

General Description Booklet
for the
1985 INDIVIDUAL TAX MODEL FILE

Compiled by
Michael Strudler
under the direction of Peter Sailer
Chief, Special Projects Section
Individual Statistics Branch
Statistics of Income Division

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INTRODUCTION

The Internal Revenue Service 1985 Tax Model File (108,840 records) was selected as part of the Statistics of Income program that was designed to tabulate and present statistical information for the 101.7 million Form 1040, Form 1040A, and Form 1040EZ Federal Individual Income Tax Returns filed for Tax Year 1985.

The Tax Model files which have been produced since 1960 consist of detailed information taken from actual tax returns. The public use versions of these sample files are purchased in an unidentifiable form, with names, Social Security Numbers (SSN), and other similar information omitted. The primary uses made of these files have been to simulate the administrative and revenue impact of tax law changes, as well as to provide general statistical tabulations relating to sources of income and taxes paid by individuals.

The Individual Tax Model File is designed for making national level estimates. The 1985 Tax Model File can be purchased through the Internal Revenue Service, Statistics of Income Division at a cost of \$2,150. Any questions concerning the acquisition of the current tax model file should be directed to:

Dr. Fritz Scheuren, Director
Statistics of Income Division TR:S
Internal Revenue Service
1111 Constitution Ave., N.W.
Washington, D.C. 20224
(202) 376-0216

In order to preserve the character of the microdata file while also protecting the identity of individuals, we have incorporated the following procedural changes in the Individual Tax Model.

First, in order to make sure that no record can be identified with 100 percent certainty, we have subsampled our 100 percent sample at a 33 percent rate.

Second, those records that remain in our file from the 100 percent sample have been combined with other high income returns (returns with an adjusted gross income of \$200,000 or more) for the following processing changes:

As in past years, the state codes and all other geographic indicators have been removed for all high income records. Other codes and fields that have been removed include: age and blindness indicators (for both primary and secondary taxpayers), total exemptions other than age or blindness, alimony paid, and alimony received. Also, certain codes (number of age exemptions, marital status, and exemptions for children living at home) have been modified (see section on Code Definitions for specific changes).

Then, all of the high income returns have been sorted from largest to smallest for the field of state and local income tax deductions. In this field, for every three records, in descending order, the average state and local income tax deduction has been determined and that value has been placed in the state and local income tax deduction field for each of the three records. This has been done over that part of the sample containing non-zero values in these fields. If the last group of records contains less than three, these records have been combined with the group of three immediately before it. This method of disguising data is called blurring. The field for personal property tax deductions has also been blurred exactly as described above for all high income returns.

High income returns have then been separated into 35 different classes based on age, marital status, the number of children living at home, and the size of salaries and wages. Within each of these 35 classes, returns have been sorted on salaries and wages. This field has then been blurred over consecutive records as described above for state and local income tax deductions. However, records have only been averaged with other records in the same class. Therefore, records within one of the 35 classes have not been averaged with records in any of the other 34 classes. The file is then sorted on real estate tax deductions (again, within the 35 classes), and the same blurring procedure has been repeated for real estate tax deductions.^{1/}

Third, all lower income returns (records with an adjusted gross income of less than \$200,000 and not from our 100 percent sample) have been sorted by State. After this sort, the records have been blurred for real estate tax deductions, alimony paid, alimony received, and state and local income taxes (State of Wisconsin, only, for this last item) in the same manner as described above. The only difference between these records and the high income returns is that the lower income returns have been sorted for each field by individual State with no records from two different states being combined when averaging a field over a series of records.

^{1/}For greater details on this and other disclosure protection techniques used by the Statistics of Income Division, see:

Strudler, Michael; Oh, H. Lock; and Scheuren, Fritz. (1987) "Protection of Taxpayer Confidentiality on the IRS Tax Model." Statistics of Income and Related Administrative Record Research: 1987, Internal Revenue Service.

Fourth, for all records on the file, the following changes have been made:

The fields containing total miscellaneous deductions, other net income less loss and total taxes paid deductions have been deleted and marked as "reserved." Motor vehicle tax deductions and general sales tax deductions have been combined and placed in the field for general sales tax deductions. For high income returns, this combined field has been blurred. Also, all fields on the file have been rounded to the four most significant digits (e.g. \$14,371 = \$14,370 and \$228,867 = \$228,900).

Individual Tax Model Files for each of the Tax Years 1966 through 1978, and State Tax Model Files for Tax Years 1977 and 1978, are available through the National Archives and Records Service. Questions concerning cost, acquisition, and delivery of these historical tax model files, should be addressed to:

General Services Administration
Machine Readable Archives Division
National Archives and Records Service
Washington, D.C. 20408
(202) 523-3267

The Archives order number for any of the above-mentioned historical Tax Model files is 374-109-(A). In addition to the order number, the requestor should also specify the tax year and version (Individual or State) of the file under consideration.

Please refer to the sections of this booklet titled "Individual Tax Model Sample Description" for a more detailed discussion of the Tax Model file.

CORE RECORD LAYOUT
(CODE AND AMOUNT ELEMENT DEFINITIONS)

Codes: (all codes are 2 characters in length - PIC 99)

1. AGEX	21. F2555 way sch 6
2. AGIR1	22. SCHCF
3. CGIND	23. SCHE
4. RESERVED	24. SCHW
5. CYCLE	25. SPECTX
6. DEPINC - restored	26. STATE 1/
7. EIC	27. TFORM
8. ELECT	28. TOTTXSZ
9. FDED	29. TXMT
10. FLPDYR	30. TXRT
11. FLPDMO	31. TXST
12. F2119	32. W2IND
13. F2441	33. XFPT 1/
14. F5695	34. XFST 1/
15. F6251	35. XOCAN
16. GENBUS	36. XOCAWH
17. MARS	37. XODEP
18. PPREP	38. XOPAR
19. PSV	39. XOTHER 1/
20. REGION 1/	40. XTOT

Amount Fields: (all amount fields are 10 characters in length - PIC S9(10))

1. ADJUSTED GROSS INCOME (DEFICIT) (AGI) (+/-)
2. SALARIES AND WAGES 2/
3. INTEREST RECEIVED
4. DIVIDENDS RECEIVED
5. DIVIDEND EXCLUSION
6. DIVIDENDS INCLUDED IN AGI
7. STATE INCOME TAX REFUNDS
8. ALIMONY RECEIVED 3/
9. BUSINESS OR PROFESSION (SCHEDULE C) NET PROFIT/LOSS (+/-)
10. NET CAPITAL GAIN OR LOSS (+/-)
11. CAPITAL GAIN DISTRIBUTIONS NOT REPORTED ON SCHEDULE D
12. SUPPLEMENTAL SCHEDULE NET GAIN OR LOSS (+/-)
13. PENSIONS AND ANNUITIES FULLY INCLUDED IN AGI
14. TOTAL PENSIONS AND ANNUITIES NOT FULLY INCLUDED IN AGI
15. PENSIONS AND ANNUITIES NOT FULLY INCLUDED IN AGI,
THAT PART IN AGI
16. SCHEDULE E NET INCOME OR LOSS (+/-)
17. FARM (SCHEDULE F) NET PROFIT/LOSS (+/-)
18. GROSS UNEMPLOYMENT COMPENSATION
19. UNEMPLOYMENT COMPENSATION IN AGI
20. GROSS SOCIAL SECURITY BENEFITS
21. SOCIAL SECURITY BENEFITS IN AGI

Amount Fields (continued):

STATUTORY ADJUSTMENTS

- 22. MOVING EXPENSE
- 23. EMPLOYEE BUSINESS EXPENSE
- 24. PAYMENTS TO INDIVIDUAL RETIREMENT ACCOUNT (IRA)
- 25. PAYMENTS TO KEOGH ACCOUNTS
- 26. FORFEITED INTEREST PENALTY
- 27. ALIMONY PAID ^{3/}
- 28. DEDUCTION FOR WORKING MARRIED COUPLE

- 29. TOTAL SELF-EMPLOYMENT INCOME
- 30. SELF-EMPLOYMENT INCOME, SECONDARY TAXPAYER
- 31. SELF-EMPLOYMENT TAX, PRIMARY TAXPAYER
- 32. SELF-EMPLOYMENT TAX, SECONDARY TAXPAYER
- 33. EXCESS ITEMIZED DEDUCTIONS (-) / UNUSED ZBA (+)
- 34. CHARITABLE CONTRIBUTIONS DEDUCTION FOR NONITEMIZERS
- 35.

