000	10.8	13.3	25.5	46.2	23.4	10.8	10.8	28.8	28.8	28.8	65.4	68.6			
\$14,000 under \$16,000	9.7	12.8	21.8	35.2	21.8	9.7	9.7	28.8	28.8	28.8	65.4	68.6			
\$16,000 under \$18,000	10.0	13.8	23.4	39.7	18.1	10.0	10.0	28.8	28.8	28.8	65.4	68.6			
\$18,000 under \$20,000	10.9	14.5	26.4	47.1	21.3	10.9	10.9	28.8	28.8	28.8	65.4	68.6			
\$20,000 under \$25,000	7.9	10.2	20.0	36.3	14.0	7.9	7.9	28.8	28.8	28.8	65.4	68.6			
\$25,000 under \$30,000	8.9	9.9	20.0	36.3	14.0	8.9	8.9	28.8	28.8	28.8	65.4	68.6			
\$30,000 under \$50,000	4.7	5.7	9.5	26.7	6.8	4.7	4.7	28.8	28.8	28.8	65.4	68.6			
\$50,000 under \$100,000	3.4	7.2	8.9	23.5	4.7	3.4	3.4	28.8	28.8	28.8	65.4	68.6			
\$100,000 under \$200,000	8.8	12.0	9.9	31.6	3.8	8.8	8.8	28.8	28.8	28.8	65.4	68.6			
\$200,000 under \$500,000	9.2	12.9	9.8	16.8	3.8	9.2	9.2	28.8	28.8	28.8	65.4	68.6			
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.8	28.8	28.8	65.4	68.6			
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.8	28.8	28.8	65.4	68.6			
<b>Taxable returns, total</b>	3.1	3.4	7.1	13.6	5.1	4.5	4.5	10.8	11.1	12.2	10.7	13.2			
Under \$2,000	93.4	91.3	57.7	0.4	21.5	0.4	0.4	8.3	8.3	11.1	11.7	7.1			
\$2,000 under \$4,000	37.6	51.7	70.2	78.0	96.2	84.9	84.9	8.3	8.3	11.1	11.7	7.1			
\$4,000 under \$6,000	29.6	41.8	42.1	81.0	48.1	97.0	97.0	8.3	8.3	11.1	11.7	7.1			
\$6,000 under \$8,000	14.3	21.3	41.5	63.3	35.6	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$8,000 under \$10,000	11.8	15.7	33.7	46.7	32.5	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$10,000 under \$12,000	10.9	13.4	33.0	41.4	24.7	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$12,000 under \$14,000	10.9	13.4	25.6	45.3	23.4	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$14,000 under \$16,000	9.9	13.0	35.0	65.7	22.0	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$16,000 under \$18,000	10.1	13.5	25.7	59.8	18.2	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$18,000 under \$20,000	10.9	14.5	26.4	37.6	21.5	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$20,000 under \$25,000	7.9	10.2	17.7	44.2	14.8	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$25,000 under \$30,000	8.9	10.0	20.1	37.5	14.1	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$30,000 under \$50,000	4.7	5.7	9.6	26.8	6.8	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$50,000 under \$100,000	5.4	7.2	9.0	23.7	4.6	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$100,000 under \$200,000	8.8	12.0	9.9	31.6	4.7	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$200,000 under \$500,000	9.2	13.2	9.8	16.8	3.8	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$500,000 under \$1,000,000	0.0	0.0	0.0	0.0	0.0	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
\$1,000,000 or more	0.0	0.0	0.0	0.0	0.0	85.5	85.5	8.3	8.3	11.1	11.7	7.1			
<b>Total nontaxable returns</b>	14.1	20.2	20.4	49.5	23.5	15.6	15.6	18.0	17.0	20.3	29.3	27.2			
<b>All returns, summary:</b>															
Under \$5,000	17.5	18.9	22.6	45.2	31.2	30.1	30.1	22.6	19.7	25.4	33.2	58.6			
\$5,000 under \$10,000	9.6	14.0	16.8	30.0	19.4	25.6	25.6	41.6	36.7	43.8	44.3	50.2			
\$10,000 under \$15,000	7.0	9.1	17.8	28.6	14.8	19.0	19.0	41.0	31.5	38.6	45.4	53.7			
\$15,000 under \$20,000	6.3	8.5	17.7	26.9	12.6	15.5	15.5	33.2	29.4	31.0	35.3	43.4			
\$20,000 or more	3.9	4.2	7.8	16.4	5.1	4.2	4.2	6.6	6.1	9.4	6.2	6.4			

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

**Table 2—All Returns: Coefficient of Variation for Number of Returns by Size of Adjusted Gross Income and by State**  
 [Coefficient of variation as percent of estimate for number of returns by size of adjusted gross income]

State	Size of adjusted gross income					
	Total	Under \$5,000	\$5,000 under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
United States, total	0.0	0.9	1.0	0.3	0.3	0.2
Alabama	0.5	6.4	9.1	2.5	2.6	1.5
Alaska	2.8	10.7	25.0	4.9	9.0	0.8
Arizona	0.8	8.2	8.9	3.2	3.4	1.3
Arkansas	1.5	7.7	9.8	3.2	4.1	2.4
California	0.3	2.5	3.3	1.1	1.4	0.6
Colorado	0.9	7.1	9.6	3.2	2.9	1.7
Connecticut	2.1	9.3	9.6	2.2	3.8	1.9
Delaware	1.5	18.7	14.8	2.2	2.6	3.1
District of Columbia	4.7	17.5	14.6	6.1	2.6	5.2
Florida	0.8	5.0	4.4	2.1	2.5	1.4
Georgia	0.7	5.9	6.8	2.4	2.7	1.6
Hawaii	2.8	13.4	1.3	4.0	2.2	2.2
Idaho	1.5	7.5	1.3	2.3	3.1	2.1
Illinois	0.5	4.0	1.7	1.5	1.5	0.8
Indiana	0.6	5.4	7.5	1.8	2.1	1.3
Iowa	0.6	6.8	9.0	4.3	3.1	1.4
Kansas	1.4	8.3	9.7	3.7	3.9	2.4
Kentucky	0.3	7.7	8.0	2.4	2.6	1.0
Louisiana	0.8	7.2	8.1	3.1	3.3	1.9
Maine	2.6	9.8	14.8	3.2	4.7	2.4
Maryland	1.4	6.5	9.5	3.4	3.3	1.5
Massachusetts	1.1	6.1	6.4	2.0	2.1	1.2
Michigan	0.3	4.3	5.8	1.4	1.5	0.7
Minnesota	0.5	5.5	8.1	3.2	3.2	1.3
Mississippi	1.1	8.1	10.9	3.0	3.0	2.0
Missouri	0.5	5.7	6.9	3.0	2.5	1.5
Montana	1.5	10.0	13.9	3.8	3.0	1.9
Nebraska	0.4	9.1	10.7	3.8	2.7	1.6
Nevada	1.1	7.9	16.7	2.5	5.2	2.1
New Hampshire	3.2	14.5	13.6	6.1	4.9	3.1
New Jersey	0.6	5.2	6.0	1.9	1.9	1.0
New Mexico	1.1	10.6	12.6	2.2	4.0	1.8
New York	0.5	3.4	3.7	1.1	1.4	0.6
North Carolina	0.6	5.7	6.1	2.4	2.9	1.5
North Dakota	3.2	10.9	13.4	4.2	4.4	2.4
Ohio	0.5	4.3	5.0	1.6	1.6	0.8
Oklahoma	1.1	7.1	9.6	4.2	3.3	1.5
Oregon	0.9	9.2	9.9	4.4	3.3	2.2
Pennsylvania	2.3	4.1	4.4	1.2	1.2	0.7
Rhode Island	1.3	8.4	8.5	4.6	2.2	3.4
South Carolina	1.7	10.2	14.8	2.8	3.0	2.1
South Dakota	1.5	6.1	8.1	4.6	4.5	3.0
Texas	0.8	3.6	4.5	3.2	3.4	2.6
Tennessee	0.8	11.3	12.0	1.7	1.8	0.8
Texas	3.0	15.1	18.6	3.0	2.1	2.0
Vermont	0.5	5.6	6.4	4.0	9.4	3.0
Virginia	0.5	5.6	6.4	2.1	2.5	3.0
Washington	1.0	9.6	8.6	2.8	2.6	1.4
West Virginia	0.3	5.0	12.2	2.6	3.0	1.3
Wisconsin	0.3	5.0	8.1	2.7	2.3	2.0
Wyoming	2.0	15.1	19.8	3.1	2.5	1.4
APO/FPO	12.4	29.0	17.9	25.0	35.5	17
Puerto Rico	2.9	4.5	10.0	10.0	16.3	26.5
U. S. citizens abroad <sup>1</sup>	6.3	14.9	25.8	19.4	11.2	33.2
						11.0

<sup>1</sup>Returns filed from Army Post Office and Fleet Post Office addresses  
<sup>2</sup>Returns filed from Panama Canal Zone, Virgin Islands and abroad.



Table 3

1977 State Tax Model, Sample Counts and Population by States

State	Sample size		Population	
	Total	Adjusted gross income under \$207,000	Total	Adjusted gross income under \$207,000
	(1)	(2)	(3)	(4)
United States, total.....	155,212	136,324	86,634,640	86,584,237
Alabama.....	1,810	1,593	1,280,870	1,272,492
Alaska.....	2,631	2,570	181,591	181,470
Arizona.....	2,095	1,936	902,492	902,119
Arkansas.....	1,564	1,445	743,997	743,491
California.....	15,074	12,674	9,360,959	9,352,757
Colorado.....	2,015	1,792	1,146,904	1,146,312
Connecticut.....	2,195	1,733	1,253,008	1,251,580
Delaware.....	1,600	1,408	239,225	232,033
District of Columbia.....	1,996	1,635	332,723	331,294
Florida.....	4,831	3,973	3,438,134	3,431,432
Georgia.....	2,189	1,989	1,924,620	1,922,902
Hawaii.....	2,724	2,570	380,937	380,771
Idaho.....	2,778	2,687	333,450	333,359
Illinois.....	6,857	5,790	4,655,832	4,652,268
Indiana.....	2,631	2,323	2,117,978	2,116,914
Iowa.....	1,954	1,800	1,153,835	1,153,383
Kansas.....	1,749	1,548	955,472	954,970
Kentucky.....	1,898	1,642	1,223,364	1,222,631
Louisiana.....	1,860	1,550	1,393,148	1,392,140
Maine.....	2,690	2,602	446,069	445,997
Maryland.....	2,417	2,153	1,701,574	1,701,737
Massachusetts.....	2,901	2,561	2,358,318	2,357,196
Michigan.....	4,660	4,038	2,572,690	2,571,609
Minnesota.....	2,094	1,843	1,624,695	1,623,333
Mississippi.....	1,512	1,408	787,928	787,663
Missouri.....	2,420	2,100	1,854,108	1,853,091
Montana.....	2,599	2,521	308,274	308,192
Nebraska.....	1,568	1,460	630,161	629,898
Nevada.....	2,563	2,263	319,686	319,380
New Hampshire.....	2,295	2,172	371,307	371,180
New Jersey.....	4,082	3,479	3,007,951	3,005,963
New Mexico.....	3,079	2,922	447,778	447,611
New York.....	10,093	8,019	6,896,190	6,892,071
North Carolina.....	2,146	1,959	2,147,419	2,146,749
North Dakota.....	1,839	1,797	272,068	272,026
Ohio.....	5,182	4,496	4,304,679	4,302,421
Oklahoma.....	2,009	1,722	1,053,750	1,053,018
Oregon.....	1,715	1,514	1,022,599	1,022,392
Pennsylvania.....	5,611	4,892	4,643,941	4,641,586
Rhode Island.....	2,147	1,976	398,971	398,792
South Carolina.....	1,305	1,191	1,073,299	1,073,309
South Dakota.....	2,124	2,062	256,819	256,757
Tennessee.....	1,975	1,755	1,616,740	1,615,976
Texas.....	8,647	6,896	5,074,529	5,073,538
Utah.....	3,657	3,462	483,873	483,678
Vermont.....	1,175	1,142	190,449	190,416
Virginia.....	2,447	2,194	2,070,877	2,070,268
Washington.....	2,144	1,935	1,565,139	1,564,402
West Virginia.....	1,286	1,162	644,787	644,301
Wisconsin.....	2,142	1,940	1,263,857	1,263,127
Wyoming.....	1,806	1,674	174,544	174,493
APO/FPO.....	94	94	252,627	252,570
Puerto Rico.....	33	30	26,659	26,651
CP:IO.....	304	232	146,322	146,101

## 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 foot, 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 ten fields are number fields and contain decimal values in the range of 0 through 99. Fields 11 through 150 have a maximum of eight significant digits. Weight factors are provided to accommodate either a decimal or an integer weighting system.

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.

## TECHNICAL DESCRIPTION OF THE FILES (con't)

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 EOV2 label is followed by a tape mark. An EOF2 label is followed by two tape marks which indicate the end of the data set.

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 3 pages of this booklet contain a narrative description of each type of label as defined in the IBM publication.

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	SOI.SMI704A4
22-27	6	4 - Data Set Serial Number	TAPE serial number of the first volume of the data set.

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

<u>Position</u>	<u>Number of Bytes</u>	<u>Field Number and Name</u>	<u>Contents</u>
28-31	4	5 - Volume Sequence Number	Sequence number of the volume in the data set. The number is in the range 0001-9999.
32-35	4	6 - Data Set Sequence Number	1
36-39	4	7 - Generation Number	blanks
40-41	2	8 - Version Number	blanks
42-47	6	9 - Creation Date	In the format byydd
48-53	6	10 - Expiration Date	In the format byydd
54	1	11 - Data Set Security	0 - no security protection
55-60	6	12 - Block Count	Zeroes for a header and block count for a trailer.
61-73	13	13 - System Code	
74-80	7	14 - Reserved	blanks

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

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).
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FORMAT OF IBM STANDARD DATA SET LABEL 2 (con't)

<u>Position</u>	<u>Number of Bytes</u>	<u>Field Number and Name</u>	<u>Contents</u>
4	1	2 - Label Number	Always 2
5	1	3 - Record Format	F - Fixed Length
6-10	5	4 - Block Length	04230
11-15	5	5 - Record Length	00846
16	1	6 - Tape Density	3 - for 1600 bpi
17	1	7 - Data Set Position	0 - for first volume 1 - for other volumes of data set
18-34	17	8 - Job/Job Step Identification	
35-36	2	9 - Tape Recording Technique	blank
37	1	10 - Printer Control Character	blank
38	1	11 - Reserved	blank
39	1	12 - Block Attribute	B - blocked records
40-80	41	13 - Reserved	

Use IRS label, otherwise, print or type.	First name and initial (if joint return, give first names and initials of both)	Last name	Your social security number
	Present home address (Number and street, including apartment number, or rural route)		For Privacy Act Notice, see page 9 of Instructions.
	City, town or post office, State and ZIP code		Spouse's social security no.
			Yours <input type="checkbox"/>
			Spouse's <input type="checkbox"/>

Presidential Election Campaign Fund

Do you want \$1 to go to this fund? . . . . . Yes  No

If joint return, does your spouse want \$1 to go to this fund? . . . . . Yes  No

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

Check Only One Box

1  Single

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

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

4  Unmarried Head of Household. Enter qualifying name  . See page 6 of Instructions.

Exemptions

Always check the "Yourself" box. Check other boxes if they apply.

