

General Description Booklet
for the
1998 PUBLIC USE TAX FILE

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TABLE OF CONTENTS

INTRODUCTION.....	2
DISCLOSURE AVOIDANCE PROCEDURES.....	3
CORE RECORD LAYOUT (CODES).....	6
CORE RECORD LAYOUT (AMOUNTS)	7
CODE DEFINITIONS	15
EXPLANATION OF FIELDS NOT ABSTRACTED DIRECTLY FROM TAX FORMS	23
TECHNICAL DESCRIPTION OF THE FILE.....	28
SAMPLE DESCRIPTION	29
WEIGHTED COUNTS FOR EACH CODE FIELD	35
WEIGHTED SUM OF THE AMOUNTS IN EACH AMOUNT FIELD.....	38
1998 FEDERAL TAX FORMS (WITH FIELD NUMBERS REFERENCED).....	A-1

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

INTRODUCTION

The Internal Revenue Service 1998 Public Use Tax File, which contains 122,625 records, was selected as part of the Statistics of Income program that was designed to tabulate and present statistical information for the 124.8 million Form 1040, Form 1040A, and Form 1040EZ Federal Individual Income Tax Returns filed for Tax Year 1998. The Individual Tax File is designed for making national level estimates.

The Tax Files, which have been produced since 1960, consist of detailed information taken from SOI sample records. The public use versions of these sample files are sold 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 1998 Tax File can be purchased through the Internal Revenue Service, Statistics of Income Division. Any questions concerning the cost and acquisition of the current Individual Tax File should be directed to:

Thomas Petska, Director
Statistics of Income Division N:ADC:R:S
Internal Revenue Service
P.O. Box 2608
Washington, DC 20013-2608

Telephone number: (202) 874-0700
Fax number: (202) 874-1198

Individual Public Use Tax Files for each of the Tax Years 1960, 1962, and 1966 through 1991 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:

Reference Services
Center for Electronic Records
National Archives and Records Administration
8601 Adelphi Road
College Park, MD 20740-6001
(301) 713-6630

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

The Archives order number for any of the above-mentioned historical Public Use Tax Model Files is 374-109-(A). In addition to the order number, the requester 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 File Sample Description" for a more detailed discussion of the Tax File.

DISCLOSURE AVOIDANCE PROCEDURES

To preserve the character of the microdata file while also protecting the identity of individuals, we have made the following changes to the Individual Tax File.

First, to make sure that it will be impossible to know whether a given taxpayer is represented in the sample, we have subsampled our 100 percent sample¹ at a 33 percent rate. In addition, certain records (83) with extreme values were exempt from inclusion in the public-use file. Each of these records would have had a 33 percent chance of selection for the file. Therefore, the actual subsampling rate is slightly less than one third..

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

- The State codes and all other geographic indicators have been removed for all high income records.
- Other codes and fields removed for these returns include: alimony paid, alimony received, and blindness indicator.
- Also, certain codes (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 "State and local income taxes deductions". In this field, for every three records, in descending order, the average State and local income taxes deduction has been

¹Returns sampled at 100 percent for the Statistics of Income program include those with total income or loss of \$5,000,000 or more; those with business plus farm receipts of \$50,000,000 or more; and nontaxable returns with adjusted gross incomes or expanded incomes of \$200,000 or more.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

determined and that value has been placed in the State and local income taxes 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 fewer than three, these records have been combined with the group of three immediately before it. This method of disguising data is called "blurring".

- High income returns have then been separated into 25 different classes based on marital status, the number of children living at home, and the size of salaries and wages. Within each of these 25 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 25 classes have not been averaged with records in any of the other 24 classes. The file was then sorted on real estate tax deductions (again, within the 25 classes), and on Net Receipts, and the same blurring procedure was repeated on each field.²

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 blurred, nationally, for alimony paid and alimony received. Then, all lower income returns were sorted by State. After this sort, the records were blurred for salaries and wages, real estate tax deductions, Net Receipts, and State and local income taxes deduction (State of Wisconsin, only, for this last item) in the same manner as described above. The only difference between the processing of these records and that of the high income returns is

²For 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. "Protection of Taxpayer Confidentiality on the IRS Tax Model." Statistics of Income and Related Administrative Record Research: 1986, Internal Revenue Service. See also: Sailer, Peter; Weber, Michael; and Wong, William. "Disclosure-Proofing The 1996 Individual Tax Return Public Use File." Proceedings of the American Statistical Association: 2001, American Statistical Association.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

that the lower income returns have been sorted for the blurred field by individual state with no records from two different States being combined when averaging a field over a series of records.

Fourth, for all records on the file, 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).

Since individual records in this file may or may not contain data from just one tax return--and never contain the full item content of any one tax return--we request that researchers make these facts clear in publishing their findings. In particular, they should refrain from using any language that would imply that they had access to individual taxpayers' records.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

CORE RECORD LAYOUT

4-Digit Codes

(all codes are 4 characters in length)

1. RESERVED	15. F8582	29. XBI*
2. AGIR1	16. F8606	30. XFPT
3. CYCLE	17. MARS	31. XFST
4. DSI	18. PCI	32. XOCAH
5. EFI	19. PREP	33. XOCAWH
6. EIC	20. PSV	34. XODEP
7. ELECT	21. REGION*	35. XOPAR
8. FDED	22. SCHB	36. XTOT
9. FLPDYR	23. SCHCF	37. IE
10. FLPDMO	24. SCHE	38. MIDR
11. F2441	25. SPECTX	
12. F2555	26. STATE*	
13. F3800	27. TFORM	
14. F6251	28. TXST	

* Only present for returns that sampled at less than a 100% rate and where AGI was less than \$200,000.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

CORE RECORD LAYOUT Amount Fields and Large Codes

<u>Field No</u>	<u>Fields</u>
	Income
1.	Salaries and Wages ^{3/}
2.	Taxable Interest
3.	Tax-Exempt Interest Income
4.	Dividends
5.	State Income Tax Refunds
6.	Alimony Received ^{2/}
7.	Business or Profession Net Income Less Loss (Schedule C) (+/-)
8.	Sales of Capital Assets Reported on Sch. D Net Gain Less Loss in AGI (+/-)
9.	RESERVED
10.	Sales of Prop. other than Capital Assets Net Gain Less Loss (+/-)(Form 4797)
11.	Taxable IRA Distribution
12.	Total Pensions and Annuities
13.	Pensions and Annuities in AGI
14.	Schedule E Net Income Less Loss (+/-)
15.	Farm Net Income Less Loss (Schedule F) (+/-)
16.	Unemployment Compensation
17.	Total Social Security Benefits
18.	Social Security Benefits in AGI
19.	RESERVED
20.	RESERVED
21.	RESERVED
	Statutory Adjustments
22.	Payments to Individual Retirement Account (IRA)
23.	RESERVED
24.	Moving Expenses
25.	Deduction for Self-Employment Tax
26.	Self-Employed Health Insurance Deduction
27.	Payments to a Keogh Plan
28.	Forfeited Interest Penalty
29.	Alimony Paid ^{2/}
30.	RESERVED
31.	RESERVED
32.	RESERVED

Note: See page 14 for this section's footnotes.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

Adjusted Gross Income

33. Adjusted Gross Income Less Deficit (AGI) (+/-)

Tax Computation

34. Standard Deduction (if used) or Itemized Deductions (whether or not used)
35. Exemption Amount
36. Taxable Income
37. Tax on Taxable Income and Form 8814 Tax (SOI)
38. Computed Income Tax (SOI)
39. Income Tax Before Credits
40. Income Subject to Tax (SOI)
41. Marginal Tax Base (SOI)
42. Tax Generated - Tax Rate Tables (SOI)

Credits

43. Total Tax Credits (SOI)
44. Child and Dependent Care
45. Elderly or Disabled
46. Foreign Tax
47. General Business Credit
48. Other Tax Credits (Not Included in the Specified Credit fields)
49. Credit for Prior Year Minimum Tax

Other Taxes

50. Total Income Tax (SOI)
51. Income Tax after Credits (SOI)
52. Self-Employment Tax
53. Alternative Minimum Tax
54. Recapture Tax from Form 4255, Investment Credit (SOI)
55. Social Security Tax on Tip Income Not Reported to Employer
56. Penalty Tax on Qualified Retirement Plans
57. Total Tax Liability (SOI)

Note: See page 14 for this section's footnotes.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

Payments

- 58. Income Tax Withheld
- 59. Estimated Tax Payments
- 60. Earned Income for Earned Income Credit (SOI)
- 61. EIC Used to Offset Income Tax Before Credits (SOI)
- 62. EIC Used to Offset All Other Taxes (SOI)
- 63. EIC Refundable Portion (SOI)
- 64. Amount Paid with Form 4868
- 65. Excess Social Security/RRTA
- 66. Credit for Federal Tax on Special Fuels and Oils
- 67. Regulated Investment Company Credit
- 68. Total Tax Payments (SOI)

Refund or Amount You Owe

- 69. Balance Due (Overpayment) (+/-)
- 70. Overpayment Credited to Next Year's Tax
- 71. Predetermined Estimated Tax Penalty

Itemized Deductions (Schedule A):

Medical and Dental Expense Deductions

- 72. Medical and Dental Expenses Subject to Reduction by AGI Limit
- 73. Limited Medical and Dental Expenses Deduction

Taxes Paid Deductions

- 74. State and Local Income Taxes ^{1/}
- 75. Real Estate Taxes ^{3/}
- 76. RESERVED
- 77. RESERVED

Interest Paid Deductions

- 78. RESERVED
- 79. RESERVED
- 80. RESERVED
- 81. RESERVED
- 82. Total Interest

Note: See page 14 for this section's footnotes.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

Gifts to Charity

- 83. Cash Contributions
- 84. Other than Cash Contributions
- 85. RESERVED
- 86. Contributions Deduction, Total

Miscellaneous Deductions (Subject to 2% Limitation)

- 87. Net Limited Miscellaneous Deductions
- 88. Unreimbursed Employee Business Expense
- 89. Tax Preparation Fees
- 90. Total Miscellaneous Deductions Subject to AGI Limitation

Other

- 91. Casualty or Theft Loss
- 92. RESERVED
- 93. RESERVED

Itemized Deduction Limitation

- 94. Itemized Deduction Limitation (SOI)

Interest and Dividend Income (Schedule B)

- 95. RESERVED

Combined Schedule C Income and Some Deduction Items

- 96. Net Receipts (+/-)^{3/}
- 97. Cost of Goods Sold And/or Operations
- 98. RESERVED
- 99. RESERVED
- 100. Car and Truck Expenses
- 101. Commissions and Fees
- 102. Depreciation
- 103. Insurance
- 104. Mortgage Interest
- 105. Other Interest
- 106. Office Expenses
- 107. Rent - Other Business Property
- 108. Wages (Less Jobs Credit)
- 109. Total Expenses^{4/}
- 110. RESERVED

Note: See page 14 for this section's footnotes.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

Capital Gains (Schedule D)

- 111. Short-Term Gains (Before Carryover)
- 112. RESERVED
- 113. RESERVED
- 114. Long Term Gain from Other Forms Carried To Schedule D
- 115. Long Term Capital Gain Taxed at the 28% rate
- 116. Schedule D Capital Gain Distributions
- 117. Long-Term Gains Less Losses (Before Carryover)
- 118. Unrecaptured Section 1250 gain
- 119. RESERVED

Supplemental Income and Loss (Schedule E)

Rental Real Estate and Royalties

- 120. Total Rents Received
- 121. Total Royalties Received
- 122. Rental Expenses: Mortgage Interest
- 123. Rent/Royalty Expenses Other Interest
- 124. Royalty Depletion
- 125. Rental Depreciation
- 126. Rent Net Income or Loss (+/-)
- 127. Royalty Net Income or Loss (+/-)
- 128. Deductible Rental Real Estate Loss
- 129. RESERVED
- 130. Rent/Royalty Net Income
- 131. Rent/Royalty Net Loss

Partnerships

- 132. Total Passive Income
- 133. Total Non-Passive Income
- 134. Total Passive Loss
- 135. Total Non-Passive Loss
- 136. Partnership Section 179 Expense Deduction

Note: See page 14 for this section's footnotes.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

Small Business Corporation

- 137. Total Passive Income
- 138. Total Non-Passive Income
- 139. Total Passive Loss Allowed
- 140. Total Non-Passive Loss
- 141. Combined Partnership and S Corporation Net Income/Loss (+/-)
- 142. S-Corp. Section 179 Expense Deduction

Estate or Trust

- 143. Total Income
- 144. Total Loss

Farm Rental

- 145. Farm Rent Net Income or Loss (Not included in any other rent field) (+/-)

Schedule SE - Self Employment Income

- 146. Net Earnings subject to Social Security Tax, Total (SOI)
- 147. Net Earnings subject to Social Security Tax, Secondary Taxpayer (SOI)

Child Care Credit (Form 2441)

- 148. Qualifying Expenses Limitation
- 149. Earned Income Limitation (SOI)
- 150. Qualified Expenses Limited to Earned Income

General Business Credit (Form 3800)

- 151. Investment (Included in General Business Credit)
- 152. Jobs (Included in General Business Credit)
- 153. Alcohol Used as Fuel (Included in General Business Credit)
- 154. Increasing Research Activities (Included in General Business Credit)
- 155. Low Income Housing (Included in General Business Credit)

Investment Interest Expense Deduction (Form 4952)

- 156. Disallowed Investment Interest Expense to be Carried Forward
- 157. Investment Interest Expense
- 158. Amount of Net Long-Term Capital Gains Elected for Inclusion in Investment Income

Note: See page 14 for this section's footnotes.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

Alternative Minimum Tax Computation (Form 6251)

- 159. Accelerated Depreciation
- 160. Combined Tax Preferences (SOI)
- 161. Net Operating Loss Tax Preference (SOI)
- 162. RESERVED
- 163. Total Adjustments and Preferences excluding other adjustments (+/-) (SOI)
- 164. Alternative Minimum Taxable Income
- 165. Alternative Tax Foreign Tax Credit

Passive Activity Loss Limitation (Form 8582)

- 166. Total Current Year Passive Net Income (SOI)
- 167. Total Current Year Passive Net Losses (SOI)
- 168. Total Losses Allowed from All Passive Activities for 1998
- 169. RESERVED

Minimum Tax Credit (Form 8801)

- 170. RESERVED
- 171. Minimum Tax Credit Carryforward to 1999

Miscellaneous Codes

- 172. Return Id
- 173. RESERVED
- 174. RESERVED
- 175. Decimal Weight
- 176. Sample Count
- 177. Population Count
- 178. Sample Code
- 179. Marginal Tax Rate Code (SOI)
- 180. RESERVED

Additional Items

- 181. Other Income (Schedule C)
- 182. Non-Schedule D tax
- 183. Schedule D 10 percent tax amount
- 184. Schedule D 20 percent tax amount
- 185. Schedule D 25 percent tax amount
- 186. Schedule D 28 percent tax amount

Note: See page 14 for this section's footnotes.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

- 187. AMT Long-Term Capital Gains Eligible for Capital Gains Treatment
- 188. AMT Unrecaptured Section 1250 Gain
- 189. AMT Capital Gains less Investment Interest Amount
- 190. Reserved
- 191. AMT Adjusted Gross Income less Total Deductions
- 192. Student Loan Interest Deduction
- 193. Child Tax Credit
- 194. Hope Credit Prior to Limitation
- 195. Lifetime Learning Credit Prior to Limitation
- 196. Education Credits
- 197. Additional Child Tax Credit

^{1/} Blurred for high income returns (note: State and local income taxes deduction is also blurred for low income returns in Wisconsin); See the section on Disclosure Avoidance Procedures for a more complete explanation.

^{2/} Blurred for lower income returns, reserved for high income returns.

^{3/} Blurred for all returns.