- 37. ZERO BRACKET AMOUNT (ZBA)
- 38. TAXABLE INCOME (OLD CONCEPT WITHOUT ZBA)
- 39. TAXABLE INCOME
- 40. TAX GENERATED
- 41. COMPUTED REGULAR TAX
- 42. INCOME TAX BEFORE CREDITS
- 43. INCOME SUBJECT TO TAX (OLD CONCEPT)
- 44. INCOME SUBJECT TO TAX

CREDITS

- 45. GENERAL BUSINESS
- 46. ELDERLY AND DISABLED
- 47. FOREIGN TAX
- 48. INVESTMENT (INCLUDED IN GENERAL BUSINESS CREDIT, TO CALCULATE TOTAL TAX CREDITS, ONLY USE THE GENERAL BUSINESS CREDIT)
- 49. POLITICAL CONTRIBUTIONS
- 50. CHILD CARE
- 51. JOBS (INCLUDED IN GENERAL BUSINESS CREDIT)
- 52. RESIDENTIAL ENERGY
- 53. RESEARCH AND EXPERIMENTATION
- 54. EIC USED TO OFFSET INCOME TAX BEFORE CREDITS
- 55. OTHER
- 56. TOTAL TAX CREDITS (SOI)

- 57. TOTAL TAX LIABILITY (SOI)
- 58. TOTAL INCOME TAX
- 59.

Amount Fields (continued):

- 63. TAX FROM RECOMPUTING PRIOR YEAR INVESTMENT CREDIT
- 64. SOCIAL SECURITY TAX ON TIP INCOME
- 65. PENALTY TAX ON IRA
- 66. TOTAL TAX PAYMENTS (SOI)
- 67. INCOME TAX WITHHELD
- 68. ESTIMATED TAX PAYMENTS
- 69. AMOUNT PAID WITH FORM 4868
- 70. EXCESS FICA/RRTA
- 71. CREDIT FOR FEDERAL TAX ON SPECIAL FUELS AND OILS
- 72. REGULATED INVESTMENT COMPANY CREDIT
- 73. BALANCE DUE (OVERPAYMENT) (+/-)
- 74. CREDIT ELLECT
- 75. EARNED INCOME FOR EARNED INCOME CREDIT (EIC)
- 76. EIC USED TO OFFSET ALL OTHER TAXES EXCEPT ADVANCE EIC
- 77. EIC REFUNDABLE PORTION

GENERAL BUSINESS CREDIT: (FORM 3800)

- 78. JOBS CREDIT
- 79. ALCOHOL FUEL CREDIT
- 80. INVESTMENT TAX CREDIT *was esop credit*
- 81. CURRENT YEAR GENERAL BUSINESS CREDIT
- 82. CREDITS CARRIED FORWARD FROM PREVIOUS YEAR
- 83. TENTATIVE GENERAL BUSINESS CREDIT
- 84. OTHER TAX CREDITS

ITEMIZED DEDUCTIONS:

MEDICAL AND DENTAL EXPENSE DEDUCTIONS

- 85. TOTAL MEDICAL AND DENTAL EXPENSE DEDUCTION

- 88. EXPENSES SUBJECT TO REDUCTION BY 5% OF AGI

89-90 RESERVED

TAXES PAID DEDUCTIONS

- 91. RESERVED
- 92. STATE AND LOCAL INCOME TAXES 2/
- 93. REAL ESTATE TAX DEDUCTIONS 4/
- 94. GENERAL SALES TAX 2/ (COMBINATION OF MOTOR VEHICLE TAX DEDUCTION AND GENERAL SALES TAX DEDUCTION)
- 95. RESERVED
- 96. PERSONAL PROPERTY TAX 2/
- 97. OTHER

Amount Fields (continued):

CHARITABLE CONTRIBUTIONS DEDUCTIONS

- 100. TOTAL CONTRIBUTIONS
- 101. CASH UNDER \$3,000
- 102. CASH OF \$3,000 OR MORE
- 103. OTHER THAN CASH
- 104. CARRYOVER
- 105. RESERVED

- 106. NET CASUALTY OR THEFT LOSS
- 107. TOTAL ITEMIZED DEDUCTIONS

CAPITAL GAINS (SCHEDULE D)

- 108. CURRENT SHORT-TERM GAINS
- 109. CURRENT SHORT-TERM LOSSES
- 110. POST 1969 SHORT-TERM LOSS CARRYOVER
- 111. RESIDENCE GAIN
- 112. CURRENT LONG-TERM GAIN
- 113. CURRENT LONG-TERM LOSSES
- 114. POST 1969 LONG-TERM LOSS CARRYOVER
- 115. SCHEDULE D LONG-TERM CAPITAL GAIN DISTRIBUTIONS
- 116. FORM 4797 GAINS
- 117. ADDITIONAL LOSSES DUE TO PRE-1970 CARRYOVER
- COMBINED CAPITAL GAINS
- 118. EXCLUDED LONG-TERM GAINS
- 119. COMBINED NET CAPITAL GAINS LESS LOSS (+/-)
- 120. COMBINED LONG-TERM GAIN INCLUDED IN AGI

SUPPLEMENTAL INCOME (SCHEDULE E)

RENT AND ROYALTIES

- 121. FARM RENT NET INCOME OR LOSS (+/-)
- 122. DEPRECIATION OR DEPLETION
- 123. RENT NET INCOME OR LOSS

PARTNERSHIPS

- 125. TOTAL INCOME
- 126. TOTAL LOSS
- 127. EXPENSE DEDUCTION

ESTATE OR TRUST

- 128. TOTAL INCOME
- 129. TOTAL LOSS

SMALL BUSINESS CORPORATION

- 130. TOTAL INCOME
- 131. TOTAL LOSS

Amount Fields (continued):

- 132. WINDFALL PROFIT TAX REFUND
- 133. WINDFALL PROFIT TAX DEDUCTION

- CHILD CARE CREDIT (FORM 2441)
- 134. QUALIFYING INDIVIDUALS' LIMITATION
- 135. EARNED INCOME
- 136. EARNED INCOME LIMITATION
- 137. CREDIT BASED ON PRIOR YEAR EXPENSES

DEDUCTION FOR MARRIED COUPLE

- 138. PRIMARY QUALIFIED EARNED INCOME
- 139. SECONDARY QUALIFIED EARNED INCOME

FORM 6251

- 140. ALTERNATIVE MINIMUM TAX TOTAL DEDUCTIONS
- 141. TOTAL TAX PREFERENCES FROM FORM 6251
- 142. EXCLUDED LONG-TERM CAPITAL GAINS
- 143. ACCELERATED DEPRECIATION

RESIDENTIAL ENERGY (FORM 5695)

- 144. CURRENT EXPENDITURES, ENERGY CONSERVATION
- 145. PRIOR YEAR EXPENDITURES, ENERGY CONSERVATION
- 146. ADDITIONAL FEDERAL SUBSIDIES, ENERGY CONSERVATION
- 147. CREDIT (BEFORE LIMITATION), ENERGY CONSERVATION
- 148. CURRENT EXPENDITURES, RENEWABLE ENERGY
- 149. PRIOR YEAR EXPENDITURES, RENEWABLE ENERGY
- 150. ADDITIONAL FEDERAL SUBSIDIES, RENEWABLE ENERGY
- 151. CARRYOVER FROM 1984

- 152. RESERVED
- 153. RESERVED
- 154. RESERVED
- 155. RESERVED
- 156. RETURN ID
- 157. RESERVED
- 158. RESERVED
- 159. DECIMAL WEIGHT
- 160. INTEGER WEIGHT

^{1/} Only for lower income returns (returns with AGI less than \$200,000 and not in 100% sample).

^{2/} Blurred for high income returns (note: State and local income taxes is also blurred for low income returns in Wisconsin) see the Introduction for a more complete explanation.

^{3/} Blurred for lower income returns, reserved for high income returns.