5a  Yourself  65 or over  Blind

b  Spouse  65 or over  Blind

c First names of your dependent children who lived with you

Enter number of boxes checked on 5a and b

Enter number of children listed

d Other dependents:	(2) Relationship	(3) Number of months lived in your home.	(4) Did dependent have income of \$750 or more?	(5) Did you provide more than one-half of dependent's support?
(1) Name				

Enter number of other dependents

Add numbers entered in boxes above

6 Total number of exemptions claimed . . . . .

7 Wages, salaries, tips, and other employee compensation. (Attach Forms W-2. If unavailable, see page 11 of Instructions) . . . . .	7	F11	
8 Interest income (see page 4 of Instructions) . . . . .	8	F12	
9a Dividends <u>F13</u> . . . . . 9b Less exclusion . . . . . Balance <input type="text"/>	9c	F14	
(See pages 4 and 11 of Instructions)			
10 Adjusted gross income (add lines 7, 8, and 9c). If under \$8,000, see page 2 of Instructions on "Earned Income Credit." If eligible, enter child's name <input type="text"/>	10	F30	
11a Credit for contributions to candidates for public office. Enter one-half of amount paid but do not enter more than \$25 (\$50 if joint return) . . . . .	11a	F34	
<b>IF YOU WANT IRS TO FIGURE YOUR TAX, PLEASE STOP HERE AND SIGN BELOW.</b>			
b Total Federal income tax withheld (if line 7 is larger than \$16,500, see page 12 of Instructions) . . . . .	11b	F49	
c Earned income credit (from page 2 of Instructions) . . . . .	11c	F51	
12 Total (add lines 11a, b, and c) . . . . .	12		
13 Tax on the amount on line 10. (See Instructions for line 13 on page 12, then find your tax in Tax Tables on pages 14-25.) . . . . .	13	F33	
14 If line 12 is larger than line 13, enter amount to be REFUNDED TO YOU . . . . . <input type="text"/>	14	F56 (-)	F150
15 If line 13 is larger than line 12, enter BALANCE DUE. Attach check or money order for full amount payable to "Internal Revenue Service." Write social security number on check or money order . . . . .	15	F56 (+)	

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.

Please Sign

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

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

Paid preparer's signature and identifying number (see instructions) \_\_\_\_\_

Paid preparer's address (or employer's name, address, and identifying number) \_\_\_\_\_

For the year January 1–December 31, 1977, or other taxable year beginning 1977 ending , 19

Use IRS label. Otherwise, print or type.

First name and initial (if joint return, give first names and initials of both) Last name Your social security number

Present home address (Number and street, including apartment number, or rural route) For Privacy Act Notice, see page 3 of Instructions. Spouse's social security no.

City, town or post office, State and ZIP code Yours Spouse's

Presidential Election Campaign Fund

Do you want \$1 to go to this fund? . . . . . Yes  No

If joint return, does your spouse want \$1 to go to this fund? . . . . . Yes  No

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

**Filing Status**

1  Single

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

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

4  Unmarried Head of Household. Enter qualifying name ▶

5  Qualifying widow(er) with dependent child (Year spouse died ▶ 19 ). See page 7 of Instructions.

**Exemptions**

Always check the "Yourself" box. Check other boxes if they apply.

6a  Yourself  65 or over  Blind

b  Spouse  65 or over  Blind

c First names of your dependent children who lived with you ▶

d Other dependents:

(1) Name	(2) Relationship	(3) Number of months lived in your home.	(4) Did dependent have income of \$750 or more?	(5) Did you provide more than one-half of dependent's support?

7 Total number of exemptions claimed . . . . .

**Income**

8 Wages, salaries, tips, and other employee compensation. (Attach Forms W-2. If unavailable, see page 5 of Instructions.) . . . . . 8 **F11**

9 Interest income. (If over \$400, attach Schedule B.) . . . . . 9 **F12**

10a Dividends (If over \$400, attach Schedule B) **F13**, 10b less exclusion . . . . . Balance ▶ 10c **F14**

(If you have no other income, skip lines 11 through 20 and go to line 21.)

11 State and local income tax refunds (does not apply if refund is for year you took standard deduction) . . . . . 11 **F15**

12 Alimony received. . . . . 12 **F16**

13 Business income or (loss) (attach Schedule C) . . . . . 13 **F17**

14 Capital gain or (loss) (attach Schedule D) . . . . . 14

15 50% of capital gain distributions not reported on Schedule D . . . . . 15 **F18**

16 Net gain or (loss) from Supplemental Schedule of Gains and Losses (attach Form 4797) . . . . . 16 **F19**

17 Fully taxable pensions and annuities not reported on Schedule E . . . . . 17 **F20**

18 Pensions, annuities, rents, royalties, partnerships, estates or trusts, etc. (attach Schedule E) . . . . . 18

19 Farm income or (loss) (attach Schedule F) . . . . . 19 **F21**

20 Other (state nature and source—see page 9 of Instructions) ▶ . . . . . 20 **F22**

21 Total income. Add lines 8, 9, and 10c through 20 . . . . . ▶ 21

**Adjustments to Income** (If none, skip lines 22 through 27 and enter zero on line 28.)

22 Moving expense (attach Form 3903) . . . . . 22 **F23 moving**

23 Employee business expenses (attach Form 2106) . . . . . 23 **F24 employ**

24 Payments to an individual retirement arrangement (from attached Form 5329, Part III) . . . . . 24 **F25 retir**

25 Payments to a Keogh (H.R. 10) retirement plan . . . . . 25 **F26 keogh**

26 Forfeited interest penalty for premature withdrawal . . . . . 26 **F29**

27 Alimony paid (see page 11 of Instructions) . . . . . 27 **F28 alim**

28 Total adjustments. Add lines 22 through 27 . . . . . ▶

29 Subtract line 28 from line 21 . . . . . 29 **F29**

30 Disability income exclusion (sick pay) (attach Form 2440) . . . . . 30

31 Adjusted gross income. Subtract line 30 from line 29. Enter here and on line 32. If you want IRS to figure your tax for you, see page 4 of the Instructions . . . . . ▶ 31

Please Attach Copy B of Forms W-2 Here

Please Attach Check or Money Order Here



**Tax Computation**

32 Amount from line 31 . . . . . 32 F30

33 If you itemize deductions, enter excess itemized deductions from Schedule A, line 41 . . . . . 33

If you do NOT itemize deductions, enter zero. . . . .

Caution: If you have unearned income and can be claimed as a dependent on your parent's return, check here  and see page 11 of the Instructions. Also see page 11 of the Instructions if:

- You are married filing a separate return and your spouse itemizes deductions, OR
- You file Form 4563, OR
- You are a dual-status alien.

34 Tax Table Income. Subtract line 33 from line 32 . . . . . 34 F31

Note: See Instructions for line 35 on page 11. Then find your tax on the amount on line 34 in the Tax Tables. Enter the tax on line 35. However, if line 34 is more than \$20,000 (\$40,000 if you checked box 2 or 5) or you have more exemptions than those covered in the Tax Tables for your filing status, use Part I of Schedule TC (Form 1040) to figure your tax. You must also use Schedule TC if you file Schedule G (Form 1040), Income Averaging.

35 Tax. Check if from  Tax Tables or  Schedule TC . . . . . 35

36 Additional taxes. (See page 12 of Instructions.) Check if from  Form 4970,  Form 4972,  Form 5544,  Form 5405, or  Section 72(m)(5) penalty tax . . . . . 36 F32

37 Total. Add lines 35 and 36 . . . . . 37 F33 to be

**Credits**

38 Credit for contributions to candidates for public office . . . . . 38 F34

39 Credit for the elderly (attach Schedules R&RP) . . . . . 39 F35

40 Credit for child and dependent care expenses (attach Form 2441) . . . . . 40 F36

41 Investment credit (attach Form 3468) . . . . . 41 F37

42 Foreign tax credit (attach Form 1116) . . . . . 42 F38

43 Work Incentive (WIN) Credit (attach Form 4874) . . . . . 43 F39

44 New jobs credit (attach Form 5884) . . . . . 44 F40

45 See page 12 of Instructions . . . . . 45

46 Total credits. Add lines 38 through 45 . . . . . 46

**Other Taxes**

47 Balance. Subtract line 46 from line 37 and enter difference (but not less than zero) . . . . . 47

48 Self-employment tax (attach Schedule SE) . . . . . 48 F43

49 Minimum tax. Check here  and attach Form 4625 . . . . . 49 F44

50 Tax from recomputing prior-year investment credit (attach Form 4255) . . . . . 50 F45

51 Social security tax on tip income not reported to employer (attach Form 4137) . . . . . 51

52 Uncollected employee social security tax on tips (from Form W-2) . . . . . 52 F46

53 Tax on an individual retirement arrangement (attach Form 5329) . . . . . 53 F47

54 Total tax. Add lines 47 through 53 . . . . . 54

**Payments**

55 Total Federal income tax withheld (attach Forms W-2, W-2G, and W-2P to front) . . . . . 55 F49

56 1977 estimated tax payments (include amount allowed as credit from 1976 return) . . . . . 56 F50

57 Earned income credit. If line 31 is under \$8,000, see page 2 of Instructions. If eligible, enter child's name  . . . . . 57 F51

58 Amount paid with Form 4868 . . . . . 58 F52

59 Excess FICA and RRTA tax withheld (two or more employers) . . . . . 59 F53

60 Credit for Federal tax on special fuels, etc. (attach Form 4136) . . . . . 60 F54

61 Credit from a Regulated Investment Company (attach Form 2439) . . . . . 61

61a See page 13 of Instructions . . . . . 61a

62 Total. Add lines 55 through 61a . . . . . 62

**Refundable**

63 If line 62 is larger than line 54, enter amount OVERPAID . . . . . 63 F55

64 Amount of line 63 to be REFUNDED TO YOU . . . . . 64 F56(-)

65 Amount of line 63 to be credited on 1978 estimated tax . . . . . 65 F57

66 If line 54 is larger than line 62, enter BALANCE DUE. Attach check or money order for full amount payable to "Internal Revenue Service." Write social security number on check or money order . . . . . 66 F56(+)

(Check  if Form 2210 (2210F) is attached. See page 14 of Instructions.)

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.

**Please Sign Here**

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

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

Paid preparer's signature and identifying number (see instructions) \_\_\_\_\_

Paid preparer's address (or employer's name, address, and identifying number) \_\_\_\_\_

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

(Form 1040)

Department of the Treasury  
Internal Revenue Service

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

1977

Name(s) as shown on Form 1040

Your social security number

## Schedule A Itemized Deductions (Schedule B is on back)

### Medical and Dental Expenses (not compensated by insurance or otherwise) (See page 14 of Instructions.)

1 One-half (but not more than \$150) of insurance premiums for medical care. (Be sure to include in line 10 below)	F59 <i>hip</i>
2 Medicine and drugs	F60 <i>drugs</i>
3 Enter 1% of line 31, Form 1040	0.01 <i>101</i>
4 Subtract line 3 from line 2. Enter difference (if less than zero, enter zero)	0.01 <i>AGI + drugs</i>
5 Enter balance of insurance premiums for medical care not entered on line 1	F61 <i>insur</i>
6 Enter other medical and dental expenses:	
a Doctors, dentists, nurses, etc.	
b Hospitals	
c Other (itemize—include hearing aids, dentures, eyeglasses, transportation, etc.) ▶	<i>dent</i>
7 Total (add lines 4 through 6c)	F62 <i>meds</i>
8 Enter 3% of line 31, Form 1040	
9 Subtract line 8 from line 7 (if less than zero, enter zero)	
10 Total (add lines 1 and 9). Enter here and on line 33	F63 <i>medd</i>

### Taxes (See page 14 of Instructions.)

11 State and local income	F64 <i>3000</i>
12 Real estate	F65 <i>11</i>
13 State and local gasoline (see gas tax tables)	F66 <i>15</i>
14 General sales (see sales tax tables)	F67 <i>85</i>
15 Personal property	F68 <i>0</i>
16 Other (itemize) ▶	
17 Total (add lines 11 through 16). Enter here and on line 34	F69 <i>3212</i>

### Miscellaneous Expenses (See page 16 of Instructions.)

18 Home mortgage	F70
19 Other (itemize) ▶	
20 Total (add lines 18 and 19). Enter here and on line 35	F71 <i>2000</i>

### Contributions (See page 16 of Instructions for examples.)

21 a Cash contributions for which you have receipts, cancelled checks or other written evidence	F72
b Other cash contributions. List donees and amounts. ▶	
22 Other than cash (see page 16 of instructions for required statement)	F73
23 Carryover from prior years	F74
24 Total contributions (add lines 21a through 23). Enter here and on line 36	F75 <i>1000</i>

### Casualty or Theft Loss(es) (See page 16 of Instructions.)

25 Loss before insurance reimbursement	
26 Insurance reimbursement	
27 Subtract line 26 from line 25. Enter difference (if less than zero, enter zero)	
28 Enter \$100 or amount on line 27, whichever is smaller	
29 Casualty or theft loss (subtract line 28 from line 27). Enter here and on line 37	F76 <i>Cancel</i>

### Miscellaneous Deductions (See page 16 of Instructions.)

30 Union dues	F77
31 Other (itemize) ▶	
* Political Contributions	F78
32 Total (add lines 30 and 31). Enter here and on line 38	F79 <i>Miscel</i>

### Summary of Itemized Deductions (See page 17 of Instructions.)

33 Total medical and dental—line 10	
34 Total taxes—line 17	
35 Total interest—line 20	
36 Total contributions—line 24	
37 Casualty or theft loss(es)—line 29	
38 Total miscellaneous—line 32	
39 Total deductions (add lines 33 through 38) ▶	F80
40 If you checked Form 1040, box: 2 or 5, enter \$3,200 1 or 4, enter \$2,200 3, enter \$1,600	
41 Excess itemized deductions (subtract line 40 from line 39). Enter here and on Form 1040, line 33. (If line 40 is more than line 39 see "Who MUST Itemize Deductions" on page 11 of the Instructions.) ▶	

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** Interest Income

1 If you received more than \$400 in interest, complete Part I. 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 17 of Instructions). (List payers and amounts.)

Table with 3 columns for listing interest income entries.

2 Total interest income. Enter here and on Form 1040, line 9 . . . . .

**Part II** Dividend Income

3 If you received more than \$400 in gross dividends (including capital gain distributions) and other distributions on stock, complete Part II (see Note below and page 17 of instructions). (List payers and amounts—write (H), (W), (J), for stock held by husband, wife, or jointly.)

Table with 3 columns for listing dividend income entries.

4 Total of line 3 . . . . .
5 Capital gain distributions (see page 18 of Instructions. . . . . Enter here and on Schedule D, line 7). See Note below . . . . . F81
6 Nontaxable distributions (see page 18 of instructions) . . . . . F82
7 Total (add lines 5 and 6) . . . . .
8 Dividends before exclusion (subtract line 7 from line 4). Enter here and on Form 1040, line 10a . . . . .