^{4/} For Schedule C-EZ filers, no detail is available for this field.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

CODE DEFINITIONS

1. RESERVED

2. AGIR1 Adjusted Gross Income (AGI) Range:

No AGI (includes deficit)	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

3. CYCLE CYCLE

Individual Master File return posting cycle (week) code 04-52
(Each number represents the nth week of the year)

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

4. DSI Dependent Status Indicator:
- (A) Taxpayer not being claimed as a dependent on another tax return.....0
 - (B) Taxpayer claimed as a dependent on another tax return1

5. EFI Electronic Filing Indicator:
- (A) Return not filed electronically.....0
 - (B) Return filed electronically1

6. EIC Earned Income Credit Code:
- (A) No children claimed0
 - (B) One child claimed.....1
 - (C) Two children claimed.....2

(Note: This field does not indicate whether the Earned Income Credit was claimed)

7. ELECT Presidential Election Campaign Fund Boxes:
- (A) No "yes" boxes checked.....0
 - (B) One "yes" box or both "yes" & "no" boxes checked).....1
 - (C) Two "yes" boxes checked.....2

8. FDED Form of Deduction Code:
- (A) Itemized deductions1
 - (B) Standard deduction.....2
 - (C) Taxpayer did not use itemized or standard deduction.....3

Note: Unused total itemized deductions may be shown in field 34 if provided by the taxpayer.

9. FLPDYR Filing (Accounting) Period, Year:
 Tax Year 1901-1999

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

10. FLPDMO Filing (Accounting) Period, Month:

Month Taxpayer's year ended..... 01-12

11. F2441 Form 2441, Child Care Credit Qualified Individual:

(A) No Form 2441 attached to return0

(B) Number of qualifying individuals 1-9

NOTE: For high income returns with values greater than 3, this code was set equal to 3

12. F2555 Form 2555, Foreign Earned Income:

(A) No Form 2555 attached to the return0

(B) Number of Forms 2555 attached 1-2

13. F3800 Form 3800, General Business credit:

(A) No Form 3800 attached to return0

(B) Form 3800 attached to return1

14. Reserved

15. F8582 Form 8582, Passive Activity Loss Limitation:

(A) No Form 8582 attached to return.....0

(B) Form 8582 attached to return.....1

16. F8606 Form 8606, Nondeductible IRA Contributions:

(A) No Form 8606 attached to return.....0

(B) Form(s) 8606 attached to return 1-2

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

17. MARS Marital (Filing) Status:

- (A) Single.....1
- (B) Married filing a joint return2
- (C) Married filing separately3
- (D) Head of household.....4
- (E) Widow(er) with dependent child (surviving spouse).....5

NOTE: For high income returns with values equal to 5, this code was set equal to 2.

18. PCI Form 1040PC indicator

- (A) Return not filed as Form 1040PC.....0
- (B) Return filed as Form 1040PC1

19. PREP Tax Preparer:

- (A) No preparer other than taxpayer indicated on the form.....0
- (B) Return prepared by paid tax preparer.....1
- (C) IRS prepared return.....2
- (D) IRS reviewed return.....3
- (E) Voluntary Income Tax Assistance prepared return.....4
- (F) Self help5
- (G) Tax Counseling for the elderly6
- (H) Outreach program.....7

20. Reserved

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

21. REGION IRS Regions:

(A) Northeast	1
(B) Southeast.....	2
(C) Midstates.....	3
(D) Western.....	4

NOTE: For high income returns this code was set equal to zero.

22. SCHB Schedule B Indicator:

(A) No Schedule B attached to return	0
(B) Schedule B attached to return	1

23. 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

24. SCHE Schedule E Indicator:

(A) No Schedule E attached to the return	0
(B) Schedule E attached to the return	1

25. SPECTX Special Tax Computation:

(A) No entry	0
(B) Form 4970 tax used	1
(C) Form 4972 tax used	2
(D) Both Form 4972 and Form 4970 taxes used.....	3
(E) Type not determinable or prior year return with any combination of the additional taxes	4

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

26. 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, Puerto Rico,
25	Mississippi		Puerto Rico, Virgin
26	Missouri		Islands, Guam or
27	Montana		U.S. Citizens Abroad
28	Nebraska		

NOTE: For high income returns this code was set equal to zero.

27. TFORM Form of Return:

(A) 1040 Return.....	0
(B) 1040A Return.....	1
(C) 1040EZ Return.....	2
(D) 1040PC Return.....	3

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

28. TXST	TAX STATUS:	
	(A) No tax owed and IRS did not compute tax.....	0
	(B) Regular tax only, not computed by IRS.....	1
	(C) Taxes are owed and IRS computed tax.....	2
	(D) No taxes due as computed by IRS.....	3
	(E) Tax based on Form 8615, Schedule D tax has no entry.....	4
	(F) Form 8814 tax at children's 15% rate; Sched D tax has no entry.....	5
	(G) Form 8814 tax at children's 15% rate; Sched D tax has entry.....	6
	(H) Sch. D tax has an entry, no tax from Form 8615 or Form 8814.....	7
	(I) Tax based on Form 8615, Schedule D tax also has an entry.....	8
	(J) Schedule J, Farm Income Averaging has an entry.....	9
29. XBI	Primary or Secondary Taxpayer Blindness Indicator:	
	(A) Neither the primary nor secondary taxpayer is blind	0
	(B) Either the primary or secondary taxpayer is blind.....	1
	(C) Both the primary and secondary taxpayer is blind	2
30. XFPT	Primary Taxpayer Exemption:	
	(A) No exemption for primary taxpayer (dep. of another taxpayer).....	0
	(B) Primary taxpayer exemption.....	1
31. XFST	Secondary Taxpayer Exemption:	
	(A) No secondary taxpayer or joint return filed by dependents.....	0
	(B) Secondary taxpayer exemption.....	1
32. XOCAH	Exemptions for Children Living at Home:	
	Number of children.....	0-99

NOTE: For high income returns with values greater than 3, this code was set equal to 3.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

33. XOCAWH Exemptions for Children Living Away from Home:

Number of children..... 0-9

NOTE: For high income returns with values greater than 3 for XOCAH, this code, XOCAWH was set equal to 0.

34. XOODEP Exemptions for Other Dependents:

Number of other dependents..... 0-99

NOTE: For high income returns with values greater than 3 for XOCAH, this code, XOODEP was set equal to 0.

35. XOPAR Exemptions for Parents Living at Home or Away from Home:

Number of parents0-9

NOTE: For high income returns with values greater than 3 for XOCAH, this code, XOPAR was set equal to 0.

36. XTOT Total Exemptions:

Number of exemptions..... 00-99

37. IE Itemized Deductions Election Indicator (Taxpayer elects to claim itemized deductions even though the standard deduction amount is greater than the amount of itemized deductions)

Taxpayer does not use itemized election option0
Taxpayer used itemized election option.....1

38. MDIR Married Filing Separately Itemized Deductions Requirement Indicator

Not necessary to itemize because of filing status.....0
Necessary to itemized when filing separately.....1

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

EXPLANATION OF FIELDS NOT ABSTRACTED DIRECTLY FROM TAX FORMS

The following explanations define data fields contained in the 1998 Individual Tax File that have not been abstracted directly from a specific line on Forms 1040, 1040A, 1040EZ, or the accompanying schedules and forms. Field 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 "1998 Federal Tax Forms" section of this booklet for further information.

<u>Field Number</u>	<u>Definition</u>
34	<p>DEDUCTIONS</p> <p>This is either Total Standard Deduction or Total Itemized Deductions. Only one can appear on each return. (Note: If the taxpayer had no income, but still included the total itemized deductions for which he/she was eligible, this amount is shown in Field 34; else the standard deduction for which he/she was eligible is shown.)</p>
37	<p>TAX ON TAXABLE INCOME</p> <p>This is the amount shown in Field 39 less special taxes from Form 4972 (Tax on Lump Sum Distributions).</p>
38	<p>COMPUTED INCOME TAX</p> <p>This is the amount arrived at by applying the Tax Rate Schedules to Taxable Income, without regard to the type of computation used by the taxpayer.</p>
40	<p>INCOME SUBJECT TO TAX</p> <p>For taxpayers filing current year returns, "Income Subject to Tax" is identical to taxable income except for: those dependents paying "kiddie" tax from Form 8615; and those returns with long-term capital gains taxed at the 28 percent rate (TXST equals 6 or 7). For dependents filing Form 8615 (TXST = 4 or 8), this is the income taxed at child's rate. For taxpayers with long-term capital gains, this is only the income taxed at the regular rates (not any capital gains that were taxed at the maximum capital gains rate of 28 percent). For prior year returns, "income subject to tax" is computed by using the Tax Year tax rate schedule to impute a hypothetical taxable income amount necessary to yield the given amount of tax reported.</p>
41	<p>MARGINAL TAX BASE</p> <p>This is the amount of income subject to tax at the marginal tax rate applicable to the return (TXRT), using the 1998 Tax Rate Schedules for all returns. (See</p>

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

- Income Subject to Tax).
- 42 TAX GENERATED
This is a computed amount arrived at by applying the Tax Rate Schedules to Income Subject to Tax.
- 43 TOTAL TAX CREDITS (SOI)
Total credits from Form 1040 (line 45) or 1040A (line 24d plus EARNED INCOME CREDIT USED TO OFFSET INCOME TAX BEFORE CREDITS (F61).
- 48 OTHER TAX CREDITS (NOT INCLUDED IN THE SPECIFIED CREDIT FIELDS)
The sum of the amounts for Other Tax Credits on Form 1040 line 47 for which separate fields have not been listed.
- 50 TOTAL INCOME TAX
Income Tax After Credits (F51) plus Alternative Minimum Tax (F53).
- 51 INCOME TAX AFTER CREDITS (SOI)
Income Tax after Credits from Form 1040 (line 44) or 1040A (line 25) minus the amount of Earned Income Credit used to offset Income Tax Before Credits. For Form 1040EZ, which does not allow for any credits or any other taxes, this is the same as "Total Tax Liability."
- 54 RECAPTURE TAX FROM FORM 4255
Amount shown on Form 1040, line 56 for Recapture of Investment Credit from Form 4255
- 57 TOTAL TAX LIABILITY (SOI)
Total tax liability (Form 1040, line 56, Form 1040A, line 34, Form 1040-EZ, line 10) minus Advance Earned Income Credit payments (line 54, Form 1040) minus EIC USED TO OFFSET INCOME TAX BEFORE CREDITS (F61) minus EIC USED TO OFFSET ALL OTHER TAXES (F62) minus the additional child tax credit (F197) (but never less than zero).
- 60 EARNED INCOME FOR EARNED INCOME CREDIT
The total of earned income (salaries and wages and earned business income) used in computing the earned income credit, as shown on line 6 of the EIC Worksheet (page 23 of the Instructions for Form 1040). Note that this field is computed by SOI. Taxpayers are not required to file this worksheet with their return.
- 61 EARNED INCOME CREDIT USED TO OFFSET INCOME TAX BEFORE

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

CREDITS

This amount is the lesser of: Total Earned Income Credit or Income Tax Before Credits (F39) minus all credits except the Earned Income Credit.

62-63 If Total Earned Income Credit (EIC) is greater than Income Tax Before Credits (reduced by all credits except the Earned Income Credit), the following fields are computed:

62 - EARNED INCOME CREDIT USED TO OFFSET ALL OTHER TAXES EXCEPT ADVANCE EIC

The lesser of:

1. Total EIC minus Earned Income Credit used to offset Income Tax Before Credits (F61); or
2. The sum of all other taxes (fields 52 through 56), plus the following tax items which are not shown separately: Advance EIC and Household Employment Taxes

63 - EARNED INCOME CREDIT, REFUNDABLE PORTION
EIC minus F61 minus F62 (see above for definitions and conditions).

68 TOTAL TAX PAYMENTS

Total payments shown on the tax form, minus the total Earned Income Credit (Form 1040 line 64 minus line 59a) minus the additional child tax credit (F197). This is limited to zero if there is a refundable EIC or additional child tax credit.

94 ITEMIZED DEDUCTION LIMITATION

The amount used to reduce deductible itemized deductions, as shown on line 9 of the Itemized Deductions Worksheet (page A-5 of the Form 1040 Instructions).

98 BUSINESS RECEIPTS

Line 3 plus line 6 of Schedule C.

111 SHORT-TERM GAIN/LOSSES NET OF CARRYOVER

All short-term capital gains less losses shown in column (f) except for the short-term capital loss carryover.

117 LONG-TERM GAIN/LOSSES NET OF CARRYOVER

All long-term capital gains less losses shown in column (f) except for the long-term capital loss carryover

146 NET EARNINGS FROM SELF-EMPLOYMENT INCOME

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

The lesser of line 6 (net Schedule SE earnings) or 9 (maximum amount subject to Social Security tax) on the combined Schedule SE. For the short form, Schedule SE, this is line 4.

- 147 NET EARNINGS FROM SELF-EMPLOYMENT INCOME, SECONDARY TAXPAYER
The lesser of line 6 (net Schedule SE earnings) or 9 (maximum amount subject to Social Security tax) on the secondary taxpayer's Schedule SE. For the short form, Schedule SE, this is line 4.
- 149 EARNED INCOME LIMITATION
The smaller of line 4 or 5 (primary or secondary earned income), Form 2441, limited to a maximum of \$10,000.
- 160 COMBINED TAX PREFERENCES
Sum of the amounts on lines 3, 4, 5, 7, 8, 9, 10, 11, 12 and 13, less amount on line 6, Form 6251. The amounts on lines 1 and 2 can be determined from items on Form 1040 or Schedule A.
- 161 NET OPERATING LOSS TAX PREFERENCE PLUS OTHER ADJUSTMENTS
Line 17 less line 20 plus line 14, Form 6251.
- 163 TOTAL ADJUSTMENTS & PREFERENCES EXCLUDING OTHER ADJUSTMENTS AND PREFERENCES
Line 15 less line 14, Form 6251
- 166 TOTAL CURRENT YEAR PASSIVE NET INCOME
Lines 1A + 2A, Form 8582
- 167 TOTAL CURRENT YEAR PASSIVE NET LOSSES
Lines 1b + 2b, Form 8582
- 169 PRIOR YEAR UNALLOWED LOSSES
Lines 1C + 2C, Form 8582
- 172 RETURN ID
A unique number assigned for each sampled tax return during processing.
- 175 DECIMAL WEIGHT
This field was derived by dividing the computer population count of returns in a sample stratum by the number of sample returns for that stratum (carried to two decimal places). The decimal place is implied. Estimates derived from each

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

return record must be multiplied by this decimal weight and divided by 100.

- 176 **SAMPLE COUNT**
The number of sampled tax returns found in the given sample code.
- 177 **POPULATION COUNT**
The number of tax returns in the population for a given sample code.
- 178 **SAMPLE CODE**
See Table B, below.
- 179 **MARGINAL TAX RATE**
Top rate from tax rate schedule that applies to income subject to tax. See definition for field number 40 (Income Subject to Tax). Note that this field uses an implied decimal point (28.0 percent is represented by 280).

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

TECHNICAL DESCRIPTION OF THE FILE

The Public Use file is available on CD-ROM in ASCII format. The record length is 2516 where the last byte is an end of record marker.

All codes are unsigned. The data fields are signed positive or negative, whichever is appropriate, in the first character position of the field.

Codes are 4 characters in length with leading zeros. The largest value is 99. The fields in the file are 12 characters in length with leading zeros and with “+” or “-“ leading signs.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

SAMPLE DESCRIPTION

This section describes the sample design and selection, the method of estimation, the sampling variability of the estimates, and the methodology of computing confidence intervals.

Domain of Study

The data in this file are estimates from a probability sample of unaudited Individual Income Tax Returns, Forms 1040, 1040A, 1040EZ, 1040PC, 1040T and 1040TEL (including electronic returns) filed by U.S. citizens and residents during Calendar Year 1999.

All returns processed during 1999 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, while amended returns were excluded because the original returns had already been subjected to sampling. A small percentage of returns were not identified as tentative or amended until after sampling. These returns, along with those that contained no income information, were excluded in calculating estimates. This resulted in a small difference between the population total (125,037,636 returns) reported in Table A and the estimated total of all returns (124,770,764 returns) generated using the Public Use Tax File. In addition, the perfection of money amounts during Statistics of Income processing, as well as the blurring techniques used in creation of the Public Use File, may have shifted some returns from one income class to another, making it impossible to replicate Table A exactly from the Public Use sample.