^{4/} Blurred for all returns

CODE DEFINITIONS

AGEX*	Age Exemptions	
	(A) No exemptions.....	0
	(B) One exemption (Primary only).....	1
	(C) One exemption (Secondary only).....	2
	(D) Two exemptions.....	3

AGIR1 Adjusted Gross Income Range B:

	NO ADJUSTED GROSS INCOME.....	00
\$	1 under \$ 1,000.....	01
\$	1,000 under \$ 2,000.....	02
\$	2,000 under \$ 3,000.....	03
\$	3,000 under \$ 4,000.....	04
\$	4,000 under \$ 5,000.....	05
\$	5,000 under \$ 6,000.....	06
\$	6,000 under \$ 7,000.....	07
\$	7,000 under \$ 8,000.....	08
\$	8,000 under \$ 9,000.....	09
\$	9,000 under \$ 10,000.....	10
\$	10,000 under \$ 11,000.....	11
\$	11,000 under \$ 12,000.....	12
\$	12,000 under \$ 13,000.....	13
\$	13,000 under \$ 14,000.....	14
\$	14,000 under \$ 15,000.....	15
\$	15,000 under \$ 16,000.....	16
\$	16,000 under \$ 17,000.....	17
\$	17,000 under \$ 18,000.....	18
\$	18,000 under \$ 19,000.....	19
\$	19,000 under \$ 20,000.....	20
\$	20,000 under \$ 25,000.....	21
\$	25,000 under \$ 30,000.....	22
\$	30,000 under \$ 40,000.....	23
\$	40,000 under \$ 50,000.....	24
\$	50,000 under \$ 75,000.....	25
\$	75,000 under \$ 100,000.....	26
\$	100,000 under \$ 200,000.....	27
\$	200,000 under \$ 500,000.....	28
\$	500,000 under \$1,000,000.....	29
\$	\$1,000,000 or more.....	30

CGIND Capital Gains Indicator

	(A) No capital gain/loss.....	0
	(B) Capital gain present.....	1
	(C) Capital loss present.....	2

*For high income returns, AGEX values of 2 or 3 have been changed to 1.

CYCLE Cycle Code.....00-52

EIC Earned Income Credit

- (A) Not present.....0
- (B) Present.....1

ELECT President Elect Campaign Fund:

- (A) No boxes checked.....0
- (B) One "yes" box checked.....1
- (C) Two "yes" boxes checked.....2
- (D) Only "no" boxes checked.....8

FDED Form of Deduction Code:

- (A) Itemized deduction.....1
- (B) No zero bracket amount or itemized deductions.....2
- (C) Zero bracket amount (STANDARD)
 - 1. Without non-itemizer deduction.....3
 - 2. With non-itemizer deduction.....4

FLPD Filing Period: (Accounting Period)

- (A) YR - Calendar Year ended.....66-85
- (B) MO - Month Taxpayer's year ended.....01-12

F2119 Sale or Exchange of Principal Residence:

- (A) No form attached.....0
- (B) Form present.....1

F2441 Child Care Credit:

- (A) No Form 2441 attached.....0
- (B) One qualifying individual.....1
- (C) Two or more qualifying individuals.....2-9

F5695 Form 5695 (Residential Energy Credit):

- (A) No form attached.....0
- (B) Number of principal residences occupied.....1-9

F6251 Alternative Minimum Tax

- No Form 6251 attached to the return.....0
- Form 6251 attached to the return.....1

GENBUS General Business Credit
 Form 3800 filed because more than one general business credit taken...1
 Jobs credit is only component of general business credit.....2
 Investment credit is only component of general business credit.....3
 Alcohol fuel credit is only component of general business credit.....4
 Employee Stock Option Plan is only component of general business credit...5

MARS* Marital Status:
 (A) Single.....1
 (B) Married filing joint.....2
 (C) Married filing separately and not claiming a spouse exemption.....3
 (D) Unmarried head of household.....4
 (E) Widow(er) with dependent child (surviving spouse).....5
 (F) Married filing separately and claiming a spouse exemption.....6

GENV Primary Stratifying Variable
 (A) Sample Code 28 (AGI) and 38 (Schedule C net income).....0
 (B) Positive Amounts Total.....1
 (C) Negative Amounts Total.....2
 (D) Total Receipts.....3
 (E) Form 2555.....4
 (F) Form 1116.....5

REGION IRS Regions
 (A) Central.....1
 (B) Mid-Atlantic.....2
 (C) Midwest.....3
 (D) North Atlantic.....4
 (E) Southeast.....5
 (F) Southwest.....6
 (G) Western.....7
 (H) Other Areas.....8

For high income returns, MARS = 5 has been changed to MARS = 2.

P2555	Form 2555 (Foreign Earned Income) Indicator:	
(A)	Form 2555 not attached.....	0
(B)	Form 2555 present	1
SCHCF	Schedule C or F Indicator:	
(A)	Neither Schedule C or F present.....	0
(B)	Schedule C present only.....	1
(C)	Schedule F present only.....	2
(D)	Schedule C and F present Schedule C Gross Receipts Larger.....	3
(E)	Schedule C and F present Schedule F Gross Receipts Larger.....	4
SCHE	Schedule E Indicator	
(A)	No Schedule Present.....	0
(B)	Schedule E Present.....	1
SCHW	Schedule W Indicator	
(A)	No Schedule W.....	0
(B)	Primary Taxpayer Qualifying Income.....	1
(C)	Secondary Taxpayer Qualifying Income.....	2
SPECTX	Special Tax Computation:	
(A)	No entry.....	0
(B)	Form 4970 tax used.....	1
(C)	Form 4972 tax used.....	2
(D)	Form 5544 tax used.....	3
(E)	Form 5405 tax used.....	4
(F)	Section 72(m)(5) penalty tax used.....	5
(G)	Any combination of Form 4972 and other taxes.....	6
(H)	Any combination of taxes excluding Form 4972.....	7

STATE

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

IFORM Corrected Form of Return:

(A)	1040 Return.....	0
(B)	1040A Return.....	1
(C)	1040EZ Return.....	2

TOTXSZ Size of Total Income Tax

Returns with no total income tax.....	00
\$1 under \$50.....	01
\$50 under \$100.....	02
\$100 under \$200.....	03
\$200 under \$300.....	04
\$300 under \$400.....	05
\$400 under \$500.....	06
\$500 under \$600.....	07
\$600 under \$700.....	08
\$700 under \$800.....	09
\$800 under \$900.....	10
\$900 under \$1,000.....	11
\$1,000 under \$1,250.....	12
\$1,250 under \$1,500.....	13
\$1,500 under \$1,750.....	14
\$1,750 under \$2,000.....	15
\$2,000 under \$2,250.....	16
\$2,250 under \$2,500.....	17
\$2,500 under \$2,750.....	18
\$2,750 under \$3,000.....	19
\$3,000 under \$3,500.....	20
\$3,500 under \$4,000.....	21
\$4,000 under \$5,000.....	22
\$5,000 under \$7,500.....	23
\$7,500 under \$10,000.....	24
\$10,000 under \$25,000.....	25
\$25,000 under \$50,000.....	26
\$50,000 or more.....	27

TXNT Taxable/Nontaxable Returns:

(A) Taxable Returns.....	1
(B) Nontaxable Return.....	2

TXRT Marginal Tax Rate (based on 1985 tax rate schedules).....0, 11-50

TXST TAX STATUS:

(A) No Tax.....	0
(B) Regular Tax.....	1
(C) Non-Compute Regular Tax.....	2
(D) Non-Compute Nontaxable.....	3
(E) Schedule G (Income Averaging) Tax.....	4

W2IND W2 Indicator
(A) Number of Forms W2 Present.....00-99

XPPT Primary Taxpayer Exemption:
(A) Regular.....1
(B) Age.....2
(C) Age and Blind.....3
(D) Regular and Blind.....4

XPST Secondary Taxpayer Exemption:
(A) No Secondary Taxpayer.....0
(B) Regular.....1
(C) Regular and Age.....2
(D) Regular, Age and Blind.....3
(E) Regular and Blind.....4

XOCAH* Exemptions for Children Living at Home:
Actual number entered.....0-99

XOCAWH Exemptions for Children Living Away from Home:
Actual number entered.....0-99

XOODEP Exemptions of Other Dependents:
Actual number claimed.....0-99

XOPAR Exemptions for Parents Living at Home or Away from Home:
Actual number entered.....0-9

XOTHER Exemptions Other than Age or Blind
(A) One.....1
(B) Two.....2
(C) Three.....3
(D) Four.....4
(E) Five.....5
(F) Six or more.....6

XTOI Total Exemptions:
Actual number punched.....01-99

*For high income returns, XOCAH with values greater than 3 have been changed to 3.