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 15.

**Part III** Foreign Accounts and Foreign Trusts

If you are required to list interest in Part I or dividends in Part II, OR if you had a foreign account or were a grantor of, or a transferor to a foreign trust, you must answer both questions in Part III. (See page 18 of Instructions.)

1 Did you, at any time during the taxable year, have any interest in or signature or other authority over a bank, securities, or other financial account in a foreign country (except in a U.S. military banking facility operated by a U.S. financial institution)? . . . . . [ ] Yes [ ] No
If "Yes," see page 3 of instructions.

2 Were you the grantor of, or transferor to, a foreign trust during any taxable year, which foreign trust was in being during the current taxable year, whether or not you have any beneficial interest in such trust? . . . . [ ] Yes [ ] No
If "Yes," you may be required to file Forms 3520, 3520-A, or 926.

**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).

1977

Name(s) as shown on Form 1040

Social security number

**Part I Short-term Capital Gains and Losses—Assets Held Not More Than 9 Months**

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) (J less e)

2 Enter your share of net short-term gain or (loss) from partnerships and fiduciaries . . . . .	2	
3 Enter net gain or (loss), combine lines 1 and 2 . . . . .	3	
4 Short-term capital loss carryover attributable to years beginning after 1969 (see Instruction I) . . . . .	4	(          )
5 Net short-term gain or (loss), combine lines 3 and 4 . . . . .	5	F83

**Part II Long-term Capital Gains and Losses—Assets Held More Than 9 Months**


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

**Part III Summary of Parts I and II (If You Have Capital Loss Carryovers From Years Beginning Before 1970, Do Not Complete This Part. See Form 4798 Instead.)**

14 Combine lines 5 and 13, and enter the net gain or (loss) here . . . . .	14	
15 If line 14 shows a gain—		
a Enter 50% of line 13 or 50% of line 14, whichever is smaller (see Part IV for computation of alternative tax). Enter zero if there is a loss or no entry on line 13 Note: If the amount you enter on line 15a is other than zero, you may be liable for minimum tax. See Form 4625 and instructions.	15a	
b Subtract line 15a from line 14. Enter here and on Form 1040, line 14 . . . . .	15b	
16 If line 14 shows a loss—		
a Enter one of the following amounts:		
(i) If line 5 is zero or a net gain, enter 50% of line 14;		
(ii) If line 13 is zero or a net gain, enter line 14; or,		
(iii) If line 5 and line 13 are net losses, enter amount on line 5 added to 50% of amount on line 13 . . . . .	16a	
b Enter here and enter as a (loss) on Form 1040, line 14, the smallest of:		
(i) The amount on line 16a;		
(ii) \$2,000 (\$1,000 if married and filing a separate return); or,		
(iii) Taxable income, as adjusted (see Instruction J) . . . . .	16b	(          )

Note: If the amount on line 16a is larger than the loss shown on line 16b, complete Part V to determine Post-1969 Capital Loss Carryovers from 1977 to 1978.

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

17 Enter amount from Schedule TC (Form 1040), Part I, line 3 . . . . .	17		
18 Enter amount from line 15a (or Form 4798, Part I, line 8(a)) . . . . .	18		
19 Subtract line 18 from line 17 (if line 18 exceeds line 17, do not complete the rest of this part. The Alternative Tax will not benefit you) . . . . .	19		
Note: if line 18 does not exceed \$25,000 (\$12,500 if married filing separately), skip lines 20 through 23 and enter zero on line 24.			
20 Enter \$25,000 (\$12,500 if married filing separately) . . . . .	20		
21 Add lines 19 and 20 . . . . .	21		
22 Tax on amount on line 17 (use Tax Rate Schedule in instructions) . . . . .	22		
23 Tax on amount on line 21 (use Tax Rate Schedule in instructions) . . . . .	23		
24 Subtract line 23 from line 22 . . . . .	24		
25 Tax on amount on line 19 (use Tax Rate Schedule in instructions) . . . . .	25		
26 Enter 50% of line 18 but not more than \$12,500 (\$6,250 if married filing separately) . . . . .	26		
27 Alternative Tax—add lines 24, 25, and 26. If smaller than the tax figured on the amount on Schedule TC (Form 1040), Part I, line 3, enter this alternative tax on Schedule TC (Form 1040), Part I, line 4. Also check the Schedule D box on Schedule TC (Form 1040), Part I, line 4 . . . . .	27		

**Part VI** Computation of Post-1969 Capital Loss Carryovers from 1977 to 1978  
(Complete this part if the amount on line 16a, is larger than the loss shown on line 16b.)

**Section A.—Short-term Capital Loss Carryover**

28 Enter loss shown on line 5; if none, enter zero and ignore lines 29 through 33—then go to line 34 . . . . .	28		
29 Enter gain shown on line 13. If that line is blank or shows a loss, enter zero . . . . .	29		
30 Reduce any loss on line 28 to the extent of any gain on line 29 . . . . .	30		
31 Enter amount shown on line 16b . . . . .	31		
32 Enter smaller of line 30 or 31 . . . . .	32		
33 Excess of amount on line 30 over amount on line 32 . . . . .	33		

Note: The amount on line 33 is the portion of your short-term capital loss carryover from 1977 to 1978 that is attributable to years beginning after 1969.

**Section B.—Long-term Capital Loss Carryover**

34 Line 31 less line 32 (Note: If you skipped lines 29 through 33, enter amount from line 16b) . . . . .	34		
35 Enter loss from line 13; if none, enter zero and ignore lines 36 through 39 . . . . .	35		
36 Enter gain shown on line 5. If that line is blank or shows a loss, enter a zero . . . . .	36		
37 Reduce any loss on line 35 to the extent of any gain on line 36 . . . . .	37		
38 Multiply amount on line 34 by 2 . . . . .	38		
39 Excess of amount on line 37 over amount on line 38 . . . . .	39		

Note: The amount on line 39 is the portion of your long-term capital loss carryover from 1977 to 1978 that is attributable to years beginning after 1969.

**SCHEDULE E**  
**(Form 1040)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Income Schedule**

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

1977

Name(s) as shown on Form 1040

Your social security number

**Pension and Annuity Income.** If fully taxable, do not complete this part. Enter amount on Form 1040, line 17. 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 separate sheet listing each one with the appropriate data 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 5 years of the annuity starting date?  Yes  No  
If "Yes," show: Your contribution \$....., Contribution recovered in prior years

2	
3	F86
4	

3 Amount received this year

4 Amount excludable this year

5 Taxable portion (subtract line 4 from line 3) | 5 F87

**Rent and Royalty Income.** If you need more space, use Form 4831.  
Have you claimed expenses connected with your vacation home rented to others?  Yes  No

(e) 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)
6 Totals				

7 Net income or (loss) from rents and royalties (column (b) plus column (c) less columns (d) and (e)) | 7 F88  
8 Net rental income or (loss) (from Form 4831) | 8 F89  
9 Net farm rental profit or (loss) (from Form 4835) | 9  
10 Total rent and royalty income (add lines 7, 8, and 9) | 10

**Income or Losses from Partnerships, Estates or Trusts, Small Business Corporations.**

Enter in column (b): P for Partnership, E for Estate or Trust, or S for Small Business Corp.

(a) Name	(b)	(c) Employer identification number	(d) Your share of gross farming or fishing income	(e) Income or (loss)	(f) Additional 1st year depreciation (applicable only to partnerships)
11 Totals					

12 Income or (loss). Total of column (e) less total of column (f) | 12 F90, F91, F92, F93, F94, F95

13 TOTAL (add lines 5, 10, and 12). Enter here and on Form 1040, line 18 | 13

**Explanation of Column (e), Part II**

Item		Amount	Item		Amount

**Schedule for Depreciation Claimed in Part II above.** If you need more space use Form 4532.

(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						

**SCHEDULE SE  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service

**Computation of Social Security Self-Employment Tax**

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

**1977**

⊖ If you had wages, including tips, of \$16,500 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.

NAME OF SELF-EMPLOYED PERSON (AS SHOWN ON SOCIAL SECURITY CARD)

Social security number of self-employed person ▶

⊖ 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>				
1	Net profit or (loss) from:	a Schedule F, line 54 (cash method), or line 72 (accrual method)	1a	
		b Farm partnerships . . . . .	1b	
2	Net earnings from farm self-employment (add lines 1a and b) . . . . .		2	
<b>FARM OPTIONAL METHOD</b>				
3	If gross profits from farming <sup>1</sup> are:	a Not more than \$2,400, enter two-thirds of the gross profits . . . . .	3	
		b More than \$2,400 and the net farm profit is less than \$1,600, enter \$1,600		
4	Enter here and on line 12a, the amount on line 2, or line 3 if you elect the farm optional method . . . . .		4	

<sup>1</sup> Gross profits from farming are the total gross profits from Schedule F, line 28 (cash method), or line 70 (accrual method), plus the distributive share of gross profits from farm partnerships (Schedule K-1 (Form 1065), line 14(b)) as explained in instructions for Schedule SE.

**Part II Computation of Net Earnings from NONFARM Self-Employment**

<b>REGULAR METHOD</b>				
5	Net profit or (loss) from:	a Schedule C, line 21. (Enter combined amount if more than one business.)	5a	
		b Partnerships, joint ventures, etc. (other than farming) . . . . .	5b	
		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 . . . . .	5c	
		d Service with a foreign government or international organization . . . . .	5d	
		e Other (See Form 1040 instructions for line 20.) Specify ▶	5e	
6	Total (add lines 5a through e) . . . . .		6	
7	Enter adjustments if any (attach statement) . . . . .		7	
8	Adjusted net earnings or (loss) from nonfarm self-employment (line 6, as adjusted by line 7) . . . . .		8	
	If line 8 is \$1,600 or more OR if you do not elect to use the Nonfarm Optional Method, omit lines 9 through 11 and enter amount from line 8 on line 12b, Part III.			
	Note: You may use the nonfarm optional method (line 9 through line 11) only if line 8 is less than \$1,600 and less than two-thirds of your gross nonfarm profits, <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: 1974, 1975, and 1976. The nonfarm optional method can only be used for 5 taxable years.			
<b>NONFARM OPTIONAL METHOD</b>				
9	a Maximum amount reportable, under both optional methods combined (farm and nonfarm) . . . . .		9a	\$1,600 00
	b Enter amount from line 3. (If you did not elect to use the farm optional method, enter zero) . . . . .		9b	
	c Balance (subtract line 9b from line 9a) . . . . .		9c	
10	Enter two-thirds of gross nonfarm profits <sup>2</sup> or \$1,600, whichever is smaller . . . . .		10	
11	Enter here and on line 12b, the amount on line 9c or line 10, whichever is smaller . . . . .		11	

<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(b)) as explained in instructions for Schedule SE. Also, include gross profits from services reported on line 5c, d, and e, as adjusted by line 7.

**Part III Computation of Social Security Self-Employment Tax**

12	Net earnings or (loss): a From farming (from line 4) . . . . .	12a		
	b From nonfarm (from line 8, or line 11 if you elect to use the Nonfarm Optional Method) . . . . .	12b		
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.) . . . . .		13	
14	The largest amount of combined wages and self-employment earnings subject to social security or railroad retirement taxes for 1977 is . . . . .		14	\$16,500 00
15	a Total "FICA" wages (from Forms W-2) and "RRTA" compensation . . . . .	15a		
	b Unreported tips subject to FICA tax from Form 4137, line 9 or to RRRA . . . . .	15b		
	c Total of lines 15a and b . . . . .	15c		
16	Balance (subtract line 15c from line 14) . . . . .		16	
17	Self-employment income—line 13 or 16, whichever is smaller . . . . .		17	
18	Self-employment tax. (If line 17 is \$16,500, enter \$1,303.50; if less, multiply the amount on line 17 by .079.) Enter here and on Form 1040, line 48 . . . . .		18	

Name(s) as shown on Form 1040

Your social security number

Instructions

Who Must File.—This schedule is for use by taxpayers who cannot use the Tax Tables and for certain taxpayers who must itemize deductions. If you must itemize and the zero bracket amount on Schedule A (Form 1040), line 40, is more than your itemized deductions on Schedule A, line 39, you must complete Part II before figuring your tax.

Part I.—You must use Part I to figure your tax instead of using the Tax Tables if your income on Form 1040, line 34, is more than \$20,000 (more than \$40,000 if you are married filing a joint return or are a qualifying widow(er)) or if you claim more exemptions than covered in the Tax Tables for your filing status.

You will also need to complete Part I if you figure your tax by using Schedule G (Form 1040), Income Averaging.

Part II.—If you are required to itemize deductions and the zero bracket amount on Schedule A, line 40, is more than your itemized deductions on Schedule A, line 39, you must first complete Part II to figure your Tax Table Income. The new zero bracket amount must be adjusted by certain taxpayers who must itemize deductions. This computation is necessary because the zero bracket amount is built into the Tax Tables and Tax Rate Schedules.

You MUST itemize deductions if:

(a) You are married filing a separate return and your spouse itemizes deductions (unless your spouse is described in paragraph (b) and enters earned income on Part II, line 3),

(b) You can be claimed as a dependent on your parent's return and have \$750

or more of unearned income and less than \$2,200 of earned income if you are single (less than \$1,600 of earned income if you are married filing a separate return),

Note: If your earned income is more than your itemized deductions on Schedule A, line 39, enter your earned income in Part II, line 3, unless you are married filing a separate return and your spouse itemizes deductions. (See page 11 of the Instructions for Form 1040 for a definition of earned income.)

(c) You elect to exclude income from sources in United States Possessions (see Form 4563 for details), OR

(d) You are a dual-status alien (see instructions for Dual-Status Tax Year on page 4 of Instructions for Form 1040).

Part I Tax Computation for Taxpayers Who Cannot Use the Tax Tables

Caution: Read the Instructions before completing this Part.

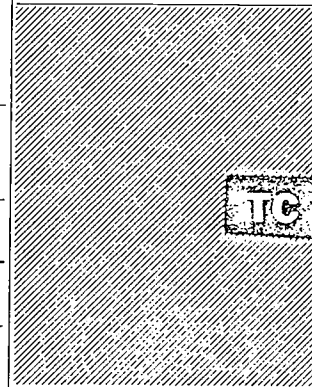
- 1 Enter your Tax Table Income from Form 1040, line 34 . . . . .
- 2 Multiply \$750 by the total number of exemptions claimed on Form 1040, line 7 . . . . .
- 3 Taxable Income. Subtract line 2 from line 1 . . . . .  
(Figure your tax on the amount on line 3 by using Tax Rate Schedule X, Y, or Z, or see page 12 of Instructions for Form 1040 for "Other Ways to Figure Your Tax.")
- 4 Income Tax. Check if from:  Tax Rate Schedule X, Y, or Z,  Schedule D,  Schedule G, or  Form 4726 . . . . .