The records found in this file are intended to represent all returns filed for Tax Year 1998. While about 98 percent of the returns processed during Calendar Year 1999 were for Tax Year 1998, a few were for noncalendar years ending during 1998 and 1999, and some were returns for prior years. Returns for prior years were used in place of 1998 returns received and processed after December 31, 1999. This was done in the belief that the characteristics of returns due, but not yet processed, could best be represented by the returns for previous income years that were processed in 1999.

Sample Design and Selection

The sample design is a stratified probability sample, in which the population of tax returns is classified into subpopulations, called strata, and a sample is selected independently from each stratum. Strata are defined by:

1. Nontaxable with adjusted gross income or expanded income of \$200,000 or over and no alternative minimum tax.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

2. High combined business and farm total receipts of \$50,000,000 or more.
3. Presence or absence of special Forms or Schedules (Form 2555, Form 1116, Form 1040 Schedule C, and Form 1040 Schedule F).
4. Total gross positive or negative income. Sixty variables are used to derive positive and negative incomes. These positive and negative classes are deflated using the Gross Domestic Product Implicit Price Deflator to represent a base year of 1991.
5. Potential usefulness of the return for tax policy modeling. Thirty-two variables are used to determine how useful the return is for tax modeling purposes.

Table A shows the population and sample count for each stratum after collapsing some strata with the same sampling rates. The sampling rates range from 0.05 percent to 100 percent.

Tax data processed to the IRS Individual Master File at the Martinsburg Computing Center during Calendar Year 1999 were used to assign each taxpayer's record to the appropriate stratum and to determine whether or not the record should be included in the sample. Records are selected for the sample either if they possess certain combinations of the four ending digits of the social security number, or if their ending five digits of an eleven-digit number generated by a mathematical transformation of the SSN is less than or equal to the stratum sampling rate times 100,000.

Data Capture and Cleaning

Data capture for the SOI sample begins with the designation of a sample of administrative records. While the sample was being selected, the process was continually monitored for sample selection and data collection errors. In addition, a small subsample of returns was selected and independently reviewed, analyzed, and processed for a quality evaluation.

The administrative data and controlling information for each record designated for this sample was loaded onto an online database at the Cincinnati Service Center. Computer data for the selected administrative records were then used to identify inconsistencies, questionable values, and missing values as well as any additional variables that an editor needed to extract for each record. The editors use a hardcopy of the taxpayer's return to enter the required information onto the online system. Data are 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 was detected during editing, the amount of director's fees were added to the salaries and wages field.

After the completion of service center review, data were further validated, tested, and

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

balanced at the Detroit Computing Center. Adjustments and imputations for selected fields were used to make each record internally consistent.

Some returns designated for the sample were not available for SOI processing because other areas of IRS needed the return at the same time. For Tax Year 1998, 0.08 percent of the sample returns were unavailable.

Method of Estimation

Weights were obtained by dividing the population count of returns in a stratum by the number of sample returns for that stratum. The weights were adjusted to correct for misclassified returns.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

Table A.—Number of Individual Income Tax Returns in the Population and Sample by Sampling Strata for 1998

Description of the sample strata														Continued on next page		
Grand total																
Form 1040 returns only with adjusted gross income or expanded income of \$200,000 and over, with no income tax after credits and no additional tax for tax preferences, total																
Form 1040 returns only with combined Schedule C (business or profession) total receipts of \$50,000,000 and over, total																
Other Returns, total																
Description of the sample strata	Degree of interest ³	Number of Returns by type of form attached														
		Form 1040, with Form 1116 but without Form 2555			Form 1040, with Schedule C but without Form 1116 or Form 2555			Form 1040, with Schedule F but without Form 1116 or Form 2555			All other forms					
		Population counts	Sample counts	Public-use sample counts	Population counts	Sample counts	Public-use sample counts	Population counts	Sample counts	Public-use sample counts	Population counts	Sample counts	Public-use sample counts			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)				
Total.....		2,465,704	31,283	23,478	17,118,658	35,196	29,149	1,546,182	4,403	3,598	103,904,099	90,465	65,404			
Indexed Negative Income ⁴																
\$10,000,000 or more.....	All	78	78	26	484	484	159	73	73	24	577	577	191			
\$5,000,000 under \$10,000,000.....	All	96	96	32	622	622	207	121	121	40	699	699	233			
\$2,000,000 under \$5,000,000.....	All	332	101	101	2,247	732	732	534	182	61	2,536	820	819			
\$1,000,000 under \$2,000,000.....	All	671	113	113	4,932	760	759	1,313	220	219	5,073	833	831			
\$500,000 under \$1,000,000.....	All	1,444	48	48	13,819	456	455	4,010	123	123	11,835	404	403			
\$250,000 under \$500,000.....	All	2,905	39	38	34,515	334	322	10,370	102	100	26,680	247	242			
\$120,000 under \$250,000.....	All	**	**	**	80,691	356	337	19,244	82	80	57,692	265	245			
\$60,000 under \$120,000.....	All	**	**	**	117,403	299	270	20,446	47	45	87,359	228	213			
Under \$60,000.....	All	**	**	**	329,368	431	363	38,812	60	50	315,763	407	345			
Indexed Positive Income ⁴																
Under \$30,000.....	1			**			**			**	27,033,158	13,427	8,041			
Under \$30,000.....	2	74,599	44	27	1,870,503	970	585	116,952	55	33	29,186,440	14,582	8,787			
Under \$30,000.....	3-4	251,336	272	229	3,531,202	3,645	2,934	185,113	200	159	6,939,555	7,322	5,943			
\$30,000 under \$60,000.....	1-2	167,242	89	49	1,718,727	827	501	194,278	91	54	20,134,368	9,956	5,988			
\$30,000 under \$60,000.....	3-4	307,440	349	280	3,365,480	3,611	2,975	286,784	299	258	5,517,314	6,023	4,861			
\$60,000 under \$120,000.....	1-3	389,111	181	108	1,817,425	967	587	230,539	112	63	9,414,789	4,698	2,796			
\$60,000 under \$120,000.....	4	322,834	330	255	2,201,565	2,258	1,807	182,835	172	138	2,182,254	2,207	1,771			
\$120,000 under \$250,000.....	1-3	227,463	362	302	436,583	639	556	106,446	161	143	1,399,085	2,009	1,749			
\$120,000 under \$250,000.....	4	284,199	810	751	1,018,129	2,925	2,711	69,351	180	174	883,073	2,551	2,366			
\$250,000 under \$500,000.....	All	243,266	1,636	1,593	421,230	2,850	2,746	57,665	358	351	493,608	3,298	3,202			
\$500,000 under \$1,000,000.....	All	112,063	2,676	2,655	113,905	2,834	2,806	15,408	388	384	144,754	3,594	3,565			
\$1,000,000 under \$2,000,000.....	All	46,392	5,677	5,665	27,867	3,462	3,455	4,018	513	511	45,033	5,562	5,551			
\$2,000,000 under \$5,000,000.....	All	23,483	7,632	7,629	9,191	2,964	2,961	1,457	451	451	17,220	5,522	5,519			
\$5,000,000 under \$10,000,000.....	All	6,595	6,595	2,198	1,879	1,879	626	277	277	92	3,472	3,472	1,157			
\$10,000,000 or more.....	All	4,155	4,155	1,379	891	891	295	136	136	45	1,762	1,762	586			

¹ This population includes an estimated 266,974 returns that were excluded from other tables in this report because they contained no income information or represented amended or tentative returns identified after sampling.

² This population includes 167 Form 1040 returns that were misclassified because of bad data collected during revenue processing.

³ Each population member is assigned a degree of interest based on how useful it is for tax modeling purposes. Degree of interest ranges from one (1) to four (4), with a one being assigned to returns that are the least interesting, and a four being assigned to those that are the most interesting. "All" refers to income classes for which returns with all four degrees of interest are assigned.

⁴ Positive and Negative Income classes are divided by a Gross Domestic Product Deflator of 1.1403 to represent a base year of 1991.

** Data combined.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

Table A.—Number of Individual Income Tax Returns in the Population and Sample by Sampling Strata for 1998

Description of the sample strata	Number of returns		
	Population counts	Sample counts	Public-use sample counts
Grand total	125,037,636	164,340	122,625
Form 1040 returns only with adjusted gross income or expanded income of \$200,000 and over, with no income tax after credits and no additional tax for tax preferences, total	2,907	2,907	968
Form 1040 returns only with combined Schedule C (business or profession) total receipts of \$50,000,000 and over, total	86	86	28
Other Returns, total	125,034,643	161,347	121,629
Description of the sample strata			
Total.....			
Indexed Negative Income ⁴			
\$10,000,000 or more.....	1,212	1,212	400
\$5,000,000 under \$10,000,000.....	1,538	1,538	512
\$2,000,000 under \$5,000,000.....	5,649	1,835	1,713
\$1,000,000 under \$2,000,000.....	11,989	1,926	1,922
\$500,000 under \$1,000,000.....	31,108	1,031	1,029
\$250,000 under \$500,000.....	74,470	722	702
\$120,000 under \$250,000.....	157,627	703	662
\$60,000 under \$120,000.....	225,208	574	528
Under \$60,000.....	683,943	898	758
Indexed Positive Income ⁴			
Under \$30,000.....	27,033,158	13,427	8,041
Under \$30,000.....	31,248,494	15,651	9,432
Under \$30,000.....	10,907,206	11,439	9,265
\$30,000 under \$60,000.....	22,214,615	10,963	6,592
\$30,000 under \$60,000.....	9,477,018	10,282	8,374
\$60,000 under \$120,000.....	11,851,864	5,958	3,554
\$60,000 under \$120,000.....	4,889,488	4,967	3,971
\$120,000 under \$250,000.....	2,169,577	3,171	2,750
\$120,000 under \$250,000.....	2,254,752	6,466	6,002
\$250,000 under \$500,000.....	1,215,769	8,142	7,892
\$500,000 under \$1,000,000.....	386,130	9,492	9,410
\$1,000,000 under \$2,000,000.....	123,310	15,214	15,182
\$2,000,000 under \$5,000,000.....	51,351	16,569	16,560
\$5,000,000 under \$10,000,000.....	12,223	12,223	4,073
\$10,000,000 or more.....	6,944	6,944	2,305

¹ This population includes an estimated 266,974 returns that were excluded from other tables in this report because they contained no income information or represented amended or tentative returns identified after sampling.

² This population includes 167 Form 1040 returns that were misclassified because of bad data collected during revenue processing.

³ Each population member is assigned a degree of interest based on how useful it is for tax modeling purposes. Degree of interest ranges from one (1) to four (4), with a one being assigned to returns that are the least interesting, and a four being assigned to those that are the most interesting. 'All' refers to income classes for which returns with all four degrees of interest are assigned.

⁴ Positive and Negative Income classes are divided by a Gross Domestic Product Deflator of 1.1403 to represent a base year of 1991.

** Data combined.

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

Table B – Sample Code Definitions

Sample Codes

					Sample Code
Form 1040 returns only with AGI or expanded income of \$200,000 and over, with no income tax after credits and no add. tax for tax preferences.....					101
Form 1040 returns only with combined Schedule C (business or profession) total receipts of \$50,000,000 and over, total.....					201
Description of the sample strata	Form 1040, with Form 1116 but without Form 2555	Form 1040, with Schedule C but without Form 1116 or Form 2555	Form 1040, with Schedule F but without Form 1116 or Form 2555	All other forms	
	Sample Code	Sample Code	Sample Code	Sample Code	
	(1)	(2)	(3)	(4)	
Indexed Negative Income ⁴					
\$10,000,000 or more.....	401	601	801	1	
\$5,000,000 under \$10,000,000.....	402	602	802	2	
\$2,000,000 under \$5,000,000.....	403	603	803	3	
\$1,000,000 under \$2,000,000.....	404	604	804	4	
\$500,000 under \$1,000,000.....	405	605	805	5	
\$250,000 under \$500,000.....	406	606	806	6	
\$120,000 under \$250,000.....	**	607	807	7	
\$60,000 under \$120,000.....	**	608	808	8	
Under \$60,000.....	**	609	809	9	
Indexed Positive Income ⁴					
Under \$30,000.....	**	**	**	10	
Under \$30,000.....	411	611	811	11	
Under \$30,000.....	412	612	812	12	
\$30,000 under \$60,000.....	413	613	813	13	
\$30,000 under \$60,000.....	414	614	814	14	
\$60,000 under \$120,000.....	415	615	815	15	
\$60,000 under \$120,000.....	416	616	816	16	
\$120,000 under \$250,000.....	417	617	817	17	
\$120,000 under \$250,000.....	418	618	818	18	
\$250,000 under \$500,000.....	419	619	819	19	
\$500,000 under \$1,000,000.....	420	620	820	20	
\$1,000,000 under \$2,000,000.....	421	621	821	21	
\$2,000,000 under \$5,000,000.....	422	622	822	22	
\$5,000,000 under \$10,000,000.....	423	623	823	23	
\$10,000,000 or more.....	424	624	824	24	

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

C10		C17		C26	
843	1	55,079,703	1	2,109,801	0
1,495	2	49,565,262	2	1,897,132	1
14	3	2,609,102	3	269,838	2
165	4	17,459,051	4	2,074,370	3
1,167	5	57,646	5	1,009,380	4
482	6			14,131,438	5
28	7		C18	1,919,676	6
165	8			1,537,540	7
43	9	118,003,868	0	367,810	8
50	10	6,766,896	1	293,797	9
9	11			7,004,932	10
124,766,303	12		C19	3,566,151	11
				544,529	12
	C11	57,475,533	0	585,656	13
		66,044,791	1	5,535,460	14
118,020,633	0	203,961	2	2,671,163	15
4,433,216	1	23,309	3	1,412,711	16
2,283,422	2	565,779	4	1,218,710	17
23,100	3	457,391	6	1,752,168	18
7,026	4			1,720,069	19
3,367	5		C21	524,575	20
				2,397,801	21
	C12	2,443,639	0	2,988,326	22
		33,473,449	1	4,514,734	23
124,457,100	0	34,364,082	2	2,318,775	24
290,279	1	27,422,294	3	1,073,955	25
23,385	2	27,067,300	4	2,379,994	26
				448,392	27
	C13		C22	774,222	28
				869,182	29
124,406,180	0	87,783,406	0	578,303	30
364,583	1	36,987,357	1	3,724,766	31
				684,594	32
	C14		C23	8,021,769	33
				3,450,804	34
124,770,764	0	105,790,156	0	267,558	35
		16,863,290	1	5,292,014	36
	C15	1,596,339	2	1,477,685	37
		317,104	3	1,527,084	38
121,229,919	0	203,875	4	5,520,595	39
3,540,845	1			449,854	40
			C24	1,804,784	41
	C16			325,180	42
		109,112,312	0	2,543,511	43
122,279,206	0	15,658,451	1	8,279,658	44
2,491,558	1			884,095	45
			C25	320,973	46
				3,123,324	47
		124,724,820	0	2,609,801	48
		45,944	2	696,681	49
				2,422,961	50
				229,032	51
				623,451	52

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

C27		C33	
71,500,673	0	123,935,571	0
25,711,954	1	643,805	1
20,791,241	2	137,766	2
6,766,896	3	32,606	3
		13,078	4
		3	5
		7,936	6
C28		C34	
23,800,451	0		
82,998,030	1		
29,099	2		
86,950	3	122,565,266	0
99,550	4	1,725,186	1
98,673	5	362,775	2
117,880	6	77,239	3
17,122,861	7	25,362	4
368,319	8	4,870	5
48,949	9	6,731	6
		3,334	8
C29		C35	
124,411,326	0		
351,388	1	122,843,959	0
8,049	2	1,607,585	1
		310,501	2
		8,709	3
		11	4
C30		C36	
11,236,813	0		
113,533,950	1		
C31		C37	
		11,236,813	0
		45,224,747	1
75,205,958	0	33,255,146	2
49,564,806	1	15,757,638	3
		12,663,167	4
		4,759,960	5
		1,297,444	6
		402,168	7
		101,526	8
		43,786	9
		19,115	10
		4,290	11
		4,787	12
		164	13
		11	14
C32		C38	
81,872,562	0		
19,347,136	1		
16,361,652	2		
5,444,044	3		
1,235,273	4		
365,603	5		
86,869	6		
37,487	7		
11,018	8		
4,179	9		
4,776	10		
164	11		
		124,695,795	0
		74,969	1