EXPLANATIONS OF ELEMENTS NOT ABSTRACTED DIRECTLY FROM TAX FORMS

The following explanations define data elements contained in the 1985 Individual Tax Model File that have not been abstracted directly from a specific line on Forms 1040, 1040A, 1040EZ or the accompanying Schedules and Forms. Element numbers not appearing in this section have been entered on the specific lines on the forms or schedules from which the data were abstracted. Refer to the "1985 Federal Tax Forms" section of this booklet for further information.

<u>Element Number</u>	<u>Definition</u>
37	<p>Zero Bracket Amount This amount was limited to the smaller of the statutory limit or Taxable Income (E39).</p>
38	<p>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 Tax Years prior to 1977. See (E39).</p>
39	<p>Taxable Income 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 Tax Years prior to 1977. See (E38).</p>
41	<p>Computed Regular Tax This is a computed amount arrived at by applying the tax rate schedules to taxable income without regard to the type of</p>
43	<p>Income Subject to Tax (Old Concept) Income Subject to Tax (see E44) minus the Zero Bracket Amount.</p>
44	<p>Income Subject to Tax For taxpayers filing current year returns and using regular tax computation methods, income subject to tax is the same as taxable income. For prior year returns or taxpayers using the income averaging method (Schedule G), income subject to tax is a reduced amount of taxable income computed for the statistics by working backwards from the tax itself.</p>

<u>Element Number</u>	<u>Definition</u>
54	Earned Income Credit Used to Offset Income Tax Before Credits This amount was computed based on the lesser of: Earned Income Credit or Income Tax Before Credits minus all credits except the Earned Income Credit.
56	Total Tax Credits (SOI) Total credits from Form 1040 (line 46 plus line 49) or 1040A (line 22) plus the amount of Earned Income Credit used to offset Income Tax before Credits.
58	Total Income Tax Element (59) plus element (61).
59	Income Tax After Credits (SOI) Income Tax after Credits from Form 1040 or 1040A minus the amount of Earned Income Credit used to offset income tax before credits.
60	Marginal Tax Base This is the amount of income subject to tax at the highest tax rate applicable to the return (TXRT), using the 1985 tax rate schedules for all returns.
66	Total Tax Payments Total payments from 1040 or 1040A minus the total Earned Income Credit.
75	Earned Income for Earned Income Credit This consists of all wages, any other compensation from an employer, plus all other self-employment income or losses.
76-77	If Earned Income Credit (EIC) is greater than Income Tax Before Credits (E42), the following fields are computed:
	76. Earned Income Credit used to offset all other taxes. This value depends on whether the difference between EIC and EIC used to offset Income Tax Before Credit (E54) is less than the value calculated by Total Tax Liability minus Income Tax After Credits minus Advance Earned Income Credit payments. If it is less than this value, this field equals EIC minus E54. Also, E77 equals 0. If this is not true, this field equals the value calculated by Total Tax Liability minus Income Tax After Credits minus Advance Earned Income Credit payments. Also, E77 is calculated (see below).
	77. Earned Income Credit Refundable Portion This equals EIC minus E54 minus E76 (see above for definitions and conditions).

<u>Element Number</u>	<u>Definition</u>
117	Additional Losses Due to Pre-1970 Carryover. See Form 4798, Line 30. If Line 30, Form 4798 exceeds Line 19 of Schedule D, this is the value.
118	Combined Capital Gains (Excluded Long-Term Gains). Sum of Line 22, Schedule D and 1.5 times Line 14, Form 1040.
119	Combined Capital Gains (combined net Capital Gain Less Loss). Sum of Line 19, Schedule D, plus 2.5 times Line 14, Form 1040.
120	Combined Capital Gains (combined Long-Term Gains Included in AGI). If Net Short-Term Capital Gain are positive, the difference between Line 19, Schedule D and Excluded Long-Term Gains (E119 above). If Net Short-Term Capital Loss, subtract Line 8, Schedule D from above.
159- 160	Weight: (a) Decimal - A method of estimation by dividing the computer population count of returns in a sample stratum by the number of sample returns for that stratum (carried to 2 decimal places) The decimal place is implied. If used, divide by 100. (b) Integer - A method of estimation in which the decimal weight is converted to an integer weight and then applied to each return.

TECHNICAL DESCRIPTION
OF THE FILE

TECHNICAL DESCRIPTION OF THE FILE

Each "data record" in the file, representing one tax return, is composed of 1,680 characters. Blocks are made up of 6 data records and are separated by a 3/4 inch "inter record gap" (IRG). There is no special indication at the end of a block other than the IRG, and no indication of the end of a data record.

Tape characters are recorded in either EBCDIC or ASCII on standard 2,400 foot, 1/2 inch, nine-track tape, and a density of 6,250 bytes per inch (BPI). In this mode, a 1-bit and 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 in character format. All codes are unsigned. The data fields are signed positive or negative, whichever is appropriate, in the last character position of the field.

Codes are defined as 2 characters in length. The largest decimal value is 99 with leading zeroes. The fields in the file are 10 characters in length with leading zeroes. 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 is UNLABELLED (EBCDIC) or LABELLED (ASCII).

INDIVIDUAL TAX MODEL SAMPLE DESCRIPTION

Sources of the Data

The data in the 1985 Individual Tax Model file were compiled from a stratified probability sample of unaudited individual income tax returns, Forms 1040, 1040A, and 1040EZ, filed by U.S. citizens and residents. The sample was designated at the National Computer Center and was processed in each of the ten Internal Revenue Service Centers during Calendar Year 1986. The total sample of 108,840 returns was selected from a population of 101.7 million returns.

The estimates that could be obtained from this file are intended to represent all returns filed for Income Year 1985. While most of the returns processed during 1986 were for Calendar Year 1985, a few were for prior years. Returns for prior years were used in place of 1985 returns received and processed after December 31, 1986. This was done on the assumption that the characteristics of returns not yet filed could best be represented by the returns for previous income years that were processed in 1986.

All returns processed during 1986 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.

Sample Criteria and Selection

Form 1040, 1040A and 1040EZ returns filed and processed into the Internal Revenue Service's Individual Master File System at NCC during 1986 were stratified, by computer, into 33 sample strata based on: the presence or absence of a Schedule C, Profit (or Loss) from Business or Profession; presence of Schedule F, Profit (or Loss) from Farms; the larger of total income or loss, and the size of business plus farm receipts; size of Positive Amounts Total income (the sum of specified income amounts valued greater than zero) or the size of Negative Amounts Total income (the sum of loss amounts only). Returns were then selected from the sample strata using the coding digits of the Social Security Number (SSN) at rates ranging from 0.02 percent to 100 percent.

Method of Estimation

Sampling weights were obtained by dividing the computer population count of returns filed per sample stratum by the number of sample returns actually received for that stratum. All decimal sampling weights were then converted to "integer weighting factors," which were placed on each sample return. For example, if a decimal 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. The file can be weighted with either decimal or integer weights.

Processing and Management of the Sample

While the sample was being selected, the selection process was monitored by applying prescribed sampling rates for each stratum to the population count for that stratum. A follow-up was required to reconcile differences between the actual number of returns selected and the expected number.

In transcribing and tabulating the information from the returns in the sample, checks were imposed to improve the quality of the resulting estimates. Incorrect or missing entries on the sampled record were altered during statistical editing to make them consistent with other entries on the return and accompanying schedules. Data were also adjusted during editing in an attempt to achieve consistent statistical definitions. For example, a taxpayer may report director's fees on the other income line of the Form 1040 return. If this situation had been detected during statistical editing, the amount of director's fees would have been entered into the salaries and wages field to the sample record.

Quality of the basic data abstracted was controlled at the processing centers by means of a continuous verification system that used computer tests to check for mathematical errors and inconsistencies in the data. These tests were performed while the returns were still available to aid in resolving the error conditions. Prior to tabulation of the data at the IRS Data Center, additional computer tests were applied to each return record to determine the need for adjustments to the data. Also, as a further check on processing, the IRS Data Center conducted an independent reprocessing of a small subsample of the returns previously processed for the study.^{1/}

^{1/} For more details on the techniques used to process the returns in the sample, particularly those steps designed to ensure the quality of the statistical data, see:

Kilss, Beth and Scheuren, Fritz. "Statistics from Individual Income Tax Returns: Quality Issues," 1982 Proceedings, American Statistical Association, Section on Survey Research Methods, pp. 271-277.