1		
2		
3		
4		

General Tax Credit

- 5 Enter \$35 multiplied by the total number of exemptions claimed on Form 1040, line 7 . . . . .
- Note: If you are married filing a separate return, omit lines 6 through 9 and enter the amount from line 5 on line 10.
- 6 Enter amount from line 3, above . . . . .
- 7 Enter  $\left\{ \begin{array}{l} \$3,200 \text{ if you are married filing a joint return (or a qualifying widow(er))} \\ \$2,200 \text{ if you are single (or an unmarried head of household)} \end{array} \right\}$  . . . . .
- 8 Subtract line 7 from line 6 . . . . .
- 9 Enter 2 percent of line 8 (but do not enter more than \$180) . . . . .
- 10 General tax credit. Enter the larger of line 5 or line 9 . . . . .
- 11 Tax. Subtract line 10 from line 4. Enter the difference (but not less than zero) here and on Form 1040, line 35 . . . . .

5		
6		
7		
8		
9		

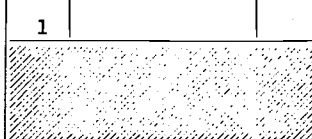


Part II Computation of Tax Table Income for Certain Taxpayers Who Must Itemize Deductions

Caution: Read the Instructions before completing this Part.

- 1 Enter your adjusted gross income from Form 1040, line 31 . . . . .
- 2 Enter amount from Schedule A, line 40 . . . . .
- 3 Enter amount from Schedule A, line 39. (If you can be claimed as a dependent on your parent's return, see the Note in the Instructions for Part II and check the box below line 33 of Form 1040.) . . . . .
- 4 Subtract line 3 from line 2 . . . . .
- 5 Tax Table Income. ADD lines 1 and 4. Enter here and on Form 1040, line 34. (Do not make an entry on Form 1040, line 33. Disregard the instruction on Form 1040, line 34, and go to the Note below line 34.) . . . . .

2		
3		



4		
5		



# Disability Income Exclusion (Sick Pay)

(Applies Only to Disabled Retirees Under Age 65)

**1977**

▶ Attach to Form 1040. ▶ See Instructions on back.

Name(s) as shown on Form 1040 \_\_\_\_\_ Social Security Number \_\_\_\_\_

See Instruction E for Requirements of Proof of Permanent and Total Disability

Date retired (if after December 31, 1976, also enter in space next to (ii) box on physician's statement.)	Name of Employer and Payer, if other than employer
Yourselves	_____
Spouse	_____

	Joint return filers use column A for wife and column B for husband. All other filers use column B only.	
	A	B
1 Total disability payments received this taxable year . . . . .	F96	F97
2 (i) Multiply \$100 times the number of weeks for which disability payments equal or exceed \$100. Enter total . . . . .		
(ii) For each week (if any) for which the actual amount of disability payments received is less than \$100, enter total amount received for such weeks . . . . .		
(iii) In the case of payments received for a short period of less than a week, enter the lesser of the actual disability payments received for such short period or the maximum exclusion allowable for such short period (see Instruction B) . . . . .		
(iv) Total (add lines (i), (ii), and (iii)) . . . . .	F98	F99
3 Total (add amounts on line 2 (iv)) . . . . .		
4 Adjusted gross income before disability income exclusion (sick pay) (Form 1040, line 29). If this amount is \$15,000 or less, enter amount from line 3 on line 7 . . . . .		
5 Maximum adjusted gross income before phaseout (see Instruction C) . . . . .	\$15,000.00	
6 Subtract line 5 from line 4 . . . . .		
7 Disability income exclusion (sick pay) (subtract line 6 from line 3). Enter here and on Form 1040, line 30 . . . . .		

Read Instructions on back before detaching.

Form 2440 (1977)

## Physician's Certification of Permanent and Total Disability

▶ Attach to Form 2440

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

I certify that the above named taxpayer was (check only one box—see Instruction A):  
 (i)  Permanently and totally disabled on January 1, 1976, or January 1, 1977.  
 (ii)  Permanently and totally disabled on the date taxpayer retired. Date retired ▶ \_\_\_\_\_

Name of physician \_\_\_\_\_

Physician's address \_\_\_\_\_

Physician's signature \_\_\_\_\_ Date \_\_\_\_\_

### Instructions for Physician's Certification

**A. Date Permanently or Totally Disabled.—**  
 Check the (i) box if taxpayer retired before January 1, 1977.  
 Check the (ii) box if taxpayer retired after December 31, 1976. The date entered by the taxpayer should be the date on which the taxpayer ceased active employment because of this disability.

**B. Definition of Permanent and Total Disability.—**Permanent and total disability means that a taxpayer is unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of a year or more. The substantial gainful activity referred to is not limited to the activity, or comparable activity, in which the taxpayer engaged prior to retirement on disability.

## Instructions

**A. Who May Exclude Disability Income.**—For taxable years beginning after December 31, 1976, you will be eligible to claim the "disability income exclusion" on disability payments you receive instead of wages only if all the following requirements are satisfied:

- (1) You have not reached age 65 before the close of the taxable year.
- (2) You retired on disability, and, when you retired, were permanently and totally disabled.
- (3) At the beginning of the taxable year you have not reached mandatory retirement age (generally the age at which you would have been required to retire under your employer's retirement program had you not become disabled), and
- (4) You have not made an irrevocable election not to claim the disability income exclusion (see Instruction F).

If you retired before January 1, 1977, and either retired on disability or were entitled to retire on disability, and on January 1, 1976, or January 1, 1977, were permanently and totally disabled, you will be considered to have met the requirement of A(2).

**B. Limitations.**—The amount of disability payments that you may exclude cannot exceed the lesser of a weekly rate of \$100 or your actual weekly payment.

To determine your actual weekly payment, you must convert disability income paid on a non-weekly basis into weekly rates of payment. Determine your disability income weekly rate as follows:

If you are paid on the basis of a:

- (1) *Weekly pay period*, this is the weekly rate.
- (2) *Biweekly pay period*, the weekly rate is one-half of the biweekly rate.
- (3) *Semimonthly pay period*, the weekly rate is the semimonthly rate multiplied by 24 and divided by 52.
- (4) *Monthly pay period*, the weekly rate is the monthly rate multiplied by 12 and divided by 52.
- (5) *Other pay period*, the weekly rate is the annual rate divided by 52.

The exclusion of disability payments received for a period of less than a week is limited to your daily exclusion multiplied by the number of days in the week for which you receive disability payments. Your daily exclusion is the lesser of \$100 divided by the number of days in your normal workweek or your daily rate of disability pay. For example, if your normal workweek is Monday through Friday, your daily exclusion is the lesser of \$20 ( $\$100 \div 5$ ) or your daily rate of disability pay. Assuming that \$20 is the lesser of the two, and your retirement from work became effective as of the close of business on a Tuesday, your exclusion for the first week will be \$60 ( $\$20 \times 3$ ).

Payments for such short periods may be received when one of the following events occurs after the first day of the taxpayer's normal workweek: (a) the disability retirement commences; (b) the taxpayer

reaches mandatory retirement age in a taxable year prior to the taxable year in which such taxpayer attains age 65; or (c) the taxpayer dies.

If you reach mandatory retirement age during the taxable year, do not claim the exclusion for any days after you reach mandatory retirement age.

On a return where one taxpayer is entitled to the disability income exclusion, the maximum exclusion is \$5,200. On a joint return where both spouses are entitled to the disability income exclusion, the maximum exclusion is \$10,400.

**C. Maximum Adjusted Gross Income Before Phaseout.**—If your adjusted gross income determined before the disability income exclusion (Form 1040, line 29) exceeds \$15,000, you must reduce the disability income exclusion by the excess of your adjusted gross income over \$15,000. On a return where only one taxpayer is entitled to the maximum disability income exclusion, the exclusion would be phased out entirely if the amount on Form 1040, line 29, is \$20,200 or more. On a joint return where both spouses are entitled to the maximum disability income exclusion, the exclusion would be phased out entirely if the amount on Form 1040, line 29, is \$25,400 or more.

**D. Filing Requirements for Married Couples.**—If you are married at the close of the taxable year, you are allowed the disability income exclusion only if you and your spouse file a joint return, unless you and your spouse have not lived together at any time during the taxable year.

**E. Permanent and Total Disability.**—You are permanently and totally disabled only if you are unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of a year or more.

If you retired on disability before January 1, 1977, you must submit a certificate from a qualified physician attesting to your permanent and total disability on January 1, 1976, or January 1, 1977.

If you retired on disability during 1977, you must submit a certificate from a qualified physician attesting to your permanent and total disability at the time you retired on disability.

A physician's certification with the required information is provided for you on Form 2440. Detach the physician's certification from the form before having it filled in by your physician. After the certification has been filled in by your physician, attach it to Form 2440 for submission with your tax return.

**F. Election Not to Exclude Disability Income.**—Before the time you start to report your disability payments under an applicable pension or annuity rule, you may not apply any of your pension or annuity cost against your disability payments. However, if (1) you retired on disability before January 1, 1977, and on December 31, 1975, or December 31, 1976, were entitled to exclude any amount with respect to such

retirement disability payments from gross income as sick pay, or (2) you are eligible for the disability income exclusion; you may make an irrevocable election not to claim the disability income exclusion. If you make a valid irrevocable election, you should report your disability payments under an applicable pension or annuity rule, which allows you to apply your cost against your disability payments. The election is applicable for the year of election (but may not be made for a year prior to 1976) and all subsequent years.

To make the election, attach a statement to your tax return that (1) states you elect not to claim the disability income exclusion and will report your disability payments under an applicable pension or annuity rule, and (2) sets forth your qualifications for making the election. If you retired in 1977, you must also attach a certificate from a qualified physician attesting to your total and permanent disability at the time of your retirement. This election is not available to disability retirees who retired after December 31, 1976, and whose disability payments are not eligible for the disability income exclusion.

The irrevocable election not to exclude your disability payments will allow you to begin recovering your annuity cost immediately. This may be beneficial in the following situations:

- (1) The exclusion phaseout, substantially decreases or eliminates your disability income exclusion;
- (2) You believe that you will not live long enough to benefit from recovering your annuity cost at age 65 or at your annuity starting date;
- (3) The election will cause the amounts you receive to be considered retirement income (provided you have reached minimum retirement age) on which you may be entitled to a credit for the elderly.

**G. How to Report Your Disability Retirement Income on Form 1040.**—Report your total disability payments received during your taxable year as income from wages on Form 1040, line 8. Determine the amount of your disability income exclusion on Form 2440 and enter on Form 1040, line 30. This procedure should be followed until you reach mandatory retirement age, the beginning of the taxable year in which you attain the age of 65, or the taxable year for which you make the irrevocable election discussed in instruction F, whichever is earlier. During this period, you cannot offset any of your annuity cost against your disability payments. When you reach the earlier of mandatory retirement age or the beginning of the taxable year in which you attain the age of 65, you will begin to report the total amount of your disability payments under an applicable pension or annuity rule. For further information see Instructions for Schedule E (Form 1040), Part I, Pension and Annuity Income and Schedules R&RP (Form 1040), Credit for the Elderly.

**H. Additional Information.**—You will find Publication 522, Tax Information on Disability Payments, helpful in explaining the exclusion.

Attach to Form 1040.

Name(s) as shown on Form 1040

Your social security number

1 Name and relationship of each qualifying individual for whom expenses were paid and period (months and days) each lived in your household as a qualifying individual during this taxable year (see instructions for line 1).

(a) Name	(b) Relationship	(c) Period lived in your household	
		Months	Days

2 List the individual(s) or organization(s) to whom employment-related expenses were incurred during this taxable year.

(a) Name and address (If more space is needed, attach schedule)	(b) Social security number (see instructions for line 2)	(c) Relationship	(d) Period incurred in 1977		(e) Amount
			From Month—Day	To Month—Day	

**Computation of Credit**

3 Total of column (e) . . . . .	3	F100	
4 Enter the lesser of amount on line 3 or \$2,000 (\$4,000 if two or more qualifying individuals) (see instructions for line 4) . . . . .	4		
5 Earned income limitation (an entry <b>MUST</b> be made on this line):	5	F101	
(a) If unmarried at end of 1977, enter amount of earned income . . . . .	5		
(b) If married at end of 1977, enter the lesser of your earned income or your spouse's earned income. Note: If you or your spouse was a student or incapable of self-care, see instructions for line 5 . . . . .			
6 Enter the lesser of line 4 or line 5 . . . . .	6		
7 Total amounts listed on line 6 paid during 1977 . . . . .	7		
8 Child and dependent care expenses incurred in 1976 not paid until 1977 (Attach schedule showing computation of limitations—see instructions for line 8) . . . . .	8	F102	
9 Total of lines 7 and 8 . . . . .	9	F103	
10 Credit for child and dependent care expenses. Multiply the amount on line 9 by 20%. Enter result here and on Form 1040, line 40 . . . . .	10		

11 If payments listed on line 2 were made to an individual, complete the following:

	Yes	No
(a) If payment of \$50 or more in a calendar quarter was made to an individual, were the services performed in your home? . . . . .		
(b) If "Yes," have appropriate wage tax returns on wages for services in your home been filed (see instructions for line 11)? . . . . .		
(c) If answer to (b) is "Yes," enter your employer identification number . . . . .		

**Instructions**

**Who May Claim the Credit.**—If you maintain a household that includes as a member one or more qualifying individuals, you may be allowed a credit against your income tax. The credit is limited to 20 percent of employment-related expenses (up to certain limitations) paid during the taxable year in order to enable you to work either full or part time for an employer or as a self-employed individual.

You will be treated as maintaining a household for any period only if you furnish over half the cost of maintaining the household for that period. If you are married during such period, you and your spouse must provide over half the maintenance cost for that period.

The expenses of maintaining a household include property taxes, mortgage interest, rent, utility charges, upkeep and repairs, property insurance, and food consumed on the premises. They do not in-

clude the cost of clothing, education, medical treatment, vacations, life insurance, and transportation.

**Employment-related Expenses.**—"Employment-related expenses" are those paid for the following, but only if paid to enable you to be gainfully employed:

(1) **Expenses for Household Services.**—Expenses will be considered for household services in your home if they are for the ordinary and usual services necessary for the operation of the home, and bear some relationship to the qualifying individual. Thus, payment for services of a domestic maid or cook will ordinarily be considered expenses for household services if performed at least partially for the benefit of the qualifying individual.

(2) **Expenses for the Care of a Qualifying Individual.**—Expenses will be considered for the care of one or more qualifying individuals if their main purpose was to assure that individual's well-being and

protection. Payments for food, clothing, or education are not such expenses. However, if the care provided includes expenses that cannot be separated, the full amount paid will be considered for the qualifying individual's care. Thus, the full amount paid to a nursery school will be considered for the care of a child even though the school also furnishes lunch. Educational expenses for a child in the first or higher-grade level are not expenses for the child's care.

Do not include services outside your household as employment-related expenses for your spouse or a dependent age 15 or older. However, services outside your household are employment-related expenses for a dependent who has not reached his or her 15th birthday.

**Special Rules.**—

(1) **Married Couples Must File Joint Returns.**—If you are married at the end of

(Continued on back)

the taxable year, the credit for employment-related expenses is allowable only if you and your spouse file a joint return for the taxable year.