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

Weighted sum of the amounts in each amount field

	1998 Full SOI Individual Sample	1998 Public Use Sample	Full Sample less Public Use	
F 1	3,879,762,258,742	3,883,574,797,231	(3,812,538,489)	-0.10%
F 2	178,333,631,966	176,191,048,924	2,142,583,042	1.20%
F 3	50,223,364,709	51,351,748,957	(1,128,384,248)	-2.25%
F 4	118,479,991,267	117,002,683,550	1,477,307,717	1.25%
F 5	14,707,843,863	14,713,947,666	(6,103,803)	-0.04%
F 6	5,118,122,760	4,785,421,871	332,700,889	6.50%
F 7	202,400,115,562	200,278,950,810	2,121,164,752	1.05%
F 8	446,083,838,930	440,329,648,344	5,754,190,586	1.29%
F 10	(1,575,698,131)	(1,666,927,394)	91,229,263	-5.79%
F 11	74,094,366,560	73,369,514,417	724,852,143	0.98%
F 12	441,521,384,822	436,096,947,518	5,424,437,304	1.23%
F 13	280,650,197,892	282,261,439,723	(1,611,241,831)	-0.57%
F 14	219,258,920,765	218,913,453,299	345,467,466	0.16%
F 15	(7,933,777,724)	(7,787,534,154)	(146,243,570)	1.84%
F 16	16,814,669,075	16,980,014,299	(165,345,224)	-0.98%
F 17	154,953,369,985	152,899,751,406	2,053,618,579	1.33%
F 18	68,702,699,693	68,272,491,320	430,208,373	0.63%
F 22	8,188,452,257	8,165,848,990	22,603,267	0.28%
F 24	1,684,183,147	1,727,432,903	(43,249,756)	-2.57%
F 25	15,960,341,328	15,786,086,210	174,255,118	1.09%
F 26	4,693,286,185	4,675,702,999	17,583,186	0.37%
F 27	11,039,683,313	10,881,902,842	157,780,471	1.43%
F 28	217,912,857	214,460,015	3,452,842	1.58%
F 29	6,877,808,078	4,828,518,128	2,049,289,950	29.80%
F 33	5,415,972,846,622	5,408,164,504,873	7,808,341,749	0.14%
F 34	1,145,378,266,289	1,143,385,341,536	1,992,924,753	0.17%
F 35	650,347,284,653	650,302,271,439	45,013,214	0.01%
F 36	3,780,838,199,695	3,773,771,366,353	7,066,833,342	0.19%
F 37	813,227,104,111	811,501,830,485	1,725,273,626	0.21%
F 38	874,055,382,776	871,653,438,136	2,401,944,640	0.27%
F 39	813,568,861,433	811,750,674,069	1,818,187,364	0.22%
F 40	3,386,649,319,414	3,382,591,376,067	4,057,943,347	0.12%
F 41	1,847,644,432,360	1,845,299,462,578	2,344,969,782	0.13%
F 42	736,947,663,118	735,894,127,479	1,053,535,639	0.14%
F 43	30,055,932,830	29,989,896,510	66,036,320	0.22%
F 44	2,660,572,769	2,673,495,656	(12,922,887)	-0.49%
F 45	35,688,636	34,334,123	1,354,513	3.80%
F 46	4,677,022,465	4,541,786,416	135,236,049	2.89%
F 47	732,486,974	730,210,438	2,276,536	0.31%
F 48	379,633,685	343,557,290	36,076,395	9.50%
F 49	818,388,640	814,144,610	4,244,030	0.52%
F 50	788,541,978,985	786,754,986,384	1,786,992,601	0.23%

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

	1998 Full SOI Individual Sample		Full Sample less Public Use	
F 51	783,512,928,603	781,761,417,272	1,751,511,331	0.22%
F 52	31,914,255,815	31,566,237,301	348,018,514	1.09%
F 53	5,014,548,971	4,976,984,997	37,563,974	0.75%
F 54	238,979,598	249,681,033	(10,701,435)	-4.48%
F 55	26,263,641	23,837,601	2,426,040	9.24%
F 56	2,699,418,995	2,819,581,811	(120,162,816)	-4.45%
F 57	821,899,253,212	819,837,369,496	2,061,883,716	0.25%
F 58	636,248,491,217	636,358,622,033	(110,130,816)	-0.02%
F 59	177,750,951,906	177,139,623,915	611,327,991	0.34%
F 60	248,690,987,415	248,543,861,577	147,125,838	0.06%
F 61	2,232,024,926	2,249,708,130	(17,683,204)	-0.79%
F 62	2,358,147,982	2,375,842,110	(17,694,128)	-0.75%
F 63	27,001,616,194	26,822,299,279	179,316,915	0.66%
F 64	45,640,224,874	44,882,291,738	757,933,136	1.66%
F 65	1,523,583,609	1,532,560,223	(8,976,614)	-0.59%
F 66	108,376,188	109,326,730	(950,542)	-0.88%
F 67	46,076,338	45,881,628	194,710	0.42%
F 68	861,317,704,132	860,068,598,136	1,249,105,996	0.15%
F 69	(65,835,613,714)	(66,507,159,505)	671,545,791	-1.02%
F 70	23,541,267,501	23,552,755,989	(11,488,488)	-0.05%
F 71	961,802,017	954,754,734	7,047,283	0.73%
F 72	48,891,967,216	48,995,932,076	(103,964,860)	-0.21%
F 73	31,984,304,218	31,825,817,808	158,486,410	0.50%
F 74	152,638,264,698	152,596,325,065	41,939,633	0.03%
F 75	79,977,795,207	79,680,395,806	297,399,401	0.37%
F 82	271,624,314,461	271,011,715,352	612,599,109	0.23%
F 83	80,114,371,722	79,179,124,263	935,247,459	1.17%
F 84	29,255,984,581	29,391,344,328	(135,359,747)	-0.46%
F 86	109,240,077,944	108,419,770,463	820,307,481	0.75%
F 87	40,546,291,259	41,251,029,095	(704,737,836)	-1.74%
F 88	41,570,155,273	42,402,242,620	(832,087,347)	-2.00%
F 89	3,269,951,802	3,254,370,186	15,581,616	0.48%
F 90	60,074,058,504	60,897,469,115	(823,410,611)	-1.37%
F 91	1,193,534,210	1,121,715,462	71,818,748	6.02%
F 94	26,948,018,160	26,867,030,138	80,988,022	0.30%
F 96	888,997,237,560	881,003,946,038	7,993,291,522	0.90%
F 97	325,696,100,277	319,485,376,942	6,210,723,335	1.91%
F 100	39,641,433,661	38,883,228,628	758,205,033	1.91%

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

	1998 Full SOI Individual Sample		Full Sample less Public Use	
F 101	10,644,370,121	10,609,238,080	35,132,041	0.33%
F 102	29,055,083,411	29,034,067,359	21,016,052	0.07%
F 103	12,930,248,409	12,977,739,555	(47,491,146)	-0.37%
F 104	4,799,812,032	4,668,771,738	131,040,294	2.73%
F 105	6,296,421,368	6,201,725,071	94,696,297	1.50%
F 106	9,582,421,346	9,532,936,193	49,485,153	0.52%
F 107	22,815,295,823	22,908,544,983	(93,249,160)	-0.41%
F 108	58,828,817,804	58,681,579,909	147,237,895	0.25%
F 109	370,190,303,944	367,185,549,327	3,004,754,617	0.81%
F 111	(29,727,892,809)	(4,147,642,322)	(25,580,250,487)	86.05%
F 114	104,466,274,321	102,209,570,566	2,256,703,755	2.16%
F 115	(40,370,732,910)	(40,292,176,016)	(78,556,894)	0.19%
F 116	46,147,491,551	45,819,938,270	327,553,281	0.71%
F 117	389,453,227,891	433,083,935,155	(43,630,707,264)	-11.20%
F 118	12,560,773,303	12,428,860,055	131,913,248	1.05%
F 120	169,886,017,856	170,289,058,526	(403,040,670)	-0.24%
F 121	7,626,930,270	7,266,353,019	360,577,251	4.73%
F 122	44,008,629,194	44,512,449,177	(503,819,983)	-1.14%
F 123	5,098,617,285	5,153,774,498	(55,157,213)	-1.08%
F 124	724,356,570	693,269,049	31,087,521	4.29%
F 125	33,484,695,386	33,798,863,737	(314,168,351)	-0.94%
F 126	11,735,409,545	11,781,481,249	(46,071,704)	-0.39%
F 127	5,739,554,756	5,384,989,223	354,565,533	6.18%
F 128	29,703,417,159	30,206,245,891	(502,828,732)	-1.69%
F 130	52,195,580,359	51,938,280,926	257,299,433	0.49%
F 131	33,182,638,037	33,721,893,853	(539,255,816)	-1.63%
F 132	31,750,049,341	31,617,664,559	132,384,782	0.42%
F 133	79,293,137,125	78,047,505,898	1,245,631,227	1.57%
F 134	12,065,478,557	12,015,735,237	49,743,320	0.41%
F 135	24,357,573,165	24,143,812,624	213,760,541	0.88%
F 136	1,348,897,269	1,346,183,731	2,713,538	0.20%
F 137	23,396,364,143	23,224,496,017	171,868,126	0.73%
F 138	135,903,516,761	136,106,720,645	(203,203,884)	-0.15%
F 139	3,501,074,533	3,230,926,603	270,147,930	7.72%
F 140	36,694,187,972	35,690,549,307	1,003,638,665	2.74%
F 141	187,354,592,501	187,508,505,831	(153,913,330)	-0.08%
F 142	5,021,263,372	5,059,913,779	(38,650,407)	-0.77%
F 143	10,734,339,539	10,896,501,712	(162,162,173)	-1.51%
F 144	1,270,231,318	926,452,528	343,778,790	27.06%
F 145	3,428,713,640	3,221,387,128	207,326,512	6.05%
F 146	189,986,825,443	187,874,294,148	2,112,531,295	1.11%
F 147	27,947,764,542	27,626,488,095	321,276,447	1.15%
F 148	13,612,133,789	13,706,965,263	(94,831,474)	-0.70%
F 149	166,452,003,550	61,227,518,299	105,224,485,251	63.22%
F 150	13,408,710,797	13,494,143,268	(85,432,471)	-0.64%

1998 STATISTICS OF INCOME PUBLIC USE TAX FILE

F 151	91,813,127	88,060,288	3,752,839	4.09%
F 152	29,044,134	29,767,620	(723,486)	-2.49%
F 153	9,375,032	9,105,997	269,035	2.87%
F 154	122,884,481	116,948,461	5,936,020	4.83%
F 155	529,533,067	550,697,776	(21,164,709)	-4.00%
F 156	7,182,008,797	7,438,375,026	(256,366,229)	-3.57%
F 157	15,500,907,326	15,104,430,659	396,476,667	2.56%
F 158	1,780,591,637	1,732,610,659	47,980,978	2.69%
F 159	35,223,255	35,157,748	65,507	0.19%
F 160	79,947,271,920	72,902,074,920	7,045,197,000	8.81%
F 161	17,679,487,424	16,774,933,676	904,553,748	5.12%
F 163	80,543,187,200	80,472,720,013	70,467,187	0.09%
F 164	815,273,467,502	813,056,769,879	2,216,697,623	0.27%
F 165	3,670,504,052	3,555,493,505	115,010,547	3.13%
F 166	53,091,804,203	52,067,278,999	1,024,525,204	1.93%
F 167	28,005,972,697	27,018,734,858	987,237,839	3.53%
F 168	23,200,151,504	23,498,407,940	(298,256,436)	-1.29%
F 171	2,985,928,194	2,956,939,560	28,988,634	0.97%
F 181	13,248,981,492	12,780,156,368	468,825,124	3.54%
F 182	287,560,258,865	290,787,944,229	(3,227,685,364)	-1.12%
F 183	3,557,179,342	3,599,867,504	(42,688,162)	-1.20%
F 184	69,212,324,360	68,558,613,188	653,711,172	0.94%
F 185	2,363,337,520	2,342,756,043	20,581,477	0.87%
F 186	832,573,921	817,517,970	15,055,951	1.81%
F 187	246,331,785,673	240,206,923,505	6,124,862,168	2.49%
F 188	8,797,394,402	8,677,907,551	119,486,851	1.36%
F 189	256,182,501,309	249,024,298,544	7,158,202,765	2.79%
F 191	730,921,157,474	729,597,243,856	1,323,913,618	0.18%
F 192	1,730,767,710	1,792,923,740	(62,156,030)	-3.59%
F 193	15,143,468,110	15,259,542,312	(116,074,202)	-0.77%
F 194	3,136,984,252	3,097,546,106	39,438,146	1.26%
F 195	922,237,925	896,603,005	25,634,920	2.78%
F 196	3,376,646,624	3,343,115,386	33,531,238	0.99%
F 197	508,972,409	542,445,482	(33,473,073)	-6.58%

1998 PUBLIC USE TAX FILE

1998 FEDERAL TAX FORMS (with element numbers referenced)

1998 STATE NON-PUBLIC USE TAX FILE

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 1.

7 Wages, salaries, tips, etc.----- 1

On the Core Record Layout it would appear as "1" to the left of the Salaries and Wages line. See example below.

-- Record Layout --

- 1. SALARIES AND WAGES
- 2. TAXABLE INTEREST INCOME
- 3. TAX-EXEMPT INTEREST INCOME

Another example, Line 8a, Taxable Interest Income, on the Form 1040 (see below) has a field number of 2. This field number is cross referenced to the Taxable Interest Income line on the 1998 Core Record Layout, which contains the number 2 to the left of the line (see above).

8a Taxable Interest Income ----- 2

For the year Jan. 1–Dec. 31, 1998, or other tax year beginning , 1998, ending , 19 OMB No. 1545-0074

Label

(See instructions on page 18.)

Use the IRS label. Otherwise, please print or type.

Presidential Election Campaign (See page 18.)

Form with fields for name, address, and social security numbers.

Your social security number
Spouse's social security number

IMPORTANT! You must enter your SSN(s) above.

Table with columns Yes, No and a note about checking 'Yes'.

Filing Status

Check only one box.

- 1 Single
2 Married filing joint return (even if only one had income)
3 Married filing separate return. Enter spouse's social security no. above and full name here.
4 Head of household (with qualifying person). (See page 18.) If the qualifying person is a child but not your dependent, enter this child's name here.
5 Qualifying widow(er) with dependent child (year spouse died 19). (See page 18.)

Exemptions

If more than six dependents, see page 19.

Form with sections 6a, b, c, and d for exemptions, including a table for dependents.

Income

Attach Copy B of your Forms W-2, W-2G, and 1099-R here.

If you did not get a W-2, see page 20.

Enclose, but do not staple, any payment. Also, please use Form 1040-V.

Main income section with lines 7 through 22 for various income types and taxable amounts.

Adjusted Gross Income

If line 33 is under \$30,095 (under \$10,030 if a child did not live with you), see EIC inst. on page 36.

Adjusted Gross Income section with lines 23 through 33 for deductions and final adjusted gross income.

Tax and Credits

Standard Deduction for Most People

Single: \$4,250
Head of household: \$6,250
Married filing jointly or Qualifying widow(er): \$7,100
Married filing separately: \$3,550

34 Amount from line 33 (adjusted gross income)
35a Check if: You were 65 or older, Blind; Spouse was 65 or older, Blind.
36 Enter the larger of your itemized deductions from Schedule A, line 28, OR standard deduction shown on the left.
37 Subtract line 36 from line 34
38 If line 34 is \$93,400 or less, multiply \$2,700 by the total number of exemptions claimed on line 6d.
39 Taxable income. Subtract line 38 from line 37.
40 Tax. See page 30. Check if any tax from a Form(s) 8814 b Form 4972
41 Credit for child and dependent care expenses.
42 Credit for the elderly or the disabled.
43 Child tax credit (see page 31)
44 Education credits.
45 Adoption credit.
46 Foreign tax credit.
47 Other. Check if from a Form 3800 b Form 8396 c Form 8801 d Form (specify)
48 Add lines 41 through 47. These are your total credits
49 Subtract line 48 from line 40.