Sailer, Peter; Hicks, Charles; Watson, David; and Trevors, Dan, "Results of Coverage and Processing Changes to the 1980 Individual Statistics of Income Program," 1982 Proceedings, American Statistical Association, Section on Survey Research Methods, pp. 271-277.

1985

FEDERAL TAX FORMS
(WITH ELEMENT NUMBERS REFERENCED)

FIELD NUMBERS

Field Numbers presented on the tax forms and schedules lines can be used to cross reference to the Core Record Layout. An example of this is line 7 on the Form 1040 which has a field number of 2.

7 Wages, salaries, tips, etc.----- 2

On the Core Record Layout it would appear as 2 to the left of the Salaries and Wages line. See example below.

-- Core Record Layout --

1. ADJUSTED GROSS INCOME (DEFICIT) (AGI) (+/-)
2. SALARIES AND WAGES 2/
3. INTEREST RECEIVED
4. DIVIDENDS RECEIVED

Another example, Line 8, Interest Income, on the Form 1040 (see below) has a field number of 3. This field number is cross referenced to the Interest income line on the Core Record Layout, which contains the number 3 to the left of the line (see above).

8 Interest Income ----- 3

1040 U.S. Individual Income Tax Return 1985 (2)

Department of the Treasury—Internal Revenue Service

For the year (January 1, December 31, 1985, or other tax year beginning) 1985 ending 19 OMB No. 1545-0074

Use IRS label. Otherwise, please print or type.	Your first name and initial (if joint return, also give spouse's name and initial)	Last name	Your social security number
	Present home address (number and street, including apartment number, or rural route)		Spouse's social security number
	City, town or post office, state, and ZIP code		Your occupation
	STATE		Spouse's occupation

Presidential Election Campaign	Do you want \$1 to go to this fund?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	Note: Checking "Yes" will not change your tax or reduce your refund.
	If joint return, does your spouse want \$1 to go to this fund?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	

Filing Status

Check only one box

1	<input type="checkbox"/>	Single
2	<input type="checkbox"/>	Married filing joint return (even if only one had income)
3	<input type="checkbox"/>	Married filing separate returns. Enter spouse's social security no. above and full name here _____
4	<input type="checkbox"/>	Head of household (with qualifying person). (See page 5 of instructions.) If the qualifying person is your unmarried child but not your dependent, write child's name here _____

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

**Tax
Compu-
tation**

(See
Instructions
on page 13.)

- 33 Amount from line 32 (adjusted gross income)
- 34a If you itemize, attach Schedule A (Form 1040) and enter the amount from Schedule A, line 26
 Caution: If you have unearned income and can be claimed as a dependent on your parents' return, check here and see page 13 of Instructions. Also see page 13 if you are married filing a separate return and your spouse itemizes deductions, or you are a dual-status alien.
- b If you do not itemize but you made charitable contributions, enter your cash contributions here (If you gave \$3,000 or more to any one organization, see page 14.)
- c Enter your noncash contributions (you must attach Form 8283 if over \$500)
- d Add lines 34b and 34c. Enter the total
- e Divide the amount on line 34d by 2. Enter the result here
- 35 Subtract line 34a or line 34e, whichever applies, from line 33
- 36 Multiply \$1,040 by the total number of exemptions claimed on line 5f (see page 14)

34b	
34c	
34d	

33	1
34a	33
34b	
34c	
34d	
34e	34
35	35
36	36

Step 1 Name and address

Use the IRS mailing label. If you don't have one, print or type:

Your first name and initial (if joint return, also give spouse's name and initial) Last name Your social security no.

Previous home address (number and street) Spouse's social security no.

City, town or post office, state, and ZIP code

STATE

Presidential Election Campaign Fund

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

Step 2 Check your filing status

- 1 Single (See if you can use Form 1040EZ.)
2 Married filing joint return (even if only one had income)
3 Married filing separate return. Enter spouse's social security number above and spouse's full name here.
4 Head of household (with qualifying person). If the qualifying person is your unmarried child but not your dependent, write this child's name here.

Step 3 Figure your exemptions

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

- a Yourself 65 or over Blind
b Spouse 65 or over Blind

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

d First names of your dependent children who did not live with you (see page 11). (If pre-1985 agreement, check here .) XOCAWH

e Other dependents: 1. Name 2. Relationship 3. Number of months lived in your home 4. Did dependent have income of \$1,040 or more? 5. Did you provide more than one-half of dependent's support? XOPAR XODEP

f Total number of exemptions claimed. (Also complete line 18.) XTOT

Step 4 Figure your total income

6 Total wages, salaries, tips, etc. This should be shown in Box 10 of your W-2 form(s). (Attach Form(s) W-2.) 6 2

7 Interest income. (If the total is over \$400, also attach Schedule 1, Part III.) 7 3

8a Dividends. (If the total is over \$400, also attach Schedule 1, Part IV.) Total 8a 4 8b Exclusion (see page 16). 8b 5

c Subtract line 8b from line 8a. Write the result on line 8c. 8c 6

9a Unemployment compensation (insurance), from Form(s) 1099-G. Total received. 9a 18

b Taxable amount, if any, from the worksheet on page 17 of the instructions. 9b 19

10 Add lines 6, 7, 8c, and 9b. Write the total. This is your total income. 10

Step 5 Figure your adjusted gross income

11 Individual retirement arrangement (IRA) deduction, from the worksheet on page 19. 11 24

12 Deduction for a married couple when both work. Complete and attach Schedule 1, Part I. 12 28

13 Add lines 11 and 12. Write the total. These are your total adjustments. 13

14 Subtract line 13 from line 10. Write the result. This is your adjusted gross income. 14 1



Step 6
Figure your taxable income

15	Write the amount from line 14.	15	1
16a	If you made charitable contributions, write your cash contributions. (If \$3,000 or more to any one organization, see page 21.)	16a	
b	Write your noncash contributions. If over \$500, you must attach Form 8283.	16b	
c	Add lines 16a and 16b. Write the total.	16c	
d	Divide the amount on line 16c by 2 and write the result.	16d	34
17	Subtract line 16d from line 15. Write the result.	17	35
18	Multiply \$1,040 by the total number of exemptions claimed on line 5f. See the chart on page 22 of the instructions.	18	36
19	Subtract line 18 from line 17. Write the result. This is your taxable income. ▶	19	39

Step 7
Figure your tax, credits, and payments (including advance EIC payments)

If You Want IRS to Figure Your Tax, See Page 22 of the Instructions.

20	Find the tax on the amount on line 19. Use the tax table, pages 31-36.	20	40
21a	Credit for child and dependent care expenses. Complete and attach Schedule 1, Part II.	21a	50
b	Partial credit for political contributions for which you have receipts. See page 24 of the instructions.	21b	49
22	Add lines 21a and 21b. Write the total.	22	56 ^{*/}
23	Subtract line 22 from line 20. Write the result. (If line 22 is more than line 20, write -0- on line 23.) This is your total tax. ▶	23	57 ^{*/}
24a	Total Federal income tax withheld. This should be shown in Box 9 of your W-2 form(s). (If line 6 is more than \$39,600, see page 25 of the instructions.)	24a	67
b	Earned income credit, from the worksheet on page 27 of the instructions. See page 26 of the instructions.	24b	
25	Add lines 24a and 24b. Write the total. These are your total payments. ▶	25	66 ^{*/}

Step 8
Figure your refund or amount you owe

26	If line 25 is larger than line 23, subtract line 23 from line 25. Write the result. This is the amount of your refund.	26	73 (-)
27	If line 23 is larger than line 25, subtract line 25 from line 23. Write the result. This is the amount you owe. Attach check or money order for full amount payable to "Internal Revenue Service." Write your social security number and "1985 Form 1040A" on it.	27	73 (+)

Step 9
Sign your return

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Your signature	Date	Your occupation
X		
Spouse's signature (if joint return, both must sign)	Date	Spouse's occupation
X		
Paid preparer's signature	Date	Preparer's social security no.
X		
Firm's name (if yours, if self-employed)	Employer identification no.	
Address and ZIP code	Check if self-employed <input type="checkbox"/>	



* / See Definitions

You MUST complete and attach Schedule 1 to Form 1040A if you:

- Claim the deduction for a working married couple (complete Part I)
- Claim the credit for child and dependent care expenses (complete Part II)
- Have over \$400 of interest income (complete Part III)
- Have over \$400 of dividend income (complete Part IV)

Part I Deduction for a married couple (filing a joint return) when both work (see page 20)

Complete this part to figure the amount you can deduct on Form 1040A, line 12. Attach Schedule 1 to Form 1040A.