(2) **Marital Status.**—If you are legally separated from your spouse under a decree of divorce or of separate maintenance, you are not considered as married.

(3) **Certain Married Individuals Living Apart and Filing Separate Returns.**—If during the last 6 months of the taxable year your spouse was not a member of your household and you (i) maintained a household that was for more than one-half of the taxable year the principal place of abode of a qualifying individual, and (ii) furnished over half of the cost of maintaining such household during the taxable year, then you are not considered married for purposes of the credit.

(4) **Special Dependency Test in Case of Divorced Parents.**—A child (son, stepson, daughter, stepdaughter) whose parents are divorced, legally separated under a decree of divorce or separate maintenance, or separated under a written separation agreement, shall be treated as a qualifying individual for the parent having custody of the child for the longer period during the taxable year, provided that all of the following three conditions are met:

(a) The child must be under the age of 15 or physically or mentally incapable of self-care.

(b) The child must receive over half of his or her support during the taxable year from the parents.

(c) The child must be in the custody of one or both of the parents for more than one-half of the taxable year.

(5) **Payments to a Related Individual.**—In computing your credit, you may not include payments made to a relative of yours or of your spouse or to a dependent household member. For this exclusion, a relative of yours or of your spouse includes: son or daughter and their descendants; stepson or stepdaughter; brother, sister, stepbrother, stepsister; father or mother and their ancestors; stepfather, stepmother; nephew, niece, uncle, aunt; son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law.

**Exception:** Payments made to a relative listed above may also be included in computing your credit if that relative is not your dependent and the relative's services are considered employment for social security purposes.

For social security purposes, the following services are considered employment:

(a) Services performed by your son or daughter age 21 or over, but not your spouse.

(b) Domestic service by your mother or father if (i) you have in your home a son or daughter who is under age 18 or who has a physical or mental condition requiring the personal care of an adult for at least four continuous weeks in the quarter, and (ii) you are a widow (widower) or are divorced, or you have a spouse in your home who, because of a physical or mental condition, is incapable of caring for your son or daughter for at least four continuous weeks in the quarter.

(c) Services of all other relatives who are not self-employed.

**Employment-related Expense vs. Medical Expense Deduction.**—If an expense qualifies as both employment-related and medical, you may treat it either way, as long as you do not use it twice. If you treat the expense as employment-related, any part of it that you cannot use because of the maximum \$2,000 (\$4,000) yearly limitation can be treated as part of your medical expenses.

If you treat the expense as medical, the part of it that is not deductible because of the 3 percent medical deduction limita-

tion cannot be used as part of your employment-related expenses.

**Use of Credit in Determining Your Withholding Allowances.**—The credit for child and dependent care expenses may be used in determining your withholding allowances. By claiming your proper number of withholding allowances, you can fit the amount of tax withheld from your wages to your tax liability. For further information, obtain a Form W-4, Employee's Withholding Allowance Certificate from your employer or an Internal Revenue Service office.

### Figuring the Credit

**Line 1.**—Enter in the appropriate column the name(s), and relationship of each qualifying individual for whom expenses were paid and period (months and days) each lived in your household as a qualifying individual during your taxable year. Determine on a daily basis whether an individual is a qualifying individual. A qualifying individual is:

(a) A dependent under age 15 whom you can claim as an exemption or a child meeting the special dependency test of divorced parents (see Special Rule (4)).

(b) A person who is physically or mentally incapable of self-care who you either:

(1) are entitled to claim as an exemption; or

(2) would be entitled to claim as an exemption except that the person had gross income of \$750 or more.

(c) Your spouse, if physically or mentally incapable of self-care.

**Line 2.**—Enter in: column (a) the name and address of the individual(s) or organization(s) to whom employment-related expenses were incurred, column (b) the employee's social security number, column (c) the relationship of the individual to you (if none, write none), column (d) the period for which the expense was incurred in 1977, and column (e) the amount of expense incurred (include your share of social security taxes on employee's wages).

Enter in column (b) only the social security number of an individual who is your employee. No entry should be made for a self-employed individual, partnership, or corporation.

**"Incurred"** means owed for payment, whether or not paid. However, to be allowed in computing the credit, expenses must be paid during the taxable year the credit is claimed and must be within the limitations.

If the employment-related household expenses benefited a qualifying individual, do not allocate any part of the expenses to nonqualifying individuals.

**Line 4.**—Enter lesser of line 3 or \$2,000 if you listed the name of one qualifying individual or \$4,000 if you listed the names of two or more qualifying individuals. These amounts are the dollar limits for employment-related expenses incurred during any taxable year that may be taken into account in computing the credit.

**Line 5.**—Enter the amount of your earned income if you are unmarried. If you are married, enter the earnings of the spouse having the lesser amount of earned income. If your spouse is a full-time student at an educational organization or incapable of self-care, use the greater of your spouse's monthly earned income or \$166 (\$333 if two or more qualifying individuals) to determine his or her total yearly income. Use this amount to decide which spouse has the lesser amount of earned income to be entered on line 5. The \$166 (\$333) rule applies to only one spouse for any one month. Therefore, if both you and your spouse are students or incapable of self-

care the same month, no amounts paid that month are considered employment-related expenses for purposes of the credit because neither of you was employed on a full-time or part-time basis.

**"Earned income"** means wages, salaries, professional fees, etc., received for personal services rendered and net earnings from self-employment. It does not include compensation for your services that was a distribution of earnings and profits other than a reasonable allowance for your work for a corporation, nor does it include pensions, annuities, or amounts that are received under accident and health plans that are excludable from gross income.

**"Student"** is one who was enrolled as a full-time student at an educational organization during any of 5 months during the taxable year.

**"Educational organization"** means a school that has a regular teaching staff, course of study, and body of students in attendance. It includes elementary schools, junior and senior high schools, colleges, universities, technical and mechanical schools. It also includes a night school in which the student is enrolled for the number of hours or classes that is considered full-time attendance at a similar day school. It does not include on-the-job training courses, correspondence schools, etc.

**Lines 6 and 7.**—Complete these lines as instructed on the form.

**Line 8.**—Child and dependent care expenses incurred in 1976 may be eligible for the credit in 1977. If you paid for expenses in 1977 that you incurred in 1976, a credit may be computed on the expenses in 1977 if you did not exceed the limitations in 1976. The credit is in addition to the child and dependent care credit you may claim on expenses incurred and paid in 1977.

**Example:** In 1976, you incurred child care expenses of \$2,100 for your 14-year old daughter. Of the \$2,100 in child care expenses, \$1,800 were paid in 1976 and \$300 were paid in 1977. Your spouse's earned income of \$5,000 was less than your earned income. You would be allowed to compute a credit on \$200 in 1977, computed as follows:

1 Child care expenses incurred in 1976 . . .	\$2,100
2 Qualifying individual limitation . . .	<u>\$2,000</u>
3 Income limitation . . . . .	<u>\$5,000</u>
4 Lesser of line 1, 2, or 3 . . . . .	\$2,000
5 Less expenses on which credit was computed in 1976 . . . . .	<u>1,800</u>
6 Expenses allowable for credit in 1977 . . .	<u>\$ 200</u>

**Line 11.**—On line 11(a), check yes or no box if you paid cash wages for a household employee who performed services of a household nature in your home. In general, if you paid cash wages of \$50 or more in a calendar quarter for household services to a person such as a cook, housekeeper, governess, maid, cleaning person, babysitter, etc., you are required to file an employment tax return. If you are not sure whether you should file an employment tax return, ask the Internal Revenue Service or obtain Form 942, Employer's Quarterly Tax Return for Household Employees.

On line 11(b), check yes or no box depending on whether or not you have filed Form 942, Employer's Quarterly Tax Return for Household Employees, for services performed in your home.

On line 11(c), enter your employer identification number. If you do not have a number, and are liable, file Form 942, and enter "none" in the space for "Employer identification no."

For more information, obtain Publication 503, Child Care and Disabled Dependent Care.

Exemption of Income Earned Abroad

(Rev. Dec. 1977) Department of the Treasury Internal Revenue Service

Attach to Form 1040. For taxable year ending

Please see "Caution" on page 3 before completing this form.

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

Name of taxpayer Social security number

Foreign address (including Country) Your occupation

Name of employer

Employer's address U.S. Foreign

Give the latest year for which you filed a U.S. income tax return Service Center where filed

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

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

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

To be Completed for Bona Fide Residence Only

1 Foreign country in which you claim bona fide residence Residence began ended

2 Kind of living quarters in foreign country Purchased house Rented house or apartment Rented room Quarters furnished by employer

3 Did your family live with you abroad during any part of the taxable year? If "Yes," for what period?

4 (a) Have you made a statement to the authorities of the foreign country you claim bona fide residence in that you are not a resident of that country?

(b) Are you required to pay income tax to the country you claim bona fide residence in? If you made a statement to the authorities of the foreign country that you are not a resident, and the country holds you are not subject to its income tax, you do not qualify for this U.S. exemption.

5 Complete the following for days present in the U.S. or its possessions during the taxable year:

Table with 8 columns: Date arrived in U.S., Date departed from U.S., Number of days in U.S. on business, Amount earned in U.S. on business, Date arrived in U.S., Date departed from U.S., Number of days in U.S. on business, Amount earned in U.S. on business.

1 Do not include this income in Part III. Report on Form 1040.

6 (a) State any contractual terms or other conditions relating to the length of your employment abroad.

(b) State the type of visa you entered the foreign country under.

(c) Did your visa contain any limitations as to the length of your stay or employment in a foreign country? If "Yes," attach explanation.

(d) List the places where you have resided and the dates of residence since you left the U.S. to establish residence abroad.

(e) Did you maintain a home in the U.S. while residing abroad? If "Yes," show address of your home, whether it was rented, and the names and relationships of the occupants.

To be Completed for Physical Presence Only

7 The 18-month period the exemption for physical presence in a foreign country is based on is from through

8 Enter all travel abroad during the 18-month period the exemption is based on, except travel between foreign countries that did not involve travel on or over international waters for 24 hours or more.

Table with 6 columns: Name of country (including U.S.), Date and time departed, Date and time arrived, Full days present in country, Number of days in U.S. on business, Amount earned in U.S. on business.

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

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

**10** Enter below your total earned income from sources outside the U.S. including noncash remuneration. (See Instructions 7 and 6(d), 10(a), and 10(d).) Is part of the income (such as bonuses) attributable to services performed in past years or to be performed for years other than this year?  Yes  No  
If "Yes," see Instructions 10(a) and 11.

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

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

F104

**18** Exempt earned income (if you were an employee of a U.S. charitable organization see Instruction 10(g).)  
**19** Taxable earned income from sources outside the U.S. (Subtract the amount on line 18 from line 17. If less than zero enter zero. Enter here and report on Form 1040.)

**Part IV To be Completed by All Taxpayers Claiming Exemption of Income Earned Abroad (See Instruction 12.)**

<b>20</b> Taxable income (from Schedule TC (Form 1040) Part I, line 3) . . . . .		
<b>21</b> Enter exempt earned income from line 18 . . . . .		
<b>22</b> Enter expenses allocable to the excluded earned income on line 21. (See Instruction 10(e).) . . . . .	F105	
<b>23</b> Net excluded earned income (subtract the amount on line 22 from line 21) . . . . .	F106	
<b>24</b> Net taxable income (add lines 20 and 23) <sup>2</sup> . . . . .		
<b>25</b> Tax on the amount on line 24 . . . . .		
<b>26</b> Enter net excluded earned income from line 23 . . . . .		
\$3,200 if you are married filing a joint return (or qualifying widow(er)) . . . . .		
<b>27</b> Enter \$2,200 if you are single (or an unmarried head of household) . . . . .		
\$1,600 if you are married filing a separate return . . . . .		
<b>28</b> Total. (Add lines 26 and 27) <sup>4</sup> . . . . .		
<b>29</b> Tax on the amount on line 28 . . . . .		
<b>30</b> Tax. (Subtract line 29 from line 25. Enter here and on Schedule TC, Part I, line 4 and write in Form 2555.) . . . . .		

F107

<sup>2</sup> If you and your spouse file a joint return and you both complete this form, complete only one Form 2555, Part IV. Use combined amounts on lines 20 through 30.  
<sup>3</sup> Figure tax on the amount on line 24 by using Tax Rate Schedule X, Y, or Z, OR if applicable: alternative tax from Schedule D (Form 1040) or maximum tax from Form 4726.  
<sup>4</sup> Figure tax on the amount on line 29 by using Tax Rate Schedule X, Y, or Z.

## Caution

At the time this form was printed Congress was considering legislation that would affect the Foreign Earned Income Exclusion. If this legislation is passed, the Internal Revenue Service will revise Form 2555. We will do our best to tell you about it in radio, television and newspaper announcements.

which made and to all subsequent taxable years. Such election may not be revoked except with the consent of the Commissioner.

3. **Where to file.**—File Form 2555 with Form 1040 with the Internal Revenue Service Center, Philadelphia, PA 19255.

4. **When to file.**—April 15 is generally the due date for filing calendar year income tax returns. However, if you are residing or traveling outside the U.S. on April 15, you are automatically allowed an extension of 2 months to June 15. The 2-month automatic extension also applies to fiscal year taxpayers.

If you take advantage of the automatic extension, you are required to attach a statement to your return showing that you were residing or traveling outside the U.S. on the due date of your return. Interest is charged at the applicable rate on any unpaid tax from the due date of the return until the date of payment.

5. **Special extensions of time for filing.**—If you expect to qualify for the exemption explained in Instruction 8 or 9 on a date more than 2 months after the regular due date of your return, you may apply on Form 2350 for an extension to a date after that on which you expect to qualify for the exemption. Send the application for extension to the office where the return will be filed, before the due date of the return (for calendar year taxpayers, this would be June 15). Interest is charged in the same manner as explained in Instruction 4.

6. **Joint returns—Alien spouse.**—You may file a joint return if both you and your spouse are U.S. citizens and you both use the same taxable year. If you file a joint return complete separate Forms 2555 if each of you has exempt earned income.

Married persons eligible to file a joint return under these rules may do so even if one of them has exempt earned income and the other does not.

Generally, you may not file a joint return if either you or your spouse was a nonresident alien at any time during the taxable year (for exceptions see "Special Election for Aliens" on page 6 of Form 1040 Instructions). However you may claim an exemption for a nonresident alien spouse who had no gross income from U.S. sources and was not the dependent of another taxpayer.

For taxable years beginning after 1976, certain community property laws do not apply for income tax purposes in the case of a citizen or resident of the U.S. who is married to a nonresident alien individual, and who has community income for the taxable year, if they do not elect to file a joint return. Detailed information may be found in Publication 54, Tax Guide for U.S. Citizens Abroad.

7. **Earned Income.**—Earned income from sources outside the U.S. means wages, salaries, professional fees, and other compensation for personal services actually rendered. It does not include compensation for personal services to a corporation that consists of a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services. It does not include dividends, capital gains, interest, etc.

Income earned abroad which is received outside of the country in which earned is ineligible for the exclusion if one of the purposes of receiving such income outside of the country is to avoid tax in that country.