Other Taxes

50 Self-employment tax. Attach Schedule SE
51 Alternative minimum tax. Attach Form 6251
52 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137
53 Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required
54 Advance earned income credit payments from Form(s) W-2
55 Household employment taxes. Attach Schedule H.
56 Add lines 49 through 55. This is your total tax.

Payments

Attach Forms W-2 and W-2G on the front. Also attach Form 1099-R if tax was withheld.

57 Federal income tax withheld from Forms W-2 and 1099
58 1998 estimated tax payments and amount applied from 1997 return
59a Earned income credit. Attach Schedule EIC if you have a qualifying child b Nontaxable earned income: amount and type
60 Additional child tax credit. Attach Form 8812
61 Amount paid with Form 4868 (request for extension)
62 Excess social security and RRTA tax withheld (see page 43)
63 Other payments. Check if from a Form 2439 b Form 4136
64 Add lines 57, 58, 59a, and 60 through 63. These are your total payments

Refund

Have it directly deposited! See page 44 and fill in 66b, 66c, and 66d.

65 If line 64 is more than line 56, subtract line 56 from line 64. This is the amount you OVERPAID
66a Amount of line 65 you want REFUNDED TO YOU.
b Routing number
c Type: Checking Savings
d Account number
67 Amount of line 65 you want APPLIED TO YOUR 1999 ESTIMATED TAX

Amount You Owe

68 If line 56 is more than line 64, subtract line 64 from line 56. This is the AMOUNT YOU OWE. For details on how to pay, see page 44
69 Estimated tax penalty. Also include on line 68

Sign Here

Joint return? See page 18. Keep a copy for your records.

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 taxpayer) is based on all information of which preparer has any knowledge.
Your signature Date Your occupation Daytime telephone number (optional)
Spouse's signature. If a joint return, BOTH must sign. Date Spouse's occupation

Paid Preparer's Use Only

Preparer's signature Date Check if self-employed Preparer's social security no.
Firm's name (or yours if self-employed) and address EIN
ZIP code





Need More Information or Forms? You can use a personal computer, fax, or phone to get what you need. See page 6.

Also, if line 7 of Form 1040 includes any amount paid to a household employee who did not receive a W-2 form, see **Special Rules** on this page.



TIP *Nontaxable earned income does not include welfare benefits, such as those listed below.*

- Medicaid and supplemental security income (SSI).
- Food stamps and low-income housing.

Caution: *If you include self-employment income in your earned income for purposes of figuring the credit, but you have not paid the self-employment tax on that income, we may reduce your credit by the amount of the self-employment tax not paid.*

Nontaxable Earned Income

Caution: *Be sure to include all your nontaxable earned income on line 59b of Form 1040.*

Certain earned income is not taxable, but it must be included to see if you can take the earned income credit. It is also used to figure the credit. Nontaxable earned income includes anything of value (money, goods, or services) that is not taxable that you received from your employer for your work. But it does not include workfare payments (defined on page 38). Some examples of nontaxable earned income are listed below.

- Basic quarters and subsistence allowances, the value of in-kind quarters and subsistence, and combat zone excluded pay received from the U.S. military. These amounts should be shown in box 13 of your W-2 form with code **Q**.

- Housing allowances or rental value of a parsonage for clergy members. But if you are filing **Schedule SE**, see **Clergy** on this page.

- Meals and lodging provided for the convenience of your employer.

- Salary deferrals. If you chose to have your employer contribute part of your pay to certain retirement plans (such as a 401(k) plan, or the Federal Thrift Savings Plan) instead of having it paid to you, the "Deferred compensation" box in box 15 of your W-2 form should be checked. The amount deferred should be shown in box 13 of your W-2 form.

- Excludable dependent care benefits from **Form 2441**, line 18.

- Excludable employer-provided adoption benefits from **Form 8839**, line 29.

- Salary reductions, such as under a cafeteria plan, unless they are included in box 1 of your W-2 form(s). For details, see **Pub. 596**.

Effect on Certain Welfare Benefits

Any refund you receive as a result of claiming the EIC will not be used to determine if you are eligible for the following programs, or how much you can receive from them.

- Temporary Assistance for Needy Families (formerly Aid to Families With Dependent Children (AFDC)).

Special Rules

Members of the Military

If you were on extended active duty outside the United States, your home is considered to be in the United States during that duty period. See **Pub. 596** for the definition of extended active duty.

(Continued on page 43)

Line 5 of EIC Worksheet on Page 38
(keep for your records)



If filing a joint return and your spouse was also self-employed or reported income and expenses on Schedule C or C-EZ as a statutory employee, combine your spouse's amounts with yours to figure the amounts to enter below.

1. If you are filing Schedule SE:

- a. Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, whichever applies. **1a.**
- b. Enter the amount, if any, from Schedule SE, Section B, line 4b **1b.**
- c. Add lines 1a and 1b **1c.**
- d. Enter the amount from Form 1040, line 27. **1d.**
- e. Subtract line 1d from line 1c. **1e.**

2. If you are NOT required to file Schedule SE (for example, because your net earnings from self-employment were less than \$400), complete lines 2a through 2c. But **do not** include on these lines any statutory employee income or any amount exempt from self-employment tax as the result of the filing and approval of **Form 4029** or **Form 4361**.

- a. Enter any net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a **2a.**
- b. Enter any net profit or (loss) from Schedule C, line 31, Schedule C-EZ, line 3, Schedule K-1 (Form 1065), line 15a (other than farming), and Schedule K-1 (Form 1065-B), box 9 **2b.**
- c. Add lines 2a and 2b. Enter the total even if a loss **2c.**

3. If you are filing Schedule C or C-EZ as a statutory employee, enter the amount from line 1 of that Schedule C or C-EZ **3.**

- 4. Add lines 1e, 2c, and 3. Enter the total here and on line 5 of the worksheet on page 38 even if a loss. If the result is a loss, enter it in parentheses and read the **Caution** below **4.**

Caution: *If line 5 of the **Earned Income Credit Worksheet** is a loss, subtract it from the total of lines 3 and 4 of that worksheet and enter the result on line 6 of that worksheet. If the result is zero or less, you **cannot** take the earned income credit.*

Label
(See page 18.)

Use the IRS label.
Otherwise, please print or type.

L A B E L H E R E	Your first name and initial	Last name	Your social security number
	If a joint return, spouse's first name and initial	Last name	Spouse's social security number
	Home address (number and street). If you have a P.O. box, see page 19.		Apt. no.
	City, town or post office, state, and ZIP code. If you have a foreign address, see page 19.		

▲ IMPORTANT! ▲
You **must** enter your SSN(s) above.

Presidential Election Campaign Fund (See page 19.)

Do you want \$3 to go to this fund?	Yes	No
If a joint return, does your spouse want \$3 to go to this fund?		

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

Filing status

Check only one box.

- 1 Single
- 2 Married filing joint return (even if only one had income)
- 3 Married filing separate return. Enter spouse's social security number above and full name here. ▶ _____
- 4 Head of household (with qualifying person). (See page 20.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ _____
- 5 Qualifying widow(er) with dependent child (year spouse died ▶ 19 ____). (See page 21.)

Exemptions

If more than seven dependents, see page 21.

6a <input type="checkbox"/> Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.					} No. of boxes checked on 6a and 6b _____
b <input type="checkbox"/> Spouse					
c Dependents:					} No. of your children on 6c who: • lived with you _____ • did not live with you due to divorce or separation (see page 23) _____ Dependents on 6c not entered above _____ Add numbers entered on lines above <input style="width: 40px; height: 20px;" type="text"/>
(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if qualified child for child tax credit (see page 22)	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
d Total number of exemptions claimed.					

Income

Attach Copy B of your Forms W-2 and 1099-R here.

If you did not get a W-2, see page 24.

Enclose, but do not staple, any payment.

7	Wages, salaries, tips, etc. Attach Form(s) W-2.	7
8a	Taxable interest. Attach Schedule 1 if required.	8a
b	Tax-exempt interest. DO NOT include on line 8a.	8b
9	Ordinary dividends. Attach Schedule 1 if required.	9
10a	Total IRA distributions.	10a
10b	Taxable amount (see page 24).	10b
11a	Total pensions and annuities.	11a
11b	Taxable amount (see page 25).	11b
12	Unemployment compensation.	12
13a	Social security benefits.	13a
13b	Taxable amount (see page 27).	13b
14	Add lines 7 through 13b (far right column). This is your total income .	▶ 14
15	IRA deduction (see page 28).	15
16	Student loan interest deduction (see page 28).	16
17	Add lines 15 and 16. These are your total adjustments .	17
18	Subtract line 17 from line 14. This is your adjusted gross income . If under \$30,095 (under \$10,030 if a child did not live with you), see the EIC instructions on page 36.	▶ 18

Adjusted gross income

Taxable income	19	Enter the amount from line 18.	19		
	20a	Check <input type="checkbox"/> You were 65 or older <input type="checkbox"/> Blind } Enter number of boxes checked ▶ 20a <input style="width: 30px;" type="text"/>			
		if: <input type="checkbox"/> Spouse was 65 or older <input type="checkbox"/> Blind }			
	b	If you are married filing separately and your spouse itemizes deductions, see page 30 and check here ▶ 20b <input type="checkbox"/>			
	21	Enter the standard deduction for your filing status. But see page 31 if you checked any box on line 20a or 20b OR if someone can claim you as a dependent. • Single—\$4,250 • Married filing jointly or Qualifying widow(er)—\$7,100 • Head of household—\$6,250 • Married filing separately—\$3,550	21		
	22	Subtract line 21 from line 19. If line 21 is more than line 19, enter -0-.	22		
	23	Multiply \$2,700 by the total number of exemptions claimed on line 6d.	23		
	24	Subtract line 23 from line 22. If line 23 is more than line 22, enter -0-. This is your taxable income .	▶ 24		
	Tax, credits, and payments	25	Find the tax on the amount on line 24 (see page 31).	25	
		26	Credit for child and dependent care expenses. Attach Schedule 2.	26	
27		Credit for the elderly or the disabled. Attach Schedule 3.	27		
28		Child tax credit (see page 32).	28		
29		Education credits. Attach Form 8863.	29		
30		Adoption credit. Attach Form 8839.	30		
31		Add lines 26 through 30. These are your total credits .	31		
32		Subtract line 31 from line 25. If line 31 is more than line 25, enter -0-.	32		
33		Advance earned income credit payments from Form(s) W-2.	33		
34		Add lines 32 and 33. This is your total tax .	▶ 34		
35		Total Federal income tax withheld from Forms W-2 and 1099.	35		
36		1998 estimated tax payments and amount applied from 1997 return.	36		
37a		Earned income credit. Attach Schedule EIC if you have a qualifying child.	37a		
b		Nontaxable earned income: amount ▶ _____ and type ▶ _____			
38		Additional child tax credit. Attach Form 8812.	38		
39	Add lines 35, 36, 37a, and 38. These are your total payments .	▶ 39			
Refund	40	If line 39 is more than line 34, subtract line 34 from line 39. This is the amount you overpaid .	40		
	41a	Amount of line 40 you want refunded to you .	41a		
	b	Routing number <input style="width: 100px;" type="text"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings			
	d	Account number <input style="width: 150px;" type="text"/>			
	42	Amount of line 40 you want applied to your 1999 estimated tax .	42		
Amount you owe	43	If line 34 is more than line 39, subtract line 39 from line 34. This is the amount you owe . For details on how to pay, see page 44.	43		
	44	Estimated tax penalty (see page 44).	44		
Sign here	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 accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.				
	Joint return? See page 19. Keep a copy for your records.	Your signature _____ Spouse's signature. If joint return, BOTH must sign. _____	Date _____ Date _____	Your occupation _____ Spouse's occupation _____	Daytime telephone number (optional) _____ () _____
Paid preparer's use only	Preparer's signature		Date _____	Preparer's social security no. _____	
	Firm's name (or yours if self-employed) and address		Check if self-employed <input type="checkbox"/>	EIN _____	
				ZIP code _____	



Use the IRS label here

Form fields for name, address, and contact information.

Your social security number

SSN input boxes

Spouse's social security number

Spouse's SSN input boxes

IMPORTANT!

You must enter your SSN(s) above.

Yes/No boxes for Presidential Election Campaign

Yes/No boxes for Spouse's Presidential Election Campaign

Presidential Election Campaign (See page 7.)

Note: Checking "Yes" will not change your tax or reduce your refund. Do you want \$3 to go to this fund?

If a joint return, does your spouse want \$3 to go to this fund?

Income Attach Copy B of Form(s) W-2 here.

Enclose, but do not staple, any payment.

Income lines 1-6: Total wages, taxable interest, unemployment compensation, adjusted gross income, and taxable income.

Note: You must check Yes or No.

Payments and tax

Lines 7-10: Federal income tax withheld, earned income credit, nontaxable earned income, and total tax.

Refund

Have it directly deposited! See page 12 and fill in 11b, 11c, and 11d.

11a If line 9 is larger than line 10, subtract line 10 from line 9. This is your refund.

11b Routing number

11c Type: Checking, Savings; 11d Account number

Amount you owe

12 If line 10 is larger than line 9, subtract line 9 from line 10. This is the amount you owe.

Sign here

Signature and occupation fields for taxpayer and spouse.

Keep copy for your records.

For Official Use Only

Official Use Only input boxes

Use this form if

- Your filing status is single or married filing jointly.
- You do not claim any dependents.
- You do not claim a student loan interest deduction or an education credit. See page 3.
- You had **only** wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund dividends, and your taxable interest income was not over \$400. **But** if you earned tips, including allocated tips, that are not included in box 5 and box 7 of your W-2, you may not be able to use Form 1040EZ. See page 8.
- You did not receive any advance earned income credit payments.
- You (and your spouse if married) were under 65 on January 1, 1999, and not blind at the end of 1998.
- Your taxable income (line 6) is less than \$50,000.

If you are not sure about your filing status, see page 7. If you have questions about dependents, use TeleTax topic 354 (see page 17). If you **cannot use this form**, use TeleTax topic 352 (see page 17).

Filling in your return

For tips on how to avoid common mistakes, see page 25.

Enter your (and your spouse's if married) social security number on the front. Because this form is read by a machine, please print your numbers inside the boxes like this:

9	8	7	6	5	4	3	2	1	0
---	---	---	---	---	---	---	---	---	---

Do not type your numbers. Do not use dollar signs.

If you received a scholarship or fellowship grant or tax-exempt interest income, such as on municipal bonds, see the booklet before filling in the form. Also, see the booklet if you received a Form 1099-INT showing Federal income tax withheld or if Federal income tax was withheld from your unemployment compensation or Alaska Permanent Fund dividends.

Remember, you must report all wages, salaries, and tips even if you do not get a W-2 form from your employer. You must also report all your taxable interest income, including interest from banks, savings and loans, credit unions, etc., even if you do not get a Form 1099-INT.

Worksheet for dependents who checked "Yes" on line 5

Use this worksheet to figure the amount to enter on line 5 if someone can claim you (or your spouse if married) as a dependent, even if that person chooses not to do so. To find out if someone can claim you as a dependent, use TeleTax topic 354 (see page 17).

A. Amount, if any, from line 1 on front _____	+	250.00	Enter total ►	A. _____
B. Minimum standard deduction				B. <u>700.00</u>
C. Enter the LARGER of line A or line B here				C. _____
D. Maximum standard deduction. If single , enter 4,250.00; if married , enter 7,100.00				D. _____
E. Enter the SMALLER of line C or line D here. This is your standard deduction				E. _____
F. Exemption amount.				}
• If single, enter 0.				
• If married and— —both you and your spouse can be claimed as dependents, enter 0. —only one of you can be claimed as a dependent, enter 2,700.00.				
G. Add lines E and F. Enter the total here and on line 5 on the front				G. _____

If you checked "No" on line 5 because no one can claim you (or your spouse if married) as a dependent, enter on line 5 the amount shown below that applies to you.