	(a) You	(b) Your spouse
1 Wages, salaries, tips, etc., from Form 1040A, line 6.	1	
2 IRA deduction, if any, from Form 1040A, line 11.	2 —	—
3 Subtract line 2 from line 1. Write the result.	3 = 138	= 139
4 Write the amount from line 3, column (a) or (b) above, whichever is smaller.	4	
5 Percentage used to figure the deduction (10%).	5	x .10
6 Multiply the amount on line 4 by the percentage on line 5. Write your answer here and on Form 1040A, line 12.	6 =	28

Part II Credit for child and dependent care expenses (see page 23)

Complete this part to figure the amount of credit you can take on Form 1040A, line 21a. Attach Schedule 1 to Form 1040A.

1 Write the number of qualifying persons who were cared for in 1985. (See the instructions for the definition of a qualifying person.)	1	
2 Write the amount of qualified expenses you incurred and actually paid in 1985 for the care of the qualifying person, but DO NOT write more than \$2,400 (\$4,800 if you paid for the care of two or more qualifying persons).	2	134
3 • If unmarried at the end of 1985, write your earned income on line 3c, OR • If married, filing a joint return for 1985, you must complete lines 3a and 3b. a. Write your earned income	3a	
b. Write your spouse's earned income	3b	
c. Compare the amounts on lines 3a and 3b, and write the smaller of the two amounts on line 3c.	3c	135
4 Compare the amounts on lines 2 and 3c. Write the smaller of the two amounts here.	4	136
5 Write the percentage from the table below that applies to the amount on Form 1040A, line 15.		

If line 15 is:	Percentage is:	If line 15 is:	Percentage is:
Over— But not over—		Over— But not over—	
\$0—10,000	30% (.30)	\$20,000—22,000	24% (.24)
10,000—12,000	29% (.29)	22,000—24,000	23% (.23)
12,000—14,000	28% (.28)	24,000—26,000	22% (.22)
14,000—16,000	27% (.27)	26,000—28,000	21% (.21)
16,000—18,000	26% (.26)	28,000	20% (.20)
18,000—20,000	25% (.25)		
		5	x

6 Multiply the amount on line 4 by the percentage on line 5. Write the result here and on Form 1040A, line 21a.

6 = 50

Form 1040EZ

Income Tax Return for Single filers with no dependents (X) 1985

OMB No. 1545-0675

Name & address

Use the IRS mailing label. If you don't have one, please print:

Please print your numbers like this.

1 2 3 4 5 6 7 8 9 0

Your social security number

□ □ □ □ □ □ □ □ □ □

Print your name above (first, initial, last)

Print your home address (number and street)

City, town, or post office state and ZIP code STATE

Presidential Election Campaign Fund

Do you want \$1 of your tax to go to this fund? ELECT

Yes No

Yes: No:

Dollars

Cents

Figure your tax

1 Total wages, salaries, and tips. This should be shown in Box 10 of your W-2 form(s). (Attach your W-2 form(s).) 2 1

□ □ , □ □ □ □ . □ □

2 Interest income of \$400 or less. If the total is more than \$400, you cannot use Form 1040EZ. 3 2

□ □ □ □ . □ □

3 Add line 1 and line 2. This is your adjusted gross income.

1 2 3 4 5 6 7 8 9 0 . □ □

Attach Copy B of Form 1040EZ

**SCHEDULES A&B
(Form 1040)**

Department of the Treasury
Internal Revenue Service (2)

Schedule A—Itemized Deductions

(Schedule B is on back)

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

OMB No. 1545-0074

1985
07

Name(s) as shown on Form 1040

Your social security number

Medical and Dental Expenses (Do not include expenses reimbursed or paid by others.) (See instructions on page 19.)	1	Prescription medicines and drugs; and insulin	1		
	2	a	Doctors, dentists, nurses, hospitals, insurance premiums you paid for medical and dental care, etc.	2a	
		b	Transportation and lodging	2b	
		c	Other (list—include hearing aids, dentures, eyeglasses, etc.) ▶	2c	
	3	Add lines 1 through 2c, and write the total here	3	88	
4	Multiply the amount on Form 1040, line 33, by 5% (.05)	4			
5	Subtract line 4 from line 3. If zero or less, write -0- Total medical and dental ▶	5	85		
Taxes You Paid (See instructions on page 20.)	6	State and local income taxes	6	92	
	7	Real estate taxes	7	93	
	8	a	General sales tax (see sales tax tables in instruction booklet)	8a	94
		b	General sales tax on motor vehicles	8b	94
	9	Other taxes (list—include personal property taxes) ▶	9	96	
10	Add the amounts on lines 6 through 9. Write the total here Total taxes ▶	10			
Interest You Paid (See instructions on page 20.)	11	a	Home mortgage interest you paid to financial institutions	11a	99
		b	Home mortgage interest you paid to individuals (show that person's name and address) ▶		99
	11b				
	12	Total credit card and charge account interest you paid	12		
13	Other interest you paid (list) ▶				

SCHEDULE E
(Form 1040)

Department of the Treasury
Internal Revenue Service (30)

Supplemental Income Schedule

(From rents and royalties, partnerships, estates, and trusts, etc.)

OMB No. 1545-0074

1985

13

▶ Attach to Form 1040. ▶ See instructions for Schedule E (Form 1040).

Name(s) as shown on Form 1040

Your social security number

Part I Rental and Royalty Income or Loss

- 1 In the space provided below, show the kind and location of each rental property.
- 2 For each property listed, did you or a member of your family use for personal purposes any of the properties for more than the greater of 14 days or 10% of the total days rented at fair rental value during the tax year?

	Yes	No
Property A		
Property B		
Property C		

Rental and Royalty Income	Properties			Totals (Add columns A, B, and C)
	A	B	C	
3 a Rents received				3
b Royalties received				
Rental and Royalty Expenses				
4 Advertising	4			10
5 Auto and travel	5			
6 Cleaning and maintenance	6			
7 Commissions	7			
8 Insurance	8			
9 Legal and other professional fees	9			
10 Mortgage interest paid to financial institutions (see instructions)	10			
11 Other interest	11			
12 Repairs	12			
13 Supplies	13			
14 Taxes (Do not include Windfall Profit Tax here. See Part III, line 34.)	14			
15 Utilities	15			
16 Wages and salaries	16			
17 Other (list) ▶				

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 III Income or Losses from Partnerships, Estates or Trusts, or S Corporations

If you report a loss below, and have amounts invested in that activity for which you are not at risk, you may have to file Form 6198. See instructions.

	(a) Name	(b) Check if foreign partnership	(c) Employer identification number	(d) Net loss (see instructions for at-risk limitations)	(e) Net income
Partnerships					
	26 Add amounts in columns (d) and (e) and write the total(s) here			26 (126)	125
	27 Combine amounts in columns (d) and (e), line 26, and write the net income or (loss) here				27
	28 Deduction for section 179 property (from Form 1065, Schedule K-1). (See instructions for limitations.)			28 (127)	
	29 Total partnership income or (loss). Combine amounts on lines 27 and 28. Write the total here and include in line 39 below.				29
Estates or Trusts					
	30 Add amounts in columns (d) and (e) and write the total(s) here			30 (129)	128
	31 Total estate or trust income or (loss). Combine amounts in columns (d) and (e), line 30. Write the total here and include in line 39 below.				31
S Corporations					
	32 Add amounts in columns (d) and (e) and write the total(s) here			32 (131)	130
	33 Combine amounts in columns (d) and (e), line 32, and write the net income or (loss) here				33
	34 Deduction for section 179 property (from Form 1120S, Schedule K-1). (See instructions for limitations.)			34 ()	
	35 Total S corporation income or (loss). Combine amounts on lines 33 and 34. Write the total here and include in line 39 below.				35

Part III Windfall Profit Tax Summary

36	Windfall profit tax credit or refund received in 1984 (see instructions)	36	132
37	Windfall profit tax withheld in 1984 (see instructions)	37	(133)
38	Combine amounts on lines 36 and 37. Write the total here and include in line 39 below.	38	

Part IV Summary

39	TOTAL income or (loss). Combine lines 25, 29, 31, 35, and 38. Write total here and on Form 1040, line 18 ▶	39	16
40	Supplemental Form 1040-SS (Do not enter on this form)		

Schedule W
(Form 1040)

Department of the Treasury
Internal Revenue Service (3)

**Deduction for a Married Couple
When Both Work**

▶ For Paperwork Reduction Act Notices, see Form 1040 Instructions.
▶ Attach to Form 1040.