The tax avoidance purpose does not have to be the only purpose for receiving the money outside of the country in which earned, nor does it have to be the principal reason for receiving the money outside of that country. It is sufficient that it be one of the purposes. The fact that the country in which the income is earned does not tax amounts received outside of the country will be viewed as a strong indication of a tax avoidance purpose.

If you engaged in a non-corporate trade or business in which both personal services and capital were material income-producing factors, a reasonable allowance as compensation for your personal services will be considered earned income. This earned income amount, however, cannot be more than 30 percent of your share of the net profits from the trade or business.

8. **Bona fide residence (sec. 911(a)(1) Internal Revenue Code).**—

(a) **General.**—If you are a bona fide resident of a foreign country or countries for an uninterrupted period which includes an entire taxable year, you can, subject to the rules in Instruction 10, exclude up to \$15,000 of your earned income from personal services rendered abroad for each taxable year. See instruction 10(u) for special rules for employees of qualified U.S. charitable organizations.

(b) **Determination of residence.**—No specific rule can be stated for determining whether you are a bona fide resident of a foreign country, because the determination involves your intention as to the length and nature of your stay. Your intention to establish a bona fide residence in a foreign country may be evidenced by words and acts. If these conflict, more emphasis will be placed on acts than words. Generally, if you go to a foreign country for a definite purpose of a temporary nature and return to the U.S. after that purpose has been accomplished, you are not a bona fide resident of the foreign country. However, if accomplishing the purpose requires an extended and indefinite stay, and you therefore make your home in the foreign country, you may be a bona fide resident of the foreign country for Federal income tax purposes.

(c) **Statement of nonresidence.**—If you made a statement to the authorities of a foreign country in which you have earned income that you are not a resident of that country, and you have been held not subject to its income tax, you will not be considered a bona fide resident of that foreign country. If you made such a statement and a determination is being made as to whether you qualify as a bona fide foreign resident, provided no adverse determination has been made by the authorities of the foreign country on your nonresidence status, you will be considered not subject to the income tax of that foreign country.

(d) **Treatment of noncash remuneration.**—If you qualify as a bona fide resident and received noncash remuneration in the form of a right to use property or facilities (such as a home or car), it will be taxable in the same manner as any other compensation, subject to the \$15,000 or \$20,000 exclusion.

(e) **Definitions.**—

(i) **Entire taxable year.**—If you use the calendar year as your taxable year, your entire taxable year is the period beginning January 1 and ending December 31.

(Continued on page 4)

## Instructions

1. **General.**—To determine whether you must file Form 1040, see Who Must File on page 4 of that form's instructions. In determining whether you must file a return, be sure to include your income earned abroad even though it may qualify for tax exemption, as explained below.

U.S. citizens in foreign countries are subject to the same U.S. income tax laws as those living in the U.S. However, there is an exception as to their earned income as defined in Instruction 7, received for personal services rendered abroad. A limited amount of earned income may be exempt from tax if a citizen meets either the "bona fide residence" test or the "physical presence" test. (See Instructions 8 and 9.) Detailed information about these provisions may be found in Publication 54, Tax Guide for U.S. Citizens Abroad.

Resident aliens of the U.S. from certain foreign countries with whom tax treaties are in effect qualify for the benefits of section 911(a)(2) of the Code (physical presence) to the same extent as U.S. citizens under "nondiscrimination" clauses of such treaties. To determine whether the country of which you are a citizen contains such a "nondiscrimination" clause in its treaty with the U.S., obtain Publication 54.

2. **How to file.**—If you qualify for exemption on any part of your earned income from sources outside the U.S., show your exempt income and information supporting it on this form, also compute your tax in Part IV of this form. Then attach this form to your completed Form 1040.

If you earned your only income abroad and all of it qualifies for exemption, you need only complete this form and attach it to a Form 1040 showing your name, address, social security number, and signature.

Report on your Form 1040 compensation earned in the U.S. for personal services performed before foreign residence began. Also report on Form 1040 all other items of gross income, including earned income that does not qualify for exemption (such as a pro rata part of your earned income if part of the personal services was rendered during temporary business trips to the U.S.).

**Note:** If you file this form, you cannot claim the earned income credit.

An individual entitled to the benefits of section 911 for a taxable year may elect not to have the provisions of this section apply. To make the election, attach a statement to your timely filed Form 1040 including extensions thereof indicating that you elect not to have section 911 apply.

An election not to have section 911 apply shall apply to the taxable year for

(ii) **Uninterrupted period.**—The term uninterrupted period in (a), above, refers to a U.S. citizen's bona fide residence and not to his or her physical presence in the foreign country.

**9. Physical presence (sec. 911(a)(2) Internal Revenue Code).**—

(a) **General.**—If you are physically present in a foreign country or countries for a total of at least 510 days during any period of 18 consecutive months, you can, subject to the rules in Instruction 10, exclude up to \$15,000 of your earned income for each taxable year. You can do this provided the earned income is for personal services performed outside the U.S. and is attributable to the 18-month period. See Instruction 10(g) for special rules for employees of qualified U.S. charitable organizations.

(b) **Determination of 18-month period and application of 510-day rule.**—In figuring the minimum of 510 full days' presence in any foreign country or countries, add all separate periods of presence during the 18-month period. The 510 full days need not be consecutive, but may be interrupted by periods during which you are traveling over international waters or are otherwise not present in a foreign country. (For additional information and examples, see Publication 54.)

(c) **Definition of a full day.**—Full day means a period of 24 consecutive hours beginning at midnight.

**10. Special rules that apply to bona fide residence and physical presence.**—

(a) **Rule of attribution.**—In general, a taxpayer receives earned income in the same taxable year he or she performs personal services. This taxable year is used to determine the exemption under the bona fide residence and physical presence tests.

A taxpayer may receive earned income in one taxable year for personal services performed in another. Under the rule of attribution, this earned income is considered as received in the taxable year in which the personal services are performed. However, to be exempt, earned income must be received before the close of the taxable year following the year in which the services are performed. For example, if a cash basis taxpayer received \$3,000 in 1977 for services performed in 1976 he or she would include this \$3,000 as 1976 earned income for determining the amount of exemption. If exempt, the \$3,000 would be excluded from his or her income in 1977. Any amount not exempt must be reported on Form 1040.

This rule applies only in determining the amount of the exemption and does not affect the reporting time of any amounts not exempt. In no case can amounts be attributed to any year in which the services performed are insubstantial. (For additional information, see Publication 54 or contact any Internal Revenue Service office or representative.)

(b) **Treatment of amounts paid by U.S. Government, etc.**—Earned income paid to U.S. citizens by the U.S. or any of its instru-

mentalities is not exempt from tax under the bona fide residence or physical presence tests. This includes pay received from our Armed Forces' post exchanges, officers' and enlisted men's clubs and messes, motion picture services, and other similarly organized activities under the jurisdiction of the Armed Forces, even though they may be supported by nonappropriated funds.

(c) **Accrual of exemption.**—A U.S. citizen becomes entitled to the exemption on a daily basis throughout the taxable year. The number of days to be used in figuring the exemption is the number of days in the taxable year for which the exemption is claimed.

(d) **Treatment of pensions or annuities.**—In general earned income received as pensions or annuities is not exempt if attributable to employer contributions made after December 31, 1962, for services rendered outside the U.S. after that date. (For rules on the allocation of employer contributions under prefunded pension or annuity plans, see section 1.72-8 of the Income Tax Regulations. For rules on the treatment of pensions or annuities received under unfunded plans, see sections 1.911-1(c) and 1.911-2(d)(5) of the Regulations.)

(e) **Treatment of deductions.**—Exclude any expenses, losses, or items otherwise deductible (except deductions allowed for personal exemptions) that are properly allocable to or chargeable against earned income exempt from tax under the bona fide residence or physical presence tests, in figuring your taxable income. If expenses incurred for services performed abroad are attributable to both exempt and nonexempt earned income, attach a statement showing the amounts attributable to both for income items on lines 11, 13, 14, and 15. Prorate such expenses, based on the ratio that your exempt earned income bears to your total earned income for services performed abroad. Do not claim expenses allocable to exempt income.

(f) **Definition of foreign country.**—The term foreign country means territory under the sovereignty of a government other than that of the U.S. and includes the air space over the territory. It does not include U.S. possessions.

(g) **Employees of U.S. charitable organizations.**—If you perform qualified charitable services during any taxable year, the amount of earned income attributable to such services excluded from your gross income for the taxable year shall not exceed \$20,000.

**1. Special rule.**—If you perform qualified charitable services and other services during any taxable year, the amount of the earned income attributable to such other services excluded from your gross income for the taxable year shall not exceed \$15,000 reduced by the amount of the earned income attributable to qualified charitable services excluded from gross income for the taxable year.

**Example:** You worked in London for a U.S. charitable organization and also for an American business employer. You received \$10,000 for your charitable services and \$15,000 from your services for the American business company. Your \$10,000 compensation from the charitable employer is sheltered by the \$20,000 exclusion, and this \$10,000 exclusion reduces the \$15,000 exclusion for noncharitable foreign earned income to \$5,000.

**2. Definition.**—For purposes of this exclusion, the term "qualified charitable services" means services performed by an employee for an employer created or organized in the United States, or under the law of the United States, any State, or the District of Columbia, which meets the requirements of section 501(c)(3) of the Internal Revenue Code.

**11. Amounts attributable to services performed on or before December 31, 1962.**—If you received an amount after December 31, 1962, for services performed on or before that date, you may be able to exclude it from your gross income on the ground that a right to receive it existed on March 12, 1952. Such a right (whether forfeitable or nonforfeitable) is considered to exist on March 12, 1952, if it is in a contract, agreement, plan, or provision of foreign law in force on March 12, 1952. (For more information, see section 1.911-1(c) of the Income Tax Regulations or contact any Internal Revenue Service office or representative.)

**12. Computation of tax.**—

(a) If for any taxable year an individual has earned income which is excluded from gross income under section 911(a), the tax imposed by section 1 or section 1201 shall be the excess of:

(i) the tax imposed by section 1 or section 1201 (whichever is applicable) on the amount of net taxable income, over

(ii) the tax imposed by section 1 or section 1201 (whichever is applicable) on the sum of the amount of net excluded earned income, and the zero bracket amount.

(b) **Definitions.**—For purposes of section 911:

(i) the term "net taxable income" means an amount equal to the sum of the amount of taxable income for the taxable year plus the amount of net excluded earned income of such individual for such taxable year; and

(ii) the term "net excluded earned income" means the excess of the amount of earned income excluded under section 911(a) for the taxable year over the amount of the deductions disallowed with respect to such excluded earned income for such taxable year under section 911(a).

All taxpayers claiming exemption of income earned abroad are to complete Part IV to figure the tax that is to be entered on Schedule TC, Part I, line 4. However, if you and your spouse file a joint return and you both complete this form, complete only one Form 2555, Part IV. Use combined amounts on lines 20 through 30.



Name(s) as shown on Form 1040

Your social security number

**1 Tax Preference Items.**

File this form if the total of tax preference items (line 2) is more than \$10,000 (\$5,000 if married filing separately) even though you owe no minimum tax, OR if you have any minimum tax liability deferred from a prior taxable year until this year. If this is a short period return, see instructions for line 8. Caution: See "Limitations on amounts treated as tax preference items in certain cases" in instructions.

- (a) Adjusted itemized deductions . . . . .
- (b) Accelerated depreciation on real property:
  - (1) Low-income rental housing under section 167(k) . . . . .
  - (2) Other real property . . . . .
- (c) Accelerated depreciation on personal property subject to a lease . . . . .
- (d) Amortization of certified pollution control facilities . . . . .
- (e) Amortization of railroad rolling stock . . . . .
- (f) Amortization of on-the-job training facilities . . . . .
- (g) Amortization of child care facilities . . . . .
- (h) Reserves for losses on bad debts of financial institutions . . . . .
- (i) Stock options . . . . .
- (j) Depletion . . . . .
- (k) Capital gains . . . . .
- (l) Intangible drilling costs . . . . .

F108

F109

F110

F111

F112

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F114

F115

- 2 Total tax preference items (add lines 1(a) through 1(l)) . . . . .
- 3 Amount from Form 1040, line 47\* . . . . .
- 4 Tax from recomputing prior-year investment credit . . . . .
- 5 Tax from recomputing prior-year Work Incentive (WIN) credit . . . . .
- 6 Tax on premature redemption of Individual Retirement Bond(s) . . . . .
- 7 Add lines 3 through 6 . . . . .
- 8 Enter the larger of: (a) one-half of the amount on line 7, or (b) \$10,000 (\$5,000 if married filing separately) . . . . .

F118

F119

F116

- 9 Subtract line 8 from line 2 (if zero or less, enter zero) . . . . .
- 10 Multiply amount on line 9 by 15% and enter result . . . . .
- 11 Enter amount of any 1977 net operating loss carryover to 1978 (attach statement showing computation) . . . . .
- 12 Multiply amount on line 11 by 15% and enter result . . . . .
- 13 Deferred minimum tax—enter amount from line 10 or line 12, whichever is smaller . . . . .

F120

- 14 Minimum Tax. Subtract line 13 from line 10 . . . . .
- 15 Enter minimum tax deferred from prior year(s) until this year (attach statement showing computation) . . . . .

F121

- 16 Total minimum tax. Add lines 14 and 15 . . . . .
- 17 Excess tax credits. See instructions for line 17 before completing this section. If Form 1040, line 47 is greater than zero this section will not apply; omit lines 17(a) through 18 and enter the amount from line 16 on line 19.
  - (a) Credit for the elderly . . . . .
  - (b) Credit for political contributions . . . . .
  - (c) Credit for child care expenses . . . . .

F122

- 18 Add lines 17(a) through 17(c) . . . . .
- 19 Subtract line 18 from line 16. Enter here and on Form 1040, line 49 . . . . .

\*Do not include any tax imposed under sec. 402(e) (ordinary income portion of lump-sum distributions) or any partial tax under sec. 667 (accumulation distribution by trusts), or any penalty tax under sec. 72(m)(5).

# Instructions

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

**Who Must File.**—You must file this form if: (1) you have tax preference items in excess of \$10,000 (\$5,000 if married filing separately) even if you owe no minimum tax, or (2) if you have any minimum tax liability deferred from a prior taxable year until this year. If this is a short period return see the note in instructions for line 8.

## Line 1—Tax Preference Items.—

(a) Adjusted itemized deductions.—(Applicable only if you itemized deductions on Schedule A (Form 1040)).

The amount to be entered should be determined as follows:

**Step 1**—Subtract from your total itemized deductions (line 39, Schedule A, Form 1040):

(1) Medical and dental expenses (line 10, Schedule A, Form 1040)

(2) Casualty and theft losses (line 29, Schedule A, Form 1040).

(3) Any deduction allowable under Section 691(c).

**Step 2**—Multiply your adjusted gross income (line 31, Form 1040) by 60%.

**Step 3**—Subtract the amount determined in Step 2 from the lesser of your adjusted gross income or the amount determined in Step 1.

(b) Accelerated depreciation on real property.—

(1) Low income rental housing under section 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 section 1250 property over a 5-year period, enter on line 1(b)(1) the amount by which this amortization exceeds straight-line depreciation over the improvement's normal useful life.

