

# 1040

NOTE: THIS BOOKLET DOES NOT CONTAIN TAX FORMS

## INSTRUCTIONS

Including Instructions for Schedules  
A, C, D, E, F, J, M, and SE

# 2010



makes doing your taxes  
faster and easier.



is the fast, safe, and free  
way to prepare and e-file  
your taxes. See  
[www.irs.gov/freefile](http://www.irs.gov/freefile).

Get a faster refund, reduce errors, and save paper.  
For more information on **IRS e-file** and Free File,  
see page 5 or click on **IRS e-file** at IRS.gov.

### LIMITS ON PERSONAL EXEMPTIONS AND OVERALL ITEMIZED DEDUCTIONS ENDED

For 2010, you will no longer lose part of your  
deduction for personal exemptions and itemized  
deductions, regardless of the amount of your  
adjusted gross income.

### ADOPTION CREDIT REFUNDABLE

Your qualified adoption expenses are now  
refundable.

### REPAYMENT OF FIRST-TIME HOMEBUYER CREDIT (HOMES BOUGHT IN 2008)

If you claimed the credit for a home you bought in  
2008, you generally have to begin repaying  
it now.



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## A Message From the Commissioner

Dear Taxpayer,

Every year, the IRS works hard to make the process of filing your taxes as quick and easy as possible. Providing quality service is one of our top priorities. It not only reduces the burden on you, but also helps you file an accurate return right from the start.

The best place to get information from the IRS is our website, IRS.gov. In addition to getting your tax questions answered, there's also a very popular feature, "Where's My Refund?" to track the progress of your refund. You can also find informative videos to help you understand your tax obligations on YouTube, at [www.youtube.com/irsvideos](http://www.youtube.com/irsvideos).

I would like to bring to your attention a couple of items that could be of help as you file and pay your taxes this year. A number of federal tax incentives that were enacted in 2009 as part of the American Recovery and Reinvestment Act are still in effect for 2010. These include the American Opportunity Credit and the expanded Earned Income Credit. Make sure you check to see if you qualify for these and other important deductions and credits.

Remember that the fastest and easiest way to get your refund is to *e-file* and use direct deposit. You could receive your refund in as little as 10 days after filing, which can help you pay bills, make some important purchases and maybe put some money aside for savings.

*E-file* has become so popular that seven out of 10 individual taxpayers now *e-file* their return. It's the first choice for about 100 million taxpayers because it's fast, safe and accurate.

Taxpayers below a certain income level can qualify to use free tax preparation software through the Free File program. Plus, everyone can *e-file* for free using fillable forms available at IRS.gov. So, isn't it time you made the switch to *e-file*?

If you need any more information or have questions about taxes or tax credits, please visit us at IRS.gov or call our toll-free number at 1-800-829-1040. We are here to help you.

Sincerely,



Douglas H. Shulman

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### The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.



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Department  
of the  
Treasury

Internal  
Revenue  
Service

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## The Taxpayer Advocate Service Is Here To Help

The Taxpayer Advocate Service (TAS) is your voice at the IRS. Our job is to ensure that every taxpayer is treated equally and fairly, and that you know and understand your rights. We offer free help to guide you through the often confusing process of resolving tax problems that you have not been able to solve on your own. The worst thing you can do is nothing at all!

First, try to resolve your problem on your own. But, if you cannot do so, then come to us. TAS can help if:

- Your problem with the IRS is causing financial difficulties or hardship for you or your family.
- You have tried repeatedly to contact the IRS, but no one has responded.
- The IRS has not responded to you by the date promised.

When you come to the TAS for help, you will be assigned to one advocate who will be with you at every turn. Your advocate will listen to you, help you understand what needs to be done, and stay with you until your problem is resolved. We have offices in every state, and our advocates are all experienced with the IRS, so we know how to cut through the red tape. TAS can help you work out an alternative payment plan. We'll make sure the right people hear your case, and that they act upon it.

As a taxpayer, you have rights that the IRS must abide by in its dealings with you. Our tax toolkit at [www.taxtoolkit.irs.gov](http://www.taxtoolkit.irs.gov) is a first step toward understanding what your rights are. You can get updates on hot tax topics by visiting our YouTube channel at [www.youtube.com/tasnta](http://www.youtube.com/tasnta) and our Facebook page at [www.facebook.com/YourVoiceAtIRS](http://www.facebook.com/YourVoiceAtIRS), or by following our tweets at [www.twitter.com/YourVoiceAtIRS](http://www.twitter.com/YourVoiceAtIRS).

If you think TAS might be able to help you, you can call your local advocate, whose number is in your phone book; in Pub. 1546, Taxpayer Advocate Service—Your Voice at the IRS; and on our website at [www.irs.gov/advocate](http://www.irs.gov/advocate). You can also call our toll-free number at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

### Low Income Taxpayer Clinics (LITCs)

The Low Income Taxpayer Clinic program serves individuals who have a problem with the IRS and whose income is below a certain level. LITCs are independent from the IRS. Most LITCs can provide representation before the IRS or in court on audits, tax collection disputes, and other issues for free or for a small fee. If an individual's native language is not English, some clinics can provide information in certain other languages about taxpayer rights and responsibilities. For more information, see Pub. 4134, Low Income Taxpayer Clinic List. This publication is available at [IRS.gov](http://IRS.gov), by calling 1-800-TAX-FORM (1-800-829-3676), or at your local IRS office.

## Suggestions for Improving the IRS