OMB No. 1545-0074

1985
20

Names as shown on Form 1040

Your social security number

Step 1 Figure your earned income

	(a) You		(b) Your spouse	
	1		1	
1 Wages, salaries, tips, etc., from Form 1040, line 7. (Do not include nondisability pensions or annuities.)				
2 Net profit or (loss) from self-employment (from Schedules C and F (Form 1040), Schedule K-1 (Form 1065), and any other earned income):				
3 Add lines 1 and 2. This is your total earned income.	3		3	

Step 2 Figure your qualified earned income

4 Adjustments from Form 1040, lines 25, 26, 27, and any repayment of sub-pay included on line 31. (See instructions below.)	4		4	
5 Subtract line 4 from line 3. This is your qualified earned income. If the amount in column (a) or (b) is zero (-0-) or less, stop here. You may not take this deduction.	5	138	5	139

Step 3 Figure your deduction

6 Compare the amounts in columns (a) and (b) of line 5 above. Write the smaller amount here. (Write either amount if 5(a) and 5(b) are the same.) Do not write more than \$30,000.	6			
7 Percentage used to figure the deduction (10%)	7		x .10	
8 Multiply the amount on line 6 by the percentage on line 7. This is the amount of your deduction. Write the answer here and on Form 1040, line 30.	8		28	

Instructions

Complete this schedule and attach it to your Form 1040 if you take the deduction for a married couple when both work. You may take the deduction if both you and your spouse:

- work and have qualified earned income, and
- file a joint return, and
- do not file Form 2555 to exclude income or to exclude or deduct certain housing costs, and
- do not file Form 4563 to exclude income.

There are three rules to follow:

- the qualified earned income entered in column (a) or (b) of line 5, whichever is less, OR
 - \$30,000.
- Earned income.**—This is generally income you receive for services you provide. It includes wages, salaries, tips, commissions, certain disability income, sub-pay, etc. (from Form 1040, line 7). It also includes income earned from self-employment (from Schedules C and F of Form 1040 and Schedule K-1 of Form 1065), and net earnings and gains (other than capital gains) from the disposition, transfer, or licensing of property that you created. Earned income does not include interest, dividends, social security or

These adjustments (and the related lines on Form 1040) are:

- Employee business expenses (from line 25).
- IRA deduction (from line 26).
- Keogh retirement plan deduction (from line 27).
- Repayment of supplemental unemployment benefits (sub-pay) included in the total on line 31. See the instructions on repayment of sub-pay on page 12 of the Form 1040 Instructions.

Enter the total of any adjustments that apply to your or your spouse's earned income in the appropriate column of line 4.

**SCHEDULE SE
(Form 1040)**

Department of the Treasury
Internal Revenue Service (X)

Computation of Social Security Self-Employment Tax

▶ See instructions for Schedule SE (Form 1040).

▶ Attach to Form 1040.

OMB No 1545-0074

1985

18

Name of self-employed person (as shown on social security card)

Social security number of self-employed person ▶

Part I Regular Computation of Net Earnings From Self-Employment

Note: If you performed services for certain churches or church-controlled organizations and you are not a minister or a member of a religious order, see the instructions.

- 1 Net farm profit or (loss) from Schedule F (Form 1040), line 39, and farm partnerships, Schedule K-1 (Form 1065), line 13a
- 2 Net profit or (loss) from Schedule C (Form 1040), line 33, Schedule K-1 (Form 1065), line 13a (other than farming), and Form W-2 wages of \$100 or more from an electing church or church-controlled organization. (See instructions for other income to report.)

Note: Check here if you are exempt from self-employment tax on your earnings as a minister, member of a religious order, or Christian Science practitioner because you filed Form 4361. See instructions for kinds of income to report. If you have other earnings of \$400 or more that are subject to self-employment tax, include those earnings on line 2.

**Part II Optional Computation of Net Earnings From Self-Employment
(See "Who Can Use Schedule SE")**

Generally, this part may be used only if you meet any of the following tests:

- A Your gross farm income (Schedule F (Form 1040), line 12) was not more than \$2,400; or
 - B Your gross farm income (Schedule F (Form 1040), line 12) was more than \$2,400 and your net farm profits (Schedule F (Form 1040), line 39) were less than \$1,600; or
 - C Your net nonfarm profits (Schedule C (Form 1040), line 33) were less than \$1,600 and also less than two-thirds (2/3) of your gross nonfarm income (Schedule C (Form 1040), line 5).
- See instructions for other limitations.

3 Maximum income for optional methods	3	\$1,600	00
4 Farm Optional Method—If you meet test A or B above, enter: the smaller of two-thirds (2/3) of gross farm income from Schedule F (Form 1040), line 12, and farm partnerships, Schedule K-1 (Form 1065), line 13b; or \$1,600	4		
5 Subtract line 4 from line 3	5		
6 Nonfarm Optional Method—If you meet test C above, enter: the smallest of two-thirds (2/3) of gross nonfarm income from Schedule C (Form 1040), line 5, and Schedule K-1 (Form 1065), line 13c (other than farming); or \$1,600; or, if you elected the farm optional method, the amount on line 5	6		

Part III Computation of Social Security Self-Employment Tax

7 Enter the amount from Part I, line 1, or, if you elected the farm optional method, Part II, line 4	7		
8 Enter the amount from Part I, line 2, or, if you elected the nonfarm optional method, Part II, line 6	8		
9 Add lines 7 and 8. If less than \$400, do not fill in the rest of the schedule because you are not subject to self-employment tax. (Exception: If this line is less than \$400 and you are an employee of an electing church or church-controlled organization, complete the schedule unless this line is a loss. See instructions.)	9	29	(includes 30)
10 The largest amount of combined wages and self-employment earnings subject to social security or railroad retirement tax (Tier 1) for 1985 is	10	\$39,600	00
11 a Total social security wages and tips from Forms W-2 and railroad retirement compensation (Tier 1). Note: U.S. Government employees whose wages are only subject to the 1.35% hospital insurance benefits tax (Medicare) and employees of certain church or church-controlled organizations should not include those wages on this line (see instructions).	11a		
b Unreported tips subject to social security tax from Form 4137, line 9, or			

General Business Credit

▶ Attach to your tax return.

Name(s) as shown on return

Identifying number

Part I Tentative Credit

1 Investment credit (Form 3468, line 14)	1	80
2 Jobs credit (Form 5884, line 7)	2	78
3 Credit for alcohol used as fuel (Form 6478, line 11)	3	79
4 Employee stock ownership plan (ESOP) credit (Form 8007, line 3)	4	
5 Current year general business credit—Add lines 1 through 4	5	81
6 Carryforward of general business credit (or investment, WIN, jobs, alcohol fuel, or ESOP credits)	6	82
7 Carryback of general business credit to 1985	7	
8 Tentative general business credit—Add lines 5, 6, and 7	8	83

Part II Tax Liability Limitations

9 a Individuals—From Form 1040, enter amount from line 46	}	9
b Corporations—From Form 1120, Schedule J, enter tax from line 3 (or Form 1120-A, Part I, line 1)		
c Other filers—Enter income tax before credits from return		
10 a Individuals—From Form 1040, enter credit from line 47, plus any orphan drug, nonconventional source fuel, and research credits included on line 49	}	10
b Corporations—From Form 1120, Schedule J, enter credits from lines 4(a) through 4(e) (Form 1120-A filers, enter zero)		
c Other filers—See instructions for line 10c		
11 Income tax liability as adjusted—Subtract line 10 from line 9		11
12 a Enter smaller of line 11 or \$25,000 (See instructions for line 12)		12a
b If line 11 is more than \$25,000—Enter 85% of the excess		12b
13 Credit limitation—Add lines 12a and 12b		13
14 General business credit—Enter smaller of line 8 or line 13 here and on Form 1040, line 48; Form 1120, Schedule J, line 4(f); Form 1120-A, Part I, line 2; or the proper line on other returns		14

General Instructions

(Section references are to the Internal Revenue Code.)