(c) Accelerated depreciation on personal property subject to a lease.—Enter the excess of depreciation allowable over the depreciation that would have been allowable if the straight-line method had been used, determined without regard to the Class Life Asset Depreciation Range (CLADR) variance in useful life. This excess must be computed on a property by property basis.

(d) Amortization of certified pollution control facilities,

(e) Amortization of railroad rolling stock,

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

(g) Amortization of child care facilities.—For items (d), (e), (f) and (g) 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 amor-

tization allowable exceeds the depreciation deduction otherwise allowable.

(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 section 57(a)(7).

(i) Stock options.—If you received stock pursuant to the exercise of a qualified stock option (as defined in section 422(b)) or a restricted stock option (as defined in section 424(b)), enter the amount by which the fair market value of the shares at the time of exercise exceeds the option price.

(j) Depletion.—Enter any excess of deduction for depletion allowable under section 611 over the adjusted basis of the property at the end of the year (determined without regard to depletion deduction for the taxable year). You must compute this excess on a property by property basis.

(k) Capital gains.—Enter the amount from:

(1) Schedule D (Form 1040), line 15a;

(2) Form 1040, line 15 if you report only capital gain distributions; or

(3) Form 4798, Part I, line 8a if you report a pre-1970 capital loss carryover.

(l) Intangible drilling costs.—Excess intangible drilling costs are a tax preference item only to the extent that they exceed your net income from oil and gas properties.

Excess intangible drilling costs are the amount by which the allowable intangible drilling and development costs (other than costs incurred in drilling a nonproductive well) exceed the amount that would have been allowable if such costs had been capitalized and then (unless you make an election under section 57(d)(2)) amortized over a 120 month period beginning with the month production first began.

The net income from oil and gas properties is the gross income from oil and gas properties less the deductions allocable to such properties except for excess intangible drilling costs.

**Limitations on Amounts Treated as Tax Preference Items in Certain Cases.**—See proposed Income Tax Regulations section 1.57-4 for limitations on amounts treated as tax preference items in certain cases where the item of tax preference resulted in no tax benefit. If limitations apply, attach a 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 section 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 8—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 preferences. See section 443(d).

However, if you are married filing separately, substitute \$5,000 for \$10,000.

**Note:** If line 2 is more than either the adjusted exclusion or \$10,000 (\$5,000 if married filing separately), file this form even though you owe no minimum tax.

**Line 11—1977 Net Operating Loss Carryover to 1978.**—Under certain conditions, part or all of the amount shown on line 10 may be deferred to a subsequent year. See section 56(b).

**Line 15—Minimum Tax Deferred from Prior Year(s).**—If a net operating loss carryover from a prior year(s) reduces taxable income for 1977, and the net operating loss giving rise to the carryover resulted in the deferral of minimum tax in that prior year(s), all or part of the deferred minimum tax may be includible on line 15 as tax liability for 1977. The deferred minimum tax should be computed at the rate in effect for the year of the loss (15% for 1976; 10% for 1975 and prior years).

The deferred minimum tax is to be included on line 15 to the extent the portion of the net operating loss carryover attributable to the deferred minimum tax reduces taxable income for 1977. For purposes of computing the amount attributable, the portion of the net operating loss carried over that is not attributable to the deferred minimum tax has priority and is applied in reducing the 1977 taxable income before the portion of the carryover that is attributable to the deferred minimum tax. See section 56(b).

**Line 17—Excess Tax Credits.**—If Form 1040, line 47 is zero, you may be able to claim any unused portion of the credits against your minimum tax. The credits are applied in the order listed on Form 4625, first to the tax on Schedule TC, Form 1040, Part I, line 4 and then to the minimum tax on Form 4625, line 16. For example, if the amount on Form 1040 line 47 is zero after applying the credit for the elderly and a portion of the credit for political contributions to which you are entitled, the balance of the credit for political contributions and credit for child care expenses to which you are entitled can be applied to the extent of the minimum tax on Form 4625, line 16. Enter on lines 17(a) through 17(c), only that portion of the credit(s) that is used to reduce the minimum tax. Do not reduce the minimum tax below zero.

# Maximum Tax on Personal Service Income

**1977**

▶ Attach to Form 1040 (or Form 1041).

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

Identifying number

- Do not complete this form if—
- (a) Taxable income or personal service taxable income is:
    - \$40,200 or less, and on Form 1040, you checked box 1 or box 4,
    - \$55,200 or less, and on Form 1040, you checked box 2 or box 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 box 3.

A—Personal Service Income	B—Deductions Against Personal Service Income
Total personal service income . . . . .	Total deductions against personal service income . . . . .

*F123*

*F124*

1 Personal service net income—Subtract total amount in column B from total amount in column A . . . . .	1	<i>F124</i>
2 Enter your adjusted gross income . . . . .	2	
3 Divide the amount on line 1 by the amount on line 2. Enter percentage result here, but not more than 100% . . . . .	3	
4 Enter your taxable income . . . . .	4	
5 Multiply the amount on line 4 by the percentage on line 3 . . . . .	5	
6 Enter the total of your 1977 tax preference items . . . . .	6	<i>F125</i>
7 Personal service taxable income. Subtract line 6 from line 5 (see instructions) . . . . .	7	<i>F126</i>
8 If: on Form 1040, you checked box 1 or box 4, enter \$40,200 . . . . . on Form 1040, you checked box 2 or box 5, enter \$55,200 . . . . . Estate or Trust, enter \$26,000 . . . . .	8	
9 Subtract line 8 from line 7 (if zero or less, do not complete rest of form) . . . . .	9	
10 Enter 50% of line 9 . . . . .	10	
11 Tax on amount on line 4 (use Tax Rate Schedule from Form 1040 (or Form 1041) instructions) . . . . .	11	
12 Tax on amount on line 7 (use Tax Rate Schedule from Form 1040 (or Form 1041) instructions) . . . . .	12	
13 Subtract line 12 from line 11 . . . . .	13	
14 If the amount on line 8 is: \$40,200, enter \$13,290 (\$12,240 if unmarried head of household) . . . . . \$55,200, enter \$18,060 . . . . . \$26,000, enter \$9,030 . . . . .	14	
15 Add lines 10, 13, and 14. This is your maximum tax. (See instructions) . . . . .	15	

**Computation of Alternative Tax**

16 Amount from line 4 . . . . .	16	
17 Amount from Schedule D (Form 1040), line 15(a)* (or Form 1041, page 1, line 22) . . . . .	17	
18 Subtract line 17 from line 16 . . . . .	18	
If line 17 does not exceed \$25,000, check here <input type="checkbox"/> and omit lines 19 through 22.		
19 Enter amount from line 18 plus \$25,000 . . . . .	19	
20 Enter amount from line 11 . . . . .	20	
21 Tax on amount on line 19 (use Tax Rate Schedule from Form 1040 (or 1041) instructions) . . . . .	21	
22 Subtract line 21 from line 20 . . . . .	22	
23 Tax on amount on line 18 (use Tax Rate Schedule from Form 1040 (or 1041) instructions) . . . . .	23	
24 Subtract line 23 from line 11 . . . . .	24	
25 Subtract line 24 from line 15 . . . . .	25	
26 If the block on line 18 is checked, enter 50% of line 17; otherwise, enter \$12,500 . . . . .	26	
27 Alternative tax, add lines 22 (if applicable), 25 and 26. (See instructions) . . . . .	27	

\* If you reported capital gain distributions but did not use Schedule D (Form 1040), enter on line 17 the amount shown on Form 1040, line 15.

# Instructions

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

**Column A—Personal Service Income.**—Enter in the spaces provided all your personal service income as shown on Form 1040 or Form 1041. Personal service 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 winnings), taxable pensions or annuities (if there is a connection with earning income from past personal services), and group-term life insurance purchased for employees that are includible in gross income. It also includes property received for performance of services and transferred to another individual.

If you perform personal services for a corporation, personal service 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 personal service 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 as compensation for the personal services actually rendered shall be considered personal service income from such trade or business. However, the total amount may not exceed 30 percent of your share of the net profits of such trade or business including any guaranteed

payment received from a partnership. An item of gross income in respect of a decedent shall be treated as personal service income in the hands of the beneficiary if such gross income would have constituted personal service income of the decedent had he or she lived and received such amount.

If you are a nonresident alien, personal service 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. It does not include income subject to 30 percent tax under Section 871(a)(1)(A).

Personal service income does not include dividends (including undistributed taxable income from an electing Small Business Corporation), other distributions of corporate earnings and profits, gambling gains, or gains treated as capital gains.

Personal service income does not include premature or excess distributions from a qualified employees pension plan under Section 72(m)(5), nor does it include lump-sum distributions from pension etc. plans taxed under Sections 402(a)(2), 402(e) and 403(a)(2).

Personal service income also does not include certain distributions from Individual Retirement Accounts described in Sections 408(e)(2), (3), (4), (5) and 408(f) nor redemption of Retirement Bonds includible in income under Section 409(b) or (c).

**Column B—Deductions Against Personal Service Income.**—Enter in the spaces provided any deductions from gross income that are required to be taken into account in determining adjusted gross income and are properly allocable to or chargeable against personal service income such as:

- (1) Deductions attributable to a trade or business from which personal service income is or may be derived,
- (2) Expenses paid or incurred in connection with the performance of services as an employee,

- (3) Deductions allowable to employers for their contributions to qualified pension, annuity, or bond purchase plans,
- (4) Allowable deductions for moving expenses,
- (5) Deductions allowable to an individual who is a shareholder-employee of an electing small business corporation for the excess of amounts included in gross income due to overpayment on his or her behalf by a corporation to a qualified pension plan over amounts not received as benefits, 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 personal service income.

**Line 6.**—The tax preference items to take into consideration for purposes of this form are the same as those required for computation of minimum tax whether or not you are actually liable for such tax.

**Line 7—Personal Service Taxable Income.**—Personal service taxable income means the excess of the portion of taxable income attributable to personal service net income over the total tax preference items.

**Lines 15 and 27.**—Enter your maximum tax on Schedule TC, Form 1040, Part I, line 4 (or Form 1041, line 26). However, if you had net long-term capital gain in excess of net short-term capital loss, complete lines 16 to 27 and enter instead, the result from line 27 on the appropriate line.

**Short Period Returns.**—If you are required to make a return of less than twelve months, your tax is determined by placing your taxable income, personal service net income, adjusted gross income, and items of tax preference on an annual basis. However, if a short period return is required due to a termination of taxable year for purposes of a jeopardy assessment, maximum tax computation shall not apply unless the taxable year is reopened.

# Carryover of Pre-1970 Capital Losses

(Computations of Capital Loss Carryovers and Summary of Capital Gains and Losses if Pre-1970 Capital Losses are Carried to 1977.)

▶ Attach to Form 1040.

1977

Name(s) as shown on Form 1040

Social Security Number

**Instructions**

**A. Who Should File.**—Use this form only if you have a pre-1970 capital loss carryover to 1977 as indicated in the Note on your 1976 Schedule D (Form 1040), page 2. If you do have a pre-1970 capital loss carryover, fill in your 1977 Schedule D (Form 1040), lines 1 through 13 to report capital gains and losses for the current year and any post-1969 capital loss carryovers, then complete Form 4798, Part I. Use Part II to figure your capital loss carryover from 1977 to 1978 for pre-1970 losses or a combination of pre-1970 and post-1969 losses.

**B. Part I, Line 19 or 34.**—If there is a gain and a loss on the lines mentioned in the instructions for Part I, line 19 or 34, enter the gain reduced by the amount of the loss. If the loss exceeds the gain enter zero. If there is a gain and no loss, enter the gain.

**C. Part I, Line 22 or 37.**—If there is a loss and a gain on the lines mentioned in the instructions for Part I, line 22 or 37, enter the loss reduced by the amount of the gain. If the gain exceeds the loss enter a zero. If there is a loss and no gain, just enter the loss.

**D. Married Taxpayers Filing Separate Returns.**—If you are married and filing a separate return the limitation for Part I, line 28b is \$1,000, increased by amounts attributable to pre-1970 short term and long term capital loss components, but the combined total may not exceed \$2,000. If there is a loss in Part I, line 2, complete Part I, Section B. If there is a loss in Part I, line 5, complete Part I, lines 14 through 22 (assuming lines 10 through 26 were not otherwise required to be completed), ignoring the note under line 14.

**Part I Capital Gains and Losses**

**Section A.—Summary of Capital Gains and Losses**

Short-term	1	Amount from your 1977 Schedule D (Form 1040), Part I, line 5 . . . . .	1			
	2	Pre-1970 short-term capital loss carryover to 1977 (see Note on your 1976 Schedule D (Form 1040), page 2) . . . . .	2	(		)
	3	Net short-term gain or (loss), combine lines 1 and 2 . . . . .				
Long-term	4	Amount from your 1977 Schedule D (Form 1040), Part II, line 13 . . . . .	4			
	5	Pre-1970 long-term capital loss carryover to 1977 (see Note on your 1976 Schedule D (Form 1040), page 2) . . . . .	5	(		)
	6	Net long-term gain or (loss), combine lines 4 and 5 . . . . .				
7	Combine lines 3 and 6 and enter the net gain or (loss) here . . . . .				6	
8	If line 7 shows a gain—				7	
a	Enter 50% of line 6 or 50% of line 7, whichever is smaller. (See Schedule D (Form 1040) Part IV, for computation of alternative tax.) Enter zero if there is a loss or no entry on line 6 . . . . .				8a	
b	Subtract line 8a from line 7. Enter here and on Form 1040, line 14 . . . . .				8b	
9	If line 7 shows a loss—If losses are shown on BOTH lines 5 and 6, OMIT line 9 and go to line 10. Otherwise, enter one of the following amounts: a If line 3 is zero or a net gain, enter 50% of line 7; b If line 6 is zero or a net gain, enter amount from line 7; or c If line 3 and line 6 are net losses, enter amount on line 3 added to 50% of amount on line 6 . . . . .				9	
Note:	If there is an entry on line 9, skip lines 10 through 26 and go to line 27.					
10	Enter loss from line 3; if line 3 is zero or a gain, enter zero . . . . .				10	
11	Enter loss from line 6 . . . . .				11	
12	Enter gain, if any, from line 3; if line 3 is zero or a loss, enter zero . . . . .				12	
13	Reduce loss on line 11 to the extent of the gain, if any, on line 12 . . . . .				13	
14	Combine amounts on 1977 Schedule D (Form 1040), lines 3 and 11 and if gain, enter gain; if zero or a loss, enter zero . . . . .	14				
Note:	If the entry on line 14 is zero, skip lines 15 through 21 and enter on line 22 the loss shown on line 5.					
15	Enter gain, if any, from 1977 Schedule D (Form 1040), line 11 . . . . .	15				
16	Enter smaller of amount on line 14 or line 15 . . . . .	16				
17	Enter excess of gain on line 14 over amount on line 16 . . . . .	17				
18	Enter loss from line 2; if line 2 is blank, enter zero . . . . .	18				
19	Reduce gain, if any, on line 17 to the extent of loss, if any, on line 18 (see instruction B) . . . . .	19				
20	Enter loss from line 5 . . . . .	20				
21	Add the gain(s) on line(s) 16 and 19 . . . . .	21				
22	Reduce the loss on line 20 to the extent of any gain on line 21 (see Instruction C) . . . . .				22	
23	Enter smaller of amount on line 22 or line 13 (if line 22 is zero, enter zero) . . . . .				23	
24	Subtract amount on line 23 from the loss on line 13 . . . . .				24	
25	Enter 50% of the amount on line 24 . . . . .				25	
26	Add lines 10, 23, and 25 . . . . .				26	
27	Enter the amount on line 9 or line 26, whichever is applicable . . . . .	27				
28	Enter here and enter as a (loss) on Form 1040, line 14, the smallest of: a Amount on line 27; b \$2,000 (Married taxpayers filing separate returns see Instruction D); or c Taxable Income, as adjusted (see Instruction J in instructions for Schedule D (Form 1040)) . . . . .				28	( )

F83

Section B.—Complete if You are Married Filing a Separate Return and Losses are Shown on Lines 2 AND 7 of Part I

29	Combine amounts on 1977 Schedule D (Form 1040), lines 3 and 11 and if gain, enter gain; if zero or a loss, enter a zero . . . . .	29		
	Note: If the entry on line 29 is zero, OMIT lines 30 through 36, and enter on line 37 the loss shown on line 2.			
30	Enter gain, if any, from 1977 Schedule D (Form 1040), line 3 . . . . .	30		
31	Enter smaller of amount on line 29 or line 30 . . . . .	31		
32	Enter excess of gain on line 29 over amount on line 31 . . . . .	32		
33	Enter loss from line 5; if line 5 is blank, enter a zero . . . . .	33		
34	Reduce the gain, if any, on line 32 to the extent of the loss, if any, on line 33 (see Instruction B) . . . . .	34		
35	Enter loss from line 2 . . . . .	35		
36	Add the gain(s) on line(s) 31 and 34 . . . . .	36		
37	Reduce the loss on line 35 to the extent of the gain, if any, on line 36 (see Instruction C) . . . . .	37		

**Part II** Pre-1970 and Post-1969 Capital Loss Carryovers from 1977 to 1978 (Complete this part if the amount on Part I, line 27, is larger than the loss deducted on your 1977 Form 1040, line 14.)