- Single, enter 6,950.00. This is the total of your standard deduction (4,250.00) and your exemption (2,700.00).
- Married, enter 12,500.00. This is the total of your standard deduction (7,100.00), your exemption (2,700.00), and your spouse's exemption (2,700.00).

Mailing return

Mail your return by **April 15, 1999**. Use the envelope that came with your booklet. If you do not have that envelope, see page 28 for the address to use.

Paid preparer's use only

See page 14.

Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income received during the tax year. This declaration is based on all information of which I have any knowledge.

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN
Firm's name (or yours if self-employed) and address	EIN		ZIP code



SCHEDULES A&B
(Form 1040)

Schedule A—Itemized Deductions

OMB No. 1545-0074

1998

Attachment
Sequence No. **07**

Department of the Treasury
Internal Revenue Service (99)

(Schedule B is on back)

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

Name(s) shown on Form 1040

Your social security number

Medical and Dental Expenses	1	Medical and dental expenses (see page A-1)	1			
	2	Enter amount from Form 1040, line 34, 2				
	3	Multiply line 2 above by 7.5% (.075)	3			
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-				4
Taxes You Paid (See page A-2.)	5	State and local income taxes	5			
	6	Real estate taxes (see page A-2)	6			
	7	Personal property taxes	7			
	8	Other taxes. List type and amount ▶	8			
	9	Add lines 5 through 8				9
Interest You Paid (See page A-3.)	10	Home mortgage interest and points reported to you on Form 1098	10			
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address ▶	11			
	12	Points not reported to you on Form 1098. See page A-3 for special rules	12			
	13	Investment interest. Attach Form 4952 if required. (See page A-3.)	13			
Note: Personal interest is not deductible.	14	Add lines 10 through 13				14
Gifts to Charity If you made a gift and got a benefit for it, see page A-4.	15	Gifts by cash or check. If you made any gift of \$250 or more, see page A-4	15			
	16	Other than by cash or check. If any gift of \$250 or more, see page A-4. You MUST attach Form 8283 if over \$500	16			
	17	Carryover from prior year	17			
	18	Add lines 15 through 17				18
Casualty and Theft Losses	19	Casualty or theft loss(es). Attach Form 4684. (See page A-5.)				19
Job Expenses and Most Other Miscellaneous Deductions (See page A-6 for expenses to deduct here.)	20	Unreimbursed employee expenses—job travel, union dues, job education, etc. You MUST attach Form 2106 or 2106-EZ if required. (See page A-5.) ▶	20			
	21	Tax preparation fees	21			
	22	Other expenses—investment, safe deposit box, etc. List type and amount ▶	22			
	23	Add lines 20 through 22	23			
	24	Enter amount from Form 1040, line 34, 24				
	25	Multiply line 24 above by 2% (.02)	25			
	26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-				26
Other Miscellaneous Deductions	27	Other—from list on page A-6. List type and amount ▶				27
Total Itemized Deductions	28	Is Form 1040, line 34, over \$124,500 (over \$62,250 if married filing separately)? NO. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter on Form 1040, line 36, the larger of this amount or your standard deduction. YES. Your deduction may be limited. See page A-6 for the amount to enter.				28

- Fees to employment agencies and other costs to look for a new job in your present occupation, even if you do not get a new job.

- Certain business use of part of your home. For details, including limits that apply, use TeleTax topic 509 (see page 9) or see **Pub. 587**.

- Certain educational expenses. For details, use TeleTax topic 513 (see page 9) or see **Pub. 508**.

Line 21

Tax Preparation Fees

Enter the fees you paid for preparation of your tax return, including fees paid for filing your return electronically.

Line 22

Other Expenses

Enter the total amount you paid to produce or collect taxable income and manage or protect property held for earning income. But **do not** include any personal expenses. List the type and amount of each expense on the dotted lines next to line 22. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 22.

Examples of expenses to include on line 22 are:

- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (for example, trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on nonfederally insured deposits in an insolvent or bankrupt financial institution. For details, including limits that apply, see **Pub. 529**.
- Casualty and theft losses from property used in performing services as an employee from Form 4684, lines 32 and 38b, or Form 4797, line 18b(1).
- Deduction for repayment of amounts under a claim of right if \$3,000 or less.

Other Miscellaneous Deductions

Line 27

Only the expenses listed below can be deducted on this line. List the type and amount of each expense on the dotted lines next to line 27. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 27.

- Gambling losses, but only to the extent of gambling winnings reported on Form 1040, line 21.
- Casualty and theft losses from income-producing property from Form 4684, lines 32 and 38b, or Form 4797, line 18b(1).
- Federal estate tax on income in respect of a decedent.
- Amortizable bond premium on bonds acquired before October 23, 1986.

- Deduction for repayment of amounts under a claim of right if over \$3,000. See **Pub. 525** for details.

- Certain unrecovered investment in a pension. See **Pub. 529** for details.

- Impairment-related work expenses of a disabled person.

For more details, see Pub. 529.

Total Itemized Deductions

Line 28

Use the worksheet on this page to figure the amount to enter on line 28 if the amount on Form 1040, line 34, is over \$124,500 if single, married filing jointly, head of household, or qualifying widow(er); \$62,250 if married filing separately.

Itemized Deductions Worksheet—Line 28 (keep for your records)



1. Add the amounts on Schedule A, lines 4, 9, 14, 18, 19, 26, and 27	1. _____
2. Add the amounts on Schedule A, lines 4, 13, and 19, plus any gambling and casualty or theft losses included on line 27	2. _____
Caution: <i>Be sure your total gambling and casualty or theft losses are clearly identified on the dotted line next to line 27.</i>	
3. Subtract line 2 from line 1. If the result is zero, stop here ; enter the amount from line 1 above on Schedule A, line 28, and see the Note below.	3. _____
4. Multiply line 3 above by 80% (.80)	4. _____
5. Enter the amount from Form 1040, line 34	5. _____
6. Enter: \$124,500 if single, married filing jointly, head of household, or qualifying widow(er); \$62,250 if married filing separately	6. _____
7. Subtract line 6 from line 5. If the result is zero or less, stop here ; enter the amount from line 1 above on Schedule A, line 28, and see the Note below	7. _____
8. Multiply line 7 above by 3% (.03)	8. _____
9. Enter the smaller of line 4 or line 8	9. _____
10. Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule A, line 28, and see the Note below	10. _____
Note: <i>Also enter on Form 1040, line 36, the larger of the amount you enter on Schedule A, line 28, or your standard deduction.</i>	

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

Your social security number

Schedule B—Interest and Ordinary Dividends

Attachment Sequence No. 08

Note: If you had over \$400 in taxable interest income, you must also complete Part III.

Part I Interest

(See pages 20 and B-1.)

Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address

Form with dotted lines for listing payer information for interest.

Table with 2 columns: Amount, and 10 rows for interest entries.

2 Add the amounts on line 1
3 Excludable interest on series EE U.S. savings bonds issued after 1989 from Form 8815, line 14. You MUST attach Form 8815 to Form 1040
4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a

Summary table for interest with 2 columns: Amount, and 3 rows for totals.

Part II Ordinary Dividends

(See pages 21 and B-1.)

Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

5 List name of payer. Include only ordinary dividends. Report any capital gain distributions on Schedule D, line 13

Form with dotted lines for listing payer information for ordinary dividends.

Table with 2 columns: Amount, and 10 rows for dividend entries.

6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9

Summary table for dividends with 2 columns: Amount, and 1 row for total.

Part III Foreign Accounts and Trusts

(See page B-2.)

You must complete this part if you (a) had over \$400 of interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

7a At any time during 1998, did you have an interest in or a signature or other authority over a financial account in a foreign country...
b If "Yes," enter the name of the foreign country
8 During 1998, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust?

Table with 2 columns: Yes, No, and 3 rows for questions 7a, 7b, and 8.



**SCHEDULE C
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business

(Sole Proprietorship)

▶ Partnerships, joint ventures, etc., must file Form 1065 or Form 1065-B.
▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule C (Form 1040).

OMB No. 1545-0074

1998

Attachment
Sequence No. **09**

Name of proprietor _____ Social security number (SSN) _____

A Principal business or profession, including product or service (see page C-1) _____ **B** Enter NEW code from pages C-8 & 9

C Business name. If no separate business name, leave blank. _____ **D** Employer ID number (EIN), if any

E Business address (including suite or room no.) _____
City, town or post office, state, and ZIP code _____

F Accounting method: (1) Cash (2) Accrual (3) Other (specify) _____

G Did you "materially participate" in the operation of this business during 1998? If "No," see page C-2 for limit on losses Yes No

H If you started or acquired this business during 1998, check here

Part I Income

1	Gross receipts or sales. Caution: If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-3 and check here <input type="checkbox"/>	1		
2	Returns and allowances	2		
3	Subtract line 2 from line 1	3		
4	Cost of goods sold (from line 42 on page 2)	4		
5	Gross profit. Subtract line 4 from line 3	5		
6	Other income, including Federal and state gasoline or fuel tax credit or refund (see page C-3)	6		
7	Gross income. Add lines 5 and 6	7		

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising	8			19		
9	Bad debts from sales or services (see page C-3)	9			20a		
10	Car and truck expenses (see page C-3)	10			20b		
11	Commissions and fees	11			21		
12	Depletion	12			22		
13	Depreciation and section 179 expense deduction (not included in Part III) (see page C-4)	13			23		
14	Employee benefit programs (other than on line 19)	14			24		
15	Insurance (other than health)	15			24a		
16	Interest:				24b		
	a Mortgage (paid to banks, etc.)	16a			24c		
	b Other	16b			24d		
17	Legal and professional services	17			25		
18	Office expense	18			26		
19	Pension and profit-sharing plans	19			27		
20	Rent or lease (see page C-5):				28		
	a Vehicles, machinery, and equipment	20a			29		
	b Other business property	20b			30		
21	Repairs and maintenance	21			31		
22	Supplies (not included in Part III)	22					
23	Taxes and licenses	23					
24	Travel, meals, and entertainment:						
	a Travel	24a					
	b Meals and entertainment						
	c Enter 50% of line 24b subject to limitations (see page C-6)						
	d Subtract line 24c from line 24b	24d					
25	Utilities	25					
26	Wages (less employment credits)	26					
27	Other expenses (from line 48 on page 2)	27					
28	Total expenses before expenses for business use of home. Add lines 8 through 27 in columns	28					
29	Tentative profit (loss). Subtract line 28 from line 7	29					
30	Expenses for business use of your home. Attach Form 8829	30					
31	Net profit or (loss). Subtract line 30 from line 29.	31					
	• If a profit, enter on Form 1040, line 12 , and ALSO on Schedule SE, line 2 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.						
	• If a loss, you MUST go on to line 32.						
32	If you have a loss, check the box that describes your investment in this activity (see page C-6).						
	• If you checked 32a, enter the loss on Form 1040, line 12 , and ALSO on Schedule SE, line 2 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.				32a	<input type="checkbox"/>	All investment is at risk.
	• If you checked 32b, you MUST attach Form 6198 .				32b	<input type="checkbox"/>	Some investment is not at risk.

**SCHEDULE D
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedule D (Form 1040).**
▶ **Use Schedule D-1 for more space to list transactions for lines 1 and 8.**

OMB No. 1545-0074

1998

Attachment
Sequence No. **12**

Name(s) shown on Form 1040

Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) GAIN or (LOSS) Subtract (e) from (d)	
1						
2 Enter your short-term totals, if any, from Schedule D-1, line 2						
3 Total short-term sales price amounts. Add column (d) of lines 1 and 2						
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824					4	
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1					5	
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your 1997 Capital Loss Carryover Worksheet					6 ()	
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f). ▶					7	

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) GAIN or (LOSS) Subtract (e) from (d)	(g) 28% RATE GAIN * or (LOSS) (see instr. below)
8						
9 Enter your long-term totals, if any, from Schedule D-1, line 9						
10 Total long-term sales price amounts. Add column (d) of lines 8 and 9						
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824					11	
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1					12	
13 Capital gain distributions. See page D-2					13	
14 Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 13 of your 1997 Capital Loss Carryover Worksheet					14 () ()	
15 Combine lines 8 through 14 in column (g)					15	
16 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). ▶					16	

Next: Go to Part III on the back.

* **28% Rate Gain or Loss** includes all "collectibles gains and losses" (as defined on page D-6) and up to 50% of the eligible gain on qualified small business stock (see page D-5).

Part III Summary of Parts I and II

17	Combine lines 7 and 16. If a loss, go to line 18. If a gain, enter the gain on Form 1040, line 13 Next: Complete Form 1040 through line 39. Then, go to Part IV to figure your tax if: <ul style="list-style-type: none"> • Both lines 16 and 17 are gains, and • Form 1040, line 39, is more than zero. 	17	
18	If line 17 is a loss, enter here and as a (loss) on Form 1040, line 13, the smaller of these losses: <ul style="list-style-type: none"> • The loss on line 17; or • (\$3,000) or, if married filing separately, (\$1,500) Next: Complete Form 1040 through line 37. Then, complete the Capital Loss Carryover Worksheet on page D-6 if: <ul style="list-style-type: none"> • The loss on line 17 exceeds the loss on line 18, or • Form 1040, line 37, is a loss. 	18	()

Part IV Tax Computation Using Maximum Capital Gains Rates

19	Enter your taxable income from Form 1040, line 39	19	
20	Enter the smaller of line 16 or line 17 of Schedule D	20	
21	If you are filing Form 4952, enter the amount from Form 4952, line 4e	21	
22	Subtract line 21 from line 20. If zero or less, enter -0-	22	
23	Combine lines 7 and 15. If zero or less, enter -0-	23	
24	Enter the smaller of line 15 or line 23, but not less than zero	24	
25	Enter your unrecaptured section 1250 gain, if any (see page D-7)	25	
26	Add lines 24 and 25	26	
27	Subtract line 26 from line 22. If zero or less, enter -0-	27	
28	Subtract line 27 from line 19. If zero or less, enter -0-	28	
29	Enter the smaller of: <ul style="list-style-type: none"> • The amount on line 19, or • \$25,350 if single; \$42,350 if married filing jointly or qualifying widow(er); \$21,175 if married filing separately; or \$33,950 if head of household 	29	
30	Enter the smaller of line 28 or line 29	30	
31	Subtract line 22 from line 19. If zero or less, enter -0-	31	
32	Enter the larger of line 30 or line 31	32	
33	Figure the tax on the amount on line 32. Use the Tax Table or Tax Rate Schedules, whichever applies ▶	33	
34	Enter the amount from line 29	34	
35	Enter the amount from line 28	35	
36	Subtract line 35 from line 34. If zero or less, enter -0-	36	
37	Multiply line 36 by 10% (.10) ▶	37	
38	Enter the smaller of line 19 or line 27	38	
39	Enter the amount from line 36	39	
40	Subtract line 39 from line 38	40	
41	Multiply line 40 by 20% (.20) ▶	41	
42	Enter the smaller of line 22 or line 25	42	
43	Add lines 22 and 32	43	
44	Enter the amount from line 19	44	
45	Subtract line 44 from line 43. If zero or less, enter -0-	45	
46	Subtract line 45 from line 42. If zero or less, enter -0-	46	
47	Multiply line 46 by 25% (.25) ▶	47	
48	Enter the amount from line 19	48	
49	Add lines 32, 36, 40, and 46	49	
50	Subtract line 49 from line 48	50	
51	Multiply line 50 by 28% (.28) ▶	51	
52	Add lines 33, 37, 41, 47, and 51.	52	
53	Figure the tax on the amount on line 19. Use the Tax Table or Tax Rate Schedules, whichever applies	53	
54	Tax on taxable income (including capital gains). Enter the smaller of line 52 or line 53 here and on Form 1040, line 40. ▶	54	



**SCHEDULE E
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Supplemental Income and Loss
(From rental real estate, royalties, partnerships,
S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

1998

Attachment
Sequence No. **13**

▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule E (Form 1040).