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Purpose of Form.—The general business credit consists of the investment credit (Form 3468), jobs credit (Form 5884), alcohol fuel credit (Form 6478), and employee stock ownership plan (ESOP) credit (Form 8007). If you have more than one of these credits, or a carryback or carryforward of any of these credits, you must summarize them here on Form 3800. If you have only one of these credits for 1985, you do not have to file Form 3800. Instead, use that particular form to claim the credit. For example, if you have only a 1985 investment credit, you may use Form 3468 to claim your credit for 1985. You do not have to file Form 3800 in this case.

Please note that you do not have to take the jobs, alcohol fuel, or ESOP credits if you do not wish to.

For more information on the investment credit, see Form 3468, Computation of Investment Credit, or Publication 572, Investment Credit.

For more information on the jobs credit, see Form 5884, Jobs Credit, or Publication 906, Jobs and Research Credits.

For more information on the alcohol fuel credit, see Form 6478, Credit for Alcohol Used as Fuel.

For more information on the ESOP credit, see Form 8007, Credit for Employee Stock Ownership Plan.

Carryback and Carryforward of Unused Credit.—If you cannot use part or all of the credit on line 5 because of the tax liability limitation on line 13 or the operation of the alternative minimum tax, you may carry any excess back to each of the three preceding tax years, beginning with the earliest. If you have an unused credit after carryback, it may be carried forward to each of the 15 years after the year of the credit. Credits unused after 15 years may be deducted at that time (or earlier if the taxpayer dies or goes out of business). (But see sections 196 and 404(i) for certain limitations.)

Although the investment, jobs, alcohol fuel, and ESOP credits are aggregated as the general business credit, you may want to keep separate records of these credits to ensure that no credits or deductions are lost.

Specific Instructions

Line 6.—All carryforwards of unused investment credit, jobs credit (and WIN credit carryover), alcohol fuel credit, and ESOP credit are added together and become a business credit carryforward to 1985.

Line 10c—Other filers.—Before you can claim the general business credit against your income tax liability, you must reduce this tax liability by the following credits:

- Personal credits
- Foreign tax credit
- Possessions corporation tax credit
- Orphan drug credit
- Nonconventional source fuel credit
- Research credit

Line 12.—If your adjusted tax liability (line 11) is \$25,000 or less, your general business credit is limited to that liability. If the tax liability is more than \$25,000, your credit is limited to \$25,000 plus 85% of the excess.

If you and your spouse file separate returns, each must use \$12,500 instead of \$25,000. However, if only one has any business credit, that one may use the entire \$25,000.

Controlled corporate groups must divide the \$25,000 among all component members. See section 38(c)(3)(B).

Estates and trusts must first determine what percentage of the total income is allocable to the estate or trust itself, then apply that same percentage to the \$25,000 amount on line 12a.

See section 38(c)(3)(C) for limitations on the credit for mutual savings institutions, regulated investment companies, and real estate investment trusts.

Department of the Treasury
Internal Revenue Service (10)

▶ Attach to Form 1040.
▶ See instructions below.

Name(s) as shown on Form 1040

Your social security number

1 Write the number of qualifying persons who were cared for in 1985. (See the instructions below for the definition of qualifying persons.)

2 If payments listed on line 3 were made to an individual, complete the following:

a If you paid \$50 or more in a calendar quarter to an individual, were the services performed in your home?

b If "Yes," have you filed appropriate wage tax returns on wages for services in your home (see the instructions for line 2)?

c If the answer to b is "Yes," write your employer identification number.

3 Write the amount of qualified expenses you incurred and actually paid in 1985 for the care of the qualifying person, but do not write more than \$2,400 (\$4,800 if you paid for the care of two or more qualifying persons).

4 You must write your earned income on line 4c. See the instructions for line 4 for the definition of earned income.

a If you were unmarried at the end of 1985, write your earned income on line 4c, OR

b If you are married, filing a joint return for 1985, you must complete lines 4a and 4b.

a Write your earned income

b Write your spouse's earned income

c Compare amounts on lines 4a and 4b, and write the smaller of the two amounts on line 4c.

5 Compare amounts on lines 3 and 4c, and write the smaller of the two amounts on line 5.

6 Write the percentage from the table below that applies to the adjusted gross income on Form 1040, line 33.

If line 33 is:		Percentage is:	If line 33 is:		Percentage is:
Over—	But not over—		Over—	But not over—	
\$0—10,000		30% (.30)	\$20,000—22,000		24% (.24)
10,000—12,000		29% (.29)	22,000—24,000		23% (.23)
12,000—14,000		28% (.28)	24,000—26,000		22% (.22)
14,000—16,000		27% (.27)	26,000—28,000		21% (.21)
16,000—18,000		26% (.26)	28,000		20% (.20)
18,000—20,000		25% (.25)			

7 Multiply the amount on line 5 by the percentage shown on line 6, and write the result.

8 Multiply any child and dependent care expenses for 1984 that you paid in 1985 by the percentage that applies to the adjusted gross income on Form 1040, line 33, for 1984. Write the result. (See line 8 instructions for the required statement.)

9 Add amounts on lines 7 and 8. Write the total here and on Form 1040, line 41. This is the maximum amount of your credit for child and dependent care expenses.

1		Yes	No
2a			
2b			
2c	Employer ID number		
3	134		
4a			
4b			
4c	135		
5	136		
6			
7			
8	137		
9	50		

General Instructions

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

What Is the Child and Dependent Care Expenses Credit?

You may be able to take a tax credit for amounts you paid someone to care for your child or other qualifying person so you could work or look for work in 1985. The credit will lower the amount of your tax. The credit is based on a percentage of the amount you paid during the year. The most you may take as a credit is \$720 if you paid for the care of one qualifying person, or \$1,440 if you paid for the care of two or more qualifying persons.

Additional information.—For more information about the credit, please get Publication 503, Child and Dependent Care Credit, and Employment Taxes for Household Employers.

Who Is a Qualifying Person?

A qualifying person is any one of the following persons:

- Any person under age 15 whom you claim as a dependent (but see the special rule later for Children of divorced or separated parents).
- Your disabled spouse who is mentally or physically unable to care for himself or herself.
- Any disabled person who is mentally or physically unable to care for himself or herself and whom you claim as a dependent, or could claim as a dependent except that he or she had income of \$1,040 or more.

Note: You must have shared the same home with any person you claim as a qualifying person.

Children of divorced or separated parents.—If you were divorced, legally separated, or lived apart from your spouse during the last 6 months of 1985, you may be able to claim the credit even if your child is not your dependent. If your child is not your dependent, he or she is a qualifying person if all five of the following apply:

1. You had custody of the child for the longer period during the year; and
2. The child received over half of his or her support from one or both of the parents; and
3. The child was in the custody of one or both of the parents over half of the year; and
4. The child was under age 15, or was physically or mentally unable to care for himself or herself; and

(Continued on back)

Residential Energy Credit

1985
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Department of the Treasury
Internal Revenue Service

- ▶ Attach to Form 1040.
- ▶ See instructions on back.
- ▶ For Paperwork Reduction Act Notice, see instructions on back.

Name(s) as shown on Form 1040

Your social security number

Enter the address of your principal residence in which the credit is claimed if it is different from the address shown on Form 1040.

If you have an energy credit carryover from a previous tax year and no energy savings costs this year, stop to Part III, line 24.

Part I Fill in your energy conservation costs (but do not include repair or maintenance costs).

1 Was your principal residence substantially completed before April 20, 1977? (See instructions) Yes No
 Note: You **MUST** answer this question. Failure to do so will delay the processing of your return. If you checked the "No" box, you **CANNOT** claim an energy credit under Part I and you should not fill in lines 2a through 12 of this form.

2	a	Insulation	2a	
	b	Storm (or thermal) windows or doors	2b	
	c	Caulking or weatherstripping	2c	
	d	A replacement burner for your existing furnace that reduces fuel use	2d	
	e	A device for modifying flue openings to make a heating system more efficient	2e	
	f	An electrical or mechanical furnace ignition system that replaces a gas pilot light	2f	
		with an automatic setback	2g	

Form **6251**
Department of the Treasury
Internal Revenue Service

Alternative Minimum Tax Computation

OMB No. 1545-0027

1985
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▶ Attach to Forms 1040, 1040NR, 1041 or 990-T (Trust).

Name(s) as shown on tax return

Identifying number

1 Adjusted gross income from Form 1040 line 33 or Form 1040NR line 32 (see instructions)