1	Enter loss shown in Part I, line 3; if none, enter zero and skip lines 2 through 20—then go to line 21 . . . . .	1		
2	Enter gain shown in Part I, line 6. If that line is blank or shows a loss enter a zero . . . . .	2		
3	Reduce loss on line 1 to the extent of any gain on line 2 . . . . .	3		
	Note: If Part I, line 2 is blank, skip lines 4 through 11, enter a zero on line 12—then go to line 13.			
4	Combine lines 3 and 11 on your 1977 Schedule D (Form 1040). Enter the gain; if zero or a loss, enter zero . . . . .	4		
	Note: If line 4 is zero skip lines 5 through 11, enter on line 12 the loss from Part I, line 2—then go to line 13.			
5	Enter any gain from your 1977 Schedule D (Form 1040), line 3 . . . . .	5		
6	Enter smaller of line 4 or 5 . . . . .	6		
7	Enter excess of gain on line 4 over line 6 . . . . .	7		
8	Enter loss from Part I, line 5; otherwise, enter zero . . . . .	8		
9	Reduce any gain on line 7 to the extent of any loss on line 8 . . . . .	9		
10	Enter loss from Part I, line 2; otherwise, enter zero . . . . .	10		
11	Add the gains on lines 6 and 9 . . . . .	11		
12	Reduce the loss on line 10 to the extent of any gain on line 11 . . . . .	12		
13	Pre-1970 short-term capital loss (Enter smaller of line 3 or 12) . . . . .	13		
14	Short-term capital loss attributable to years beginning after 1969 (excess of line 3 over line 13) . . . . .	14		
15	Enter any loss from line 13, above . . . . .	15		
16	Enter loss deducted on your 1977 Form 1040, line 14 . . . . .	16		
17	Pre-1970 short-term loss carryover to 1978 (excess of line 15 over line 16—if line 15 does not exceed line 16, enter zero) . . . . .	17		
18	Enter any loss from line 14, above . . . . .	18		
19	Enter excess of line 16 over line 15—if line 16 does not exceed line 15, enter zero . . . . .	19		
20	Post-1969 short-term loss carryover to 1978 (excess of line 18 over line 19—if line 18 does not exceed line 19, enter zero) . . . . .	20		
21	If you were required to complete Part I, lines 10 through 26, enter any loss from Part I, line 23; otherwise, enter zero . . . . .	21		
22	Enter excess of line 19 over line 18—if line 19 does not exceed line 18, enter zero . . . . .	22		
	(Note: If you skipped lines 2 through 20 above, enter amount from your 1977 Form 1040, line 14.)			
23	Pre-1970 long-term loss carryover to 1978 (excess of line 21 over line 22—if line 21 does not exceed line 22, enter zero) . . . . .	23		
24	If you were required to complete Part I, lines 10 through 26, enter any loss from Part I, line 24. Otherwise, enter any loss from Part I, line 6 . . . . .	24		
25	Enter excess of line 22 over line 21 . . . . . × 2 (If line 22 does not exceed line 21, enter zero.) . . . . .	25		
26	Post-1969 long-term loss carryover to 1978 (excess of line 24 over line 25—if line 24 does not exceed line 25, enter zero) . . . . .	26		

# Investment Interest Expense Deduction

▶ See instructions on back.  
 ▶ Attach to return.

**1977**

Name(s) as shown on return \_\_\_\_\_ Identifying number \_\_\_\_\_

Identify taxpayer  Individual  Estate  Trust

**PART I** Interest on Investment Indebtedness Incurred Prior to December 17, 1969

Note: Use part I only if you incurred investment interest attributable to the period prior to December 17, 1969, as well as on or after that date.

1 Enter investment interest expense from all sources incurred prior to December 17, 1969 and paid in 1977 . . . . .

2 Total net investment income from all sources . . . . .

3 Net investment income allocable to the period prior to December 17, 1969—  $\frac{\text{Line 1}}{\text{Line 1} + \text{Line 9} + \text{Line 20} + \text{Line 33}} \times \text{Line 2}$  . . . . .

4 Subtract line 3 from line 2—Enter here and on line 12(a) . . . . .

**PART II** Interest on Investment Indebtedness Incurred After September 10, 1975

5 Enter investment interest expense other than amounts reportable on lines 6 and 7 . . . . . F127

6 Your pro-rata share of investment interest expense from partnerships . . . . .

7 Your pro-rata share of investment interest expense from subchapter S corporations . . . . .

8 Carryover—Enter amount from 1976 Form 4952, line 11 . . . . .

9 Total investment interest expense (add lines 5 through 8) . . . . . F128  
F129

10 (a) Individuals enter \$10,000 (\$5,000 if married filing separately) . . . . .

(b) Additional limitation (see instructions for line 10) . . . . . F130

11 Estates enter \$10,000; trusts enter zero . . . . .

12 (a) Total net investment income or line 4 (see instructions) . . . . . F131

(b)  $\frac{\text{Line 9}}{\text{Line 9} + \text{Line 20} + \text{Line 33}} \times \text{line 12(a)}$  . . . . .

13 Excess expenses from "net lease property" (see General Instructions 2(b) and 3(d)) . . . . .

14 Limitation on deduction (add lines 10(a), (b), 11, 12(b) and 13) . . . . .

15 Allowable investment interest deduction—Enter the lesser of line 9 or line 14 (see General Instruction 5) . . . . .

16 Disallowed investment interest to be carried over to 1978. (If line 9 exceeds line 14, enter difference) . . . . . F132

**PART III** Interest on Investment Indebtedness Incurred Prior to September 11, 1975, but after December 16, 1969

17 Enter investment interest expense other than amounts reportable on lines 18 and 19 . . . . . F133

18 Your pro-rata share of investment interest expense from partnerships . . . . .

19 Your pro-rata share of investment interest expense from subchapter S corporations . . . . .

20 Total investment interest expense (add lines 17 through 19) . . . . . F134

21 Individuals enter \$25,000 (\$12,500 if married filing separately) . . . . .

22 Estates enter \$25,000; trusts enter zero . . . . .

23 Net investment income (line 12(a) less line 12(b)) . . . . .

24 Excess expenses from "net lease property" (see General Instructions 2(b) and 3(d)) . . . . .

25 Excess net long term capital gain over net short term capital loss (see instructions) . . . . .

26 Tentative limitation (add lines 21 through 25) . . . . .

27 Enter capital gain from line 25. (Limit such gain to extent line 20 exceeds lines 21 through 24) . . . . .

Note: For adjustment of such gain on Schedule D, see Schedule D instructions for return filed.

28 Enter excess, if any, of interest on line 20 over amount on line 26 . . . . .

29 Additional deduction (50% of line 28) . . . . .

30 Limitation on deduction (add lines 26 and 29) . . . . .

31 Allowable investment interest deduction—Enter the lesser of line 20 or line 30 (see General Instruction 5) . . . . .

32 Disallowed investment interest to be carried over to 1978. (If line 20 exceeds line 30, enter difference) . . . . . F135

**PART IV** Investment Interest Expense Carryover From Prior Years—Incurred Prior to September 11, 1975

33 Carryover—Enter amounts from 1976 Form 4952, lines 27 and 36 . . . . .

34 Enter amount reportable on line 23 plus \$25,000\* . . . . .

35 Enter the larger of amount on line 20 or \$25,000\* . . . . .

36 Excess, if any, of amount on line 34 over line 35 . . . . .

37 Enter 50% of line 36 . . . . .

38 Interest deduction limitation (enter the lesser of lines 33 or 37) (see General Instruction 5) . . . . . F137

39 Interest carryover from prior years disallowed in 1977 (excess, if any, of line 33 over line 38) . . . . . F138

40 Enter the 50% capital gain deduction claimed on your 1977 Schedule D . . . . .

41 Interest carryover to 1978 (subtract line 40 from line 39) . . . . . F139

\*\$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.

a. If you paid or accrued, depending upon the method of accounting you use, during the year 1977 interest on indebtedness incurred after September 10, 1975, exceeding \$10,000 (\$5,000 if married filing separately; zero if a trust), fill in Part II.

b. If you paid or accrued interest during the year on an obligation or obligations in existence prior to September 11, 1975, but after December 16, 1969, attributable to a specific item of property for a specified term exceeding \$25,000 (\$12,500 if married filing separately; zero if a trust), fill in Part III.

c. In addition, if you paid or accrued in 1977 interest on investment indebtedness created before December 17, 1969, attributable to a specific item of property for a specified term, fill in Part I. This also includes indebtedness in existence after December 16, 1969, if a binding contract was in effect on that date.

d. If, during 1976, you had interest from Parts II or III disallowed due to the respective limitations, fill in Part IV of the Form 4952 for 1977.

## 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: (a) treat all leased portions of a parcel of real property as subject to a single lease, and (b) 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 lines 10(a) and (b), 11, 21 and 22.

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 sections 1245, 1250 and 1254 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 expenses from net lease property is the amount by which expenses allowable under sections 162, 163 (without any reduction for the limitations of section 163(d)), 164(a)(1) or (2), and 212 attributable to property subject to a net lease, exceeds the income produced by such property.

## 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.

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. Allowable Investment Interest. — The nonbusiness portion of the allowable investment interest should be deducted as an itemized deduction on Schedule A (Form 1040). The allowable portion allocated to rental property should be shown on Schedule E (Form 1040), Part II.

The pro-rata share of allowable investment interest from a partnership should be deducted on Schedule E (Form 1040), Part III, unless the partnership notifies you that it relates to nonbusiness property which should be deducted on Schedule A (Form 1040).

The pro-rata share of disallowed investment interest from a subchapter S corporation should be added to the distributive share of income as reported on Schedule E (Form 1040), Part III. No adjustment should be made for the allowable portion since it has already been deducted by the corporation.

The allowable portion of investment interest attributable to estates and trusts are deducted on line 10, Form 1041.

The allowable portions for each of the above are figured by the following formula:

$$\frac{\text{Portion of investment interest}}{\text{Total investment interest}} \times \left. \begin{array}{l} \text{Total allowable} \\ \text{investment interest} \end{array} \right\}$$

All interest on investment indebtedness incurred before 12/17/69 is allowable without limitation.

6. Carryover of Disallowed Interest. — Amounts disallowed in the prior year because of the limitations are carried to the current year and deducted within limitations. It retains its same character. For example, interest on investment indebtedness incurred after September 10, 1975 when carried over will be treated as if in-

curred after that date and subject to the same limitations.

# Specific Instructions

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

**Preparing Form 4952.**—First complete lines 1, 5 through 9, 17 through 20, and 33. Then complete form in numerical sequence starting with line 2.

**Line 5.**—Enter your total investment interest expense, other than from partnerships and subchapter S corporations, paid or accrued in 1977, depending upon your method of accounting, attributable to obligations incurred after September 10, 1975. See General Instruction 3(a) for definition.

**Line 10.**—Individuals enter \$10,000 (\$5,000 if married filing separately). However, if you incurred investment interest in connection with the acquisition of stock in a corporation or partnership interest and you, your spouse and children own 50% or more of the stock or the capital interest in that enterprise, enter on line 10(b) an additional \$15,000 (\$7,500 if married filing separately) or the amount of this interest whichever is less.

**Lines 2, 12 and 23.**—Enter your pro-rata share of net investment income, as defined in General Instruction 3(c), from partnerships, subchapter S corporations, estates and trusts and all other investment income required to be reported on your Form 1040 or 1041 for 1977.

If you paid or accrued during the year, investment interest attributable to the period prior to December 17, 1969, and had net investment income in 1977, then complete lines 2, 3, and 4 and enter the figure from line 4 on line 12(a). If you did not pay or accrue during the year, investment interest attributable to the period prior to December 17, 1969, enter the total net investment income on line 12(a).

Allocations of net investment income must be made for the periods prior to 12/17/69, prior to 9/11/75 but after 12/16/69, and after 9/10/75. Formulas have been provided on lines 3 and 12(b) for this purpose.

**Lines 15 and 31.**—This is the allowable investment interest expense. Allocate this amount according to General Instruction 5.

**Lines 16 and 32.**—This is the disallowed investment interest. If you incurred any investment interest from a subchapter S corporation, allocate this according to General Instruction 5 substituting this amount for the allowable investment interest.

**Line 17.**—Enter your total investment interest expense, other than from partnerships and subchapter S corporations, paid or accrued in 1977, depending upon your method of accounting, attributable to obligations incurred prior to September 11, 1975, but after December 16, 1969, or incurred after September 10, 1975, but subject to a written contract or commitment made prior to then. Indebtedness must be attributable to a specific item of property for a specified term.

**Line 25.**—For purposes of this computation only gains and losses attributable to the disposition of property held for investment should be taken into account.

**Line 38.**—Enter the smaller of lines 33 or 37. This is the investment interest from prior years that is allowable this year. Allocate this amount according to the formula provided in General Instruction 5 using percentages obtained in prior years to which the carryovers are attributed.