Name(s) shown on return

Your social security number

Part I **Income or Loss From Rental Real Estate and Royalties** Note: Report income and expenses from your business of renting personal property on **Schedule C** or **C-EZ** (see page E-1). Report farm rental income or loss from **Form 4835** on page 2, line 39.

1 Show the kind and location of each rental real estate property:	2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of: • 14 days, or • 10% of the total days rented at fair rental value? (See page E-1.)	Yes	No
		A	
		B	
		C	

Income:	Properties			Totals
	A	B	C	(Add columns A, B, and C.)
3 Rents received	3			3
4 Royalties received	4			4
Expenses:				
5 Advertising	5			
6 Auto and travel (see page E-2)	6			
7 Cleaning and maintenance	7			
8 Commissions	8			
9 Insurance	9			
10 Legal and other professional fees	10			
11 Management fees	11			
12 Mortgage interest paid to banks, etc. (see page E-2)	12			12
13 Other interest	13			
14 Repairs	14			
15 Supplies	15			
16 Taxes	16			
17 Utilities	17			
18 Other (list) ▶	18			
19 Add lines 5 through 18	19			19
20 Depreciation expense or depletion (see page E-3)	20			20
21 Total expenses. Add lines 19 and 20	21			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-3 to find out if you must file Form 6198	22			
23 Deductible rental real estate loss. Caution: Your rental real estate loss on line 22 may be limited. See page E-3 to find out if you must file Form 8582 . Real estate professionals must complete line 42 on page 2	23	()	()	()
24 Income. Add positive amounts shown on line 22. Do not include any losses	24			
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here	25	()		()
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 39 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 40 on page 2	26			

Name(s) shown on return. Do not enter name and social security number if shown on other side.

Your social security number

Note: If you report amounts from farming or fishing on Schedule E, you must enter your gross income from those activities on line 41 below. Real estate professionals must complete line 42 below.

Part II Income or Loss From Partnerships and S Corporations Note: If you report a loss from an at-risk activity, you MUST check either column (e) or (f) on line 27 to describe your investment in the activity. See page E-5. If you check column (f), you must attach Form 6198.

Table with 6 columns: (a) Name, (b) Enter P for partnership; S for S corporation, (c) Check if foreign partnership, (d) Employer identification number, (e) All is at risk, (f) Some is not at risk. Rows A-E.

Table with 5 columns: (g) Passive loss allowed, (h) Passive income from Schedule K-1, (i) Nonpassive loss from Schedule K-1, (j) Section 179 expense deduction from Form 4562, (k) Nonpassive income from Schedule K-1. Rows A-E, 28a Totals, b Totals, 29, 30, 31.

Part III Income or Loss From Estates and Trusts

Table with 2 columns: (a) Name, (b) Employer identification number. Rows A, B.

Table with 4 columns: (c) Passive deduction or loss allowed, (d) Passive income from Schedule K-1, (e) Deduction or loss from Schedule K-1, (f) Other income from Schedule K-1. Rows A, B, 33a Totals, b Totals, 34, 35, 36.

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)—Residual Holder

Table with 5 columns: (a) Name, (b) Employer identification number, (c) Excess inclusion from Schedules Q, line 2c, (d) Taxable income (net loss) from Schedules Q, line 1b, (e) Income from Schedules Q, line 3b. Rows 37, 38.

Part V Summary

Table with 4 columns: Description, (a) Name, (b) Employer identification number, (c) Excess inclusion from Schedules Q, line 2c, (d) Taxable income (net loss) from Schedules Q, line 1b, (e) Income from Schedules Q, line 3b. Rows 39, 40, 41, 42.



SCHEDULE SE
(Form 1040)

Department of the Treasury
Internal Revenue Service

Self-Employment Tax

▶ See Instructions for Schedule SE (Form 1040).

▶ Attach to Form 1040.

OMB No. 1545-0074

1998

Attachment
Sequence No. **17**

Name of person with self-employment income (as shown on Form 1040)	Social security number of person with self-employment income ▶
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Who Must File Schedule SE

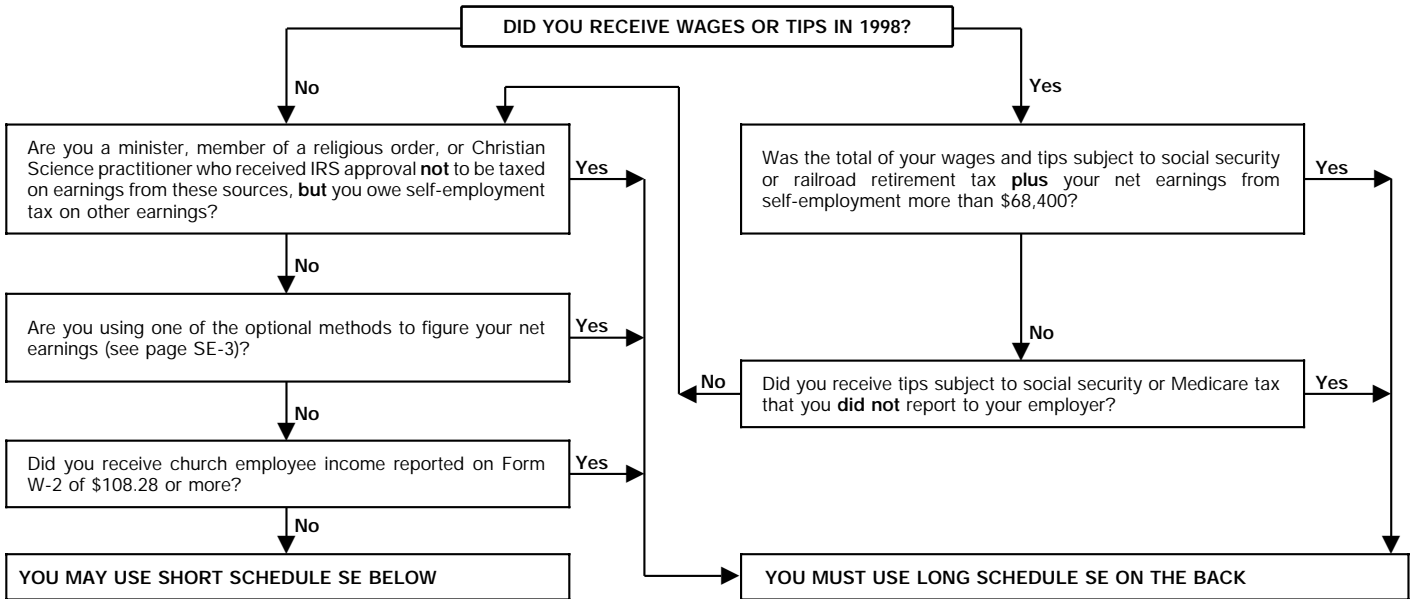
You must file Schedule SE if:

- You had net earnings from self-employment from **other than** church employee income (line 4 of Short Schedule SE or line 4c of Long Schedule SE) of \$400 or more, **OR**
- You had church employee income of \$108.28 or more. Income from services you performed as a minister or a member of a religious order **is not** church employee income. See page SE-1.

Note: Even if you had a loss or a small amount of income from self-employment, it may be to your benefit to file Schedule SE and use either "optional method" in Part II of Long Schedule SE. See page SE-3.

Exception. If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361 and received IRS approval not to be taxed on those earnings, **do not** file Schedule SE. Instead, write "Exempt-Form 4361" on Form 1040, line 50.

May I Use Short Schedule SE or MUST I Use Long Schedule SE?



Section A—Short Schedule SE. Caution: Read above to see if you can use Short Schedule SE.

1 Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a	1		
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report	2		
3 Combine lines 1 and 2	3		
4 Net earnings from self-employment. Multiply line 3 by 92.35% (.9235). If less than \$400, do not file this schedule; you do not owe self-employment tax ▶	4		
5 Self-employment tax. If the amount on line 4 is: • \$68,400 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 50. • More than \$68,400, multiply line 4 by 2.9% (.029). Then, add \$8,481.60 to the result. Enter the total here and on Form 1040, line 50.	5		
6 Deduction for one-half of self-employment tax. Multiply line 5 by 50% (.5). Enter the result here and on Form 1040, line 27	6		

Name of person with self-employment income (as shown on Form 1040)	Social security number of person with self-employment income ▶
---	---

Section B—Long Schedule SE

Part I Self-Employment Tax

Note: If your only income subject to self-employment tax is **church employee income**, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is **not** church employee income. See page SE-1.

<p>A If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I. <input type="checkbox"/></p>			
<p>1 Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a. Note: Skip this line if you use the farm optional method. See page SE-4</p>	1		
<p>2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report. Note: Skip this line if you use the nonfarm optional method. See page SE-4</p>	2		
<p>3 Combine lines 1 and 2</p>	3		
<p>4a If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3</p>	4a		
<p>b If you elected one or both of the optional methods, enter the total of lines 15 and 17 here</p>	4b		
<p>c Combine lines 4a and 4b. If less than \$400, do not file this schedule; you do not owe self-employment tax. Exception. If less than \$400 and you had church employee income, enter -0- and continue ▶</p>	4c		
<p>5a Enter your church employee income from Form W-2. Caution: See page SE-1 for definition of church employee income</p>	5a		
<p>b Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-</p>	5b		
<p>6 Net earnings from self-employment. Add lines 4c and 5b</p>	6		
<p>7 Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 1998</p>	7	68,400	00
<p>8a Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation</p>	8a		
<p>b Unreported tips subject to social security tax (from Form 4137, line 9)</p>	8b		
<p>c Add lines 8a and 8b</p>	8c		
<p>9 Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 . ▶</p>	9		
<p>10 Multiply the smaller of line 6 or line 9 by 12.4% (.124)</p>	10		
<p>11 Multiply line 6 by 2.9% (.029)</p>	11		
<p>12 Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 50</p>	12		
<p>13 Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 27</p>	13		

Part II Optional Methods To Figure Net Earnings (See page SE-3.)

<p>Farm Optional Method. You may use this method only if:</p> <ul style="list-style-type: none"> • Your gross farm income¹ was not more than \$2,400, or • Your gross farm income¹ was more than \$2,400 and your net farm profits² were less than \$1,733. 			
<p>14 Maximum income for optional methods</p>	14	1,600	00
<p>15 Enter the smaller of: two-thirds (2/3) of gross farm income¹ (not less than zero) or \$1,600. Also, include this amount on line 4b above</p>	15		
<p>Nonfarm Optional Method. You may use this method only if:</p> <ul style="list-style-type: none"> • Your net nonfarm profits³ were less than \$1,733 and also less than 72.189% of your gross nonfarm income,⁴ and • You had net earnings from self-employment of at least \$400 in 2 of the prior 3 years. <p>Caution: You may use this method no more than five times.</p>			
<p>16 Subtract line 15 from line 14</p>	16		
<p>17 Enter the smaller of: two-thirds (2/3) of gross nonfarm income⁴ (not less than zero) or the amount on line 16. Also, include this amount on line 4b above</p>	17		

¹From Sch. F, line 11, and Sch. K-1 (Form 1065), line 15b. ³From Sch. C, line 31; Sch. C-EZ, line 3; Sch. K-1 (Form 1065), line 15a; and Sch. K-1 (Form 1065-B), box 9.
²From Sch. F, line 36, and Sch. K-1 (Form 1065), line 15a. ⁴From Sch. C, line 7; Sch. C-EZ, line 1; Sch. K-1 (Form 1065), line 15c; and Sch. K-1 (Form 1065-B), box 9.



Child and Dependent Care Expenses

▶ Attach to Form 1040.

▶ See separate instructions.

Name(s) shown on Form 1040

Your social security number

Before you begin, you need to understand the following terms. See **Definitions** on page 1 of the instructions.

- **Dependent Care Benefits**
- **Qualifying Person(s)**
- **Qualified Expenses**
- **Earned Income**

Part I **Persons or Organizations Who Provided the Care—You must complete this part.**
 (If you need more space, use the bottom of page 2.)

1	(a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)

Did you receive dependent care benefits?	No	Yes	Complete only Part II below. Complete Part III on the back next.
--	----	-----	---

Caution: *If the care was provided in your home, you may owe employment taxes. See the instructions for Form 1040, line 55.*

Part II **Credit for Child and Dependent Care Expenses**

2 Information about your **qualifying person(s)**. If you have more than two qualifying persons, see the instructions.

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 1998 for the person listed in column (a)
First	Last		

3 Add the amounts in column (c) of line 2. DO NOT enter more than \$2,400 for one qualifying person or \$4,800 for two or more persons. If you completed Part III, enter the amount from line 24	3																																	
4 Enter YOUR earned income	4																																	
5 If married filing a joint return, enter YOUR SPOUSE'S earned income (if your spouse was a student or was disabled, see the instructions); all others , enter the amount from line 4	5																																	
6 Enter the smallest of line 3, 4, or 5	6																																	
7 Enter the amount from Form 1040, line 34	7																																	
8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7																																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">If line 7 is—</td> <td style="width: 20%;">Decimal amount is</td> <td style="width: 20%;">If line 7 is—</td> <td style="width: 20%;">Decimal amount is</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Over</td> <td style="border-bottom: 1px solid black;">But not over</td> <td style="border-bottom: 1px solid black;">Over</td> <td style="border-bottom: 1px solid black;">But not over</td> </tr> <tr> <td>\$0—10,000</td> <td>.30</td> <td>\$20,000—22,000</td> <td>.24</td> </tr> <tr> <td>10,000—12,000</td> <td>.29</td> <td>22,000—24,000</td> <td>.23</td> </tr> <tr> <td>12,000—14,000</td> <td>.28</td> <td>24,000—26,000</td> <td>.22</td> </tr> <tr> <td>14,000—16,000</td> <td>.27</td> <td>26,000—28,000</td> <td>.21</td> </tr> <tr> <td>16,000—18,000</td> <td>.26</td> <td>28,000—No limit</td> <td>.20</td> </tr> <tr> <td>18,000—20,000</td> <td>.25</td> <td></td> <td></td> </tr> </table>	If line 7 is—	Decimal amount is	If line 7 is—	Decimal amount is	Over	But not over	Over	But not over	\$0—10,000	.30	\$20,000—22,000	.24	10,000—12,000	.29	22,000—24,000	.23	12,000—14,000	.28	24,000—26,000	.22	14,000—16,000	.27	26,000—28,000	.21	16,000—18,000	.26	28,000—No limit	.20	18,000—20,000	.25			8	X .
If line 7 is—	Decimal amount is	If line 7 is—	Decimal amount is																															
Over	But not over	Over	But not over																															
\$0—10,000	.30	\$20,000—22,000	.24																															
10,000—12,000	.29	22,000—24,000	.23																															
12,000—14,000	.28	24,000—26,000	.22																															
14,000—16,000	.27	26,000—28,000	.21																															
16,000—18,000	.26	28,000—No limit	.20																															
18,000—20,000	.25																																	
9 Multiply line 6 by the decimal amount on line 8. Enter the result. Then, see the instructions for the amount of credit to enter on Form 1040, line 41	9																																	

Part III Dependent Care Benefits

10 Enter the total amount of dependent care benefits you received for 1998. This amount should be shown in box 10 of your W-2 form(s). DO NOT include amounts that were reported to you as wages in box 1 of Form(s) W-2				10		
11 Enter the amount forfeited, if any. See the instructions				11		
12 Subtract line 11 from line 10				12		
13 Enter the total amount of qualified expenses incurred in 1998 for the care of the qualifying person(s)	13					
14 Enter the smaller of line 12 or 13	14					
15 Enter YOUR earned income	15					
16 If married filing a joint return, enter YOUR SPOUSE'S earned income (if your spouse was a student or was disabled, see the instructions for line 5); if married filing a separate return, see the instructions for the amount to enter; all others , enter the amount from line 15	16					
17 Enter the smallest of line 14, 15, or 16	17					
18 Excluded benefits. Enter here the smaller of the following: <ul style="list-style-type: none"> • The amount from line 17, or • \$5,000 (\$2,500 if married filing a separate return and you were required to enter your spouse's earned income on line 16). 				18		
19 Taxable benefits. Subtract line 18 from line 12. Also, include this amount on Form 1040, line 7. On the dotted line next to line 7, enter "DCB"				19		

To claim the child and dependent care credit, complete lines 20-24 below.

20 Enter \$2,400 (\$4,800 if two or more qualifying persons)				20		
21 Enter the amount from line 18				21		
22 Subtract line 21 from line 20. If zero or less, STOP . You cannot take the credit. Exception. If you paid 1997 expenses in 1998, see the instructions for line 9				22		
23 Complete line 2 on the front of this form. DO NOT include in column (c) any excluded benefits shown on line 18 above. Then, add the amounts in column (c) and enter the total here	23					
24 Enter the smaller of line 22 or 23. Also, enter this amount on line 3 on the front of this form and complete lines 4-9				24		



▶ Attach to your tax return.

▶ See separate instructions.

1998

Attachment
Sequence No. **22**

Name(s) shown on return

Identifying number

Part I Tentative Credit

1a	Current year investment credit (Form 3468, Part I)	1a		
b	Current year work opportunity credit (Form 5884, Part I)	1b		
c	Current year welfare-to-work credit (Form 8861, Part I)	1c		
d	Current year credit for alcohol used as fuel (Form 6478)	1d		
e	Current year credit for increasing research activities (Form 6765, Part I)	1e		
f	Current year low-income housing credit (Form 8586, Part I)	1f		
g	Current year enhanced oil recovery credit (Form 8830, Part I)	1g		
h	Current year disabled access credit (Form 8826, Part I)	1h		
i	Current year renewable electricity production credit (Form 8835, Part I)	1i		
j	Current year Indian employment credit (Form 8845, Part I)	1j		
k	Current year credit for employer social security and Medicare taxes paid on certain employee tips (Form 8846, Part I)	1k		
l	Current year orphan drug credit (Form 8820, Part I)	1l		
m	Current year credit for contributions to selected community development corporations (Form 8847, Part I)	1m		
n	Current year trans-Alaska pipeline liability fund credit (see instructions)	1n		
o	Current year general credits from an electing large partnership (Schedule K-1 (Form 1065-B))	1o		
2	Current year general business credit. Add lines 1a through 1o	2		
3	Passive activity credits included on line 2 (see instructions)	3		
4	Subtract line 3 from line 2	4		
5	Passive activity credits allowed for 1998 (see instructions)	5		
6	Carryforward of general business, WIN, or ESOP credit to 1998 (see instructions for the schedule to attach)	6		
7	Carryback of general business credit from 1999 (see instructions)	7		
8	Tentative general business credit. Add lines 4 through 7	8		

Part II General Business Credit Limitation Based on Amount of Tax

9	Regular tax before credits: • Individuals. Enter amount from Form 1040, line 40 • Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1) • Other filers. Enter regular tax before credits from your return	9		
10a	Credit for child and dependent care expenses (Form 2441, line 9)	10a		
b	Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	10b		
c	Child tax credit (Form 1040, line 43)	10c		
d	Education credits (Form 8863, line 18)	10d		
e	Mortgage interest credit (Form 8396, line 11)	10e		
f	Adoption credit (Form 8839, line 14)	10f		
g	District of Columbia first-time homebuyer credit (Form 8859, line 11)	10g		
h	Foreign tax credit	10h		
i	Possessions tax credit (Form 5735, line 17 or 27)	10i		
j	Credit for fuel from a nonconventional source	10j		
k	Qualified electric vehicle credit (Form 8834, line 19)	10k		
l	Add lines 10a through 10k	10l		
11	Net regular tax. Subtract line 10l from line 9	11		
12	Alternative minimum tax (see instructions)	12		
13	Net income tax. Add lines 11 and 12	13		
14	Tentative minimum tax (see instructions)	14		
15	If line 11 is more than \$25,000, enter 25% (.25) of the excess (see instructions)	15		
16	Enter the greater of line 14 or line 15	16		
17	Subtract line 16 from line 13. If zero or less, enter -0-	17		
18	General business credit allowed for current year. Enter the smaller of line 8 or line 17 here and on Form 1040, line 47; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return. Individuals, estates, and trusts: See instructions if the credit for increasing research activities is claimed. C corporations: See instructions for Schedule A if any regular investment credit carryforward is claimed. See the instructions if the corporation has had a post-1986 "ownership change"	18		

Investment Interest Expense Deduction

▶ Attach to your tax return.

Name(s) shown on return	Identifying number
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Part I Total Investment Interest Expense			
1 Investment interest expense paid or accrued in 1998. See instructions.	1		
2 Disallowed investment interest expense from 1997 Form 4952, line 7	2		
3 Total investment interest expense. Add lines 1 and 2	3		

Part II Net Investment Income			
4a Gross income from property held for investment (excluding any net gain from the disposition of property held for investment)		4a	
b Net gain from the disposition of property held for investment	4b		
c Net capital gain from the disposition of property held for investment	4c		
d Subtract line 4c from line 4b. If zero or less, enter -0-		4d	
e Enter all or part of the amount on line 4c that you elect to include in investment income. Do not enter more than the amount on line 4b. See instructions ▶		4e	
f Investment income. Add lines 4a, 4d, and 4e. See instructions		4f	
5 Investment expenses. See instructions		5	
6 Net investment income. Subtract line 5 from line 4f. If zero or less, enter -0-		6	

Part III Investment Interest Expense Deduction			
7 Disallowed investment interest expense to be carried forward to 1999. Subtract line 6 from line 3. If zero or less, enter -0-		7	
8 Investment interest expense deduction. Enter the smaller of line 3 or 6. See instructions.		8	

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Interest expense paid by an individual, estate, or trust on a loan allocable to property held for investment may not be fully deductible in the current year. Use Form 4952 to figure the amount of investment interest expense deductible for the current year and the amount, if any, to carry forward to future years.

For more details, see **Pub. 550**, Investment Income and Expenses.

Who Must File

If you are an individual, estate, or a trust, and you claim a deduction for investment interest expense, you must complete and attach Form 4952 to your tax return, unless **all** of the following apply.

- Your investment interest expense is not more than your investment income from interest and ordinary dividends.
- You have no other deductible expenses connected with the production of interest or dividends.
- You have no disallowed investment interest expense from 1997.

Allocation of Interest Expense Under Temporary Regulations Section 1.163-8T

If you paid or accrued interest on a loan and used the loan proceeds for more than one purpose, you may have to allocate the interest. This is necessary because different rules apply to investment interest, personal interest, trade or business interest, home mortgage interest, and passive activity interest. See **Pub. 535**, Business Expenses.

Specific Instructions

Part I—Total Investment Interest Expense

Line 1

Enter the investment interest paid or accrued during the tax year, regardless of when you incurred the indebtedness. Investment interest is interest paid or accrued on a loan (or part of a loan) that is allocable to property held for investment (as defined later).

Include investment interest expense reported to you on Schedule K-1 from a partnership or an S corporation. Include amortization of bond premium on taxable

bonds purchased after October 22, 1986, but before January 1, 1988, unless you elected to offset amortizable bond premium against the interest payments on the bond. A taxable bond is a bond on which the interest is includible in gross income.

Investment interest expense **does not** include any of the following:

- Home mortgage interest.
- Interest expense that is properly allocable to a passive activity. Generally, a passive activity is any business activity in which you **do not** materially participate and any rental activity. See the separate instructions for **Form 8582**, Passive Activity Loss Limitations, for more details.
- Any interest expense that is capitalized, such as construction interest subject to section 263A.
- Interest expense related to tax-exempt interest income under section 265.
- Interest expense, disallowed under section 264, on indebtedness with respect to life insurance, endowment, or annuity contracts issued after June 8, 1997, even if the proceeds were used to purchase any property held for investment.

See separate instructions.

Attach to Form 1040 or Form 1040NR.

Name(s) shown on Form 1040

Your social security number

Part I Adjustments and Preferences

Table with 15 rows for adjustments and preferences, including standard deduction, medical and dental, taxes, interest, depreciation, and other adjustments.

Part II Alternative Minimum Taxable Income

Table with 6 rows for alternative minimum taxable income calculations, including net operating loss deduction and alternative tax net operating loss deduction.

Part III Exemption Amount and Alternative Minimum Tax

Table with 13 rows for exemption amount and alternative minimum tax calculations, including exemption amount based on filing status and final alternative minimum tax calculation.

Part IV Line 24 Computation Using Maximum Capital Gains Rates

Caution: If you did not complete Part IV of Schedule D (Form 1040), complete lines 20 through 27 of Schedule D (as refigured for the AMT, if necessary) before you complete this part.					
29	Enter the amount from line 23				29
30	Enter the amount from Schedule D (Form 1040), line 27 (as refigured for the AMT, if necessary). See page 8 of the instructions	30			
31	Enter the amount from Schedule D (Form 1040), line 25 (as refigured for the AMT, if necessary). See page 8 of the instructions	31			
32	Add lines 30 and 31	32			
33	Enter the amount from Schedule D (Form 1040), line 22 (as refigured for the AMT, if necessary). See page 8 of the instructions	33			
34	Enter the smaller of line 32 or line 33				34
35	Subtract line 34 from line 29. If zero or less, enter -0-				35
36	If line 35 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 35 by 26% (.26). Otherwise, multiply line 35 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result ▶				36
37	Enter the amount from Schedule D (Form 1040), line 36 (as figured for the regular tax)				37
38	Enter the smallest of line 29, line 30, or line 37				38
39	Multiply line 38 by 10% (.10) ▶				39
40	Enter the smaller of line 29 or line 30				40
41	Enter the amount from line 38				41
42	Subtract line 41 from line 40. If zero or less, enter -0-				42
43	Multiply line 42 by 20% (.20) ▶				43
44	Enter the amount from line 29				44
45	Add lines 35, 38, and 42				45
46	Subtract line 45 from line 44				46
47	Multiply line 46 by 25% (.25) ▶				47
48	Add lines 36, 39, 43, and 47				48
49	If line 29 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 29 by 26% (.26). Otherwise, multiply line 29 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result				49
50	Enter the smaller of line 48 or line 49 here and on line 24 ▶				50



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

Name(s) shown on return

Identifying number

Part I 1998 Passive Activity Loss

Caution: See the instructions for Worksheets 1 and 2 on page 7 before completing Part I.

Rental Real Estate Activities With Active Participation (For the definition of active participation see **Active Participation in a Rental Real Estate Activity** on page 3 of the instructions.)

1a	Activities with net income (enter the amount from Worksheet 1, column (a)).	1a		
1b	Activities with net loss (enter the amount from Worksheet 1, column (b)).	1b	()
1c	Prior years unallowed losses (enter the amount from Worksheet 1, column (c)).	1c	()
1d	Combine lines 1a, 1b, and 1c	1d		

All Other Passive Activities

2a	Activities with net income (enter the amount from Worksheet 2, column (a)).	2a		
2b	Activities with net loss (enter the amount from Worksheet 2, column (b)).	2b	()
2c	Prior years unallowed losses (enter the amount from Worksheet 2, column (c)).	2c	()
2d	Combine lines 2a, 2b, and 2c	2d		

3 Combine lines 1d and 2d. If the result is net income or zero, all losses are allowed, including any prior year unallowed losses entered on line 1c or 2c. **Do not** complete Form 8582. Take the losses to the form or schedule you normally report them on.
If this line and line 1d are losses, go to line 4. Otherwise, enter -0- on line 9 and go to line 10 **3**

Part II Special Allowance for Rental Real Estate With Active Participation

Note: Enter all numbers in Part II as positive amounts. See page 7 of the instructions for examples.

4	Enter the smaller of the loss on line 1d or the loss on line 3	4		
5	Enter \$150,000. If married filing separately, see page 7 of the instructions	5		
6	Enter modified adjusted gross income, but not less than zero (see page 7 of the instructions)	6		
7	Subtract line 6 from line 5	7		
8	Multiply line 7 by 50% (.5). Do not enter more than \$25,000. If married filing separately, see page 7 of the instructions	8		
9	Enter the smaller of line 4 or line 8	9		

Part III Total Losses Allowed

10	Add the income, if any, on lines 1a and 2a and enter the total	10		
11	Total losses allowed from all passive activities for 1998. Add lines 9 and 10. See page 7 of the instructions to find out how to report the losses on your tax return	11		

Name(s) shown on return

Identifying number

Part I Net Minimum Tax on Exclusion Items

1	Combine lines 16 through 18 of your 1997 Form 6251. Estates and trusts, see instructions . . .	1		
2	Enter adjustments and preferences treated as exclusion items. See instructions	2		
3	Minimum tax credit net operating loss deduction. See instructions	3	()
4	Combine lines 1, 2, and 3. If zero or less, enter -0- here and on line 15 and go to Part II. If more than \$165,000 and you were married filing separately for 1997, see instructions	4		
5	Enter: \$45,000 if married filing jointly or qualifying widow(er) for 1997; \$33,750 if single or head of household for 1997; or \$22,500 if married filing separately for 1997. Estates and trusts, enter \$22,500	5		
6	Enter: \$150,000 if married filing jointly or qualifying widow(er) for 1997; \$112,500 if single or head of household for 1997; or \$75,000 if married filing separately for 1997. Estates and trusts, enter \$75,000	6		
7	Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9 . . .	7		
8	Multiply line 7 by 25% (.25)	8		
9	Subtract line 8 from line 5. If zero or less, enter -0-. If this form is for a child under age 14, see instructions	9		
10	Subtract line 9 from line 4. If zero or less, enter -0- here and on line 15, and go to Part II. Form 1040NR filers, see instructions	10		
11	If you completed Schedule D (Form 1040 or 1041) for 1997 and had an amount on line 25 or line 27 of Schedule D (Form 1040) (line 24 or line 27 of Schedule D (Form 1041)) or you would have had an amount on either of those lines had you completed Part IV of Schedule D (Form 1040) (or Part V of Schedule D (Form 1041)), go to Part III of Form 8801 to figure the amount to enter on this line. All others: Multiply line 10 by 26% (.26) if line 10 is: \$175,000 or less if single, head of household, married filing jointly, qualifying widow(er), or an estate or trust for 1997; or \$87,500 or less if married filing separately for 1997. Otherwise, multiply line 10 by 28% (.28) and subtract from the result: \$3,500 if single, head of household, married filing jointly, qualifying widow(er), or an estate or trust for 1997; or \$1,750 if married filing separately for 1997	11		
12	Minimum tax foreign tax credit on exclusion items. See instructions	12		
13	Tentative minimum tax on exclusion items. Subtract line 12 from line 11	13		
14	Enter the amount from your 1997 Form 6251, line 27, or Form 1041, Schedule I, line 41 . . .	14		
15	Net minimum tax on exclusion items. Subtract line 14 from line 13. If zero or less, enter -0-	15		

Part II Minimum Tax Credit and Carryforward to 1999

16	Enter the amount from your 1997 Form 6251, line 28, or Form 1041, Schedule I, line 42 . . .	16		
17	Enter the amount from line 15 above	17		
18	Subtract line 17 from line 16. If less than zero, enter as a negative amount	18		
19	1997 minimum tax credit carryforward. Enter the amount from your 1997 Form 8801, line 26	19		
20	Enter the total of your 1997 unallowed nonconventional source fuel credit and 1997 unallowed qualified electric vehicle credit. See instructions	20		
21	Combine lines 18, 19, and 20. If zero or less, stop here and see instructions	21		
22	Enter your 1998 regular income tax liability minus allowable credits. See instructions	22		
23	Enter the amount from your 1998 Form 6251, line 26, or 1998 Form 1041, Schedule I, line 37 . .	23		
24	Subtract line 23 from line 22. If zero or less, enter -0-	24		
25	Minimum tax credit. Enter the smaller of line 21 or line 24. Also enter this amount on the appropriate line of your 1998 tax return. See instructions	25		
26	Minimum tax credit carryforward to 1999. Subtract line 25 from line 21. See instructions . .	26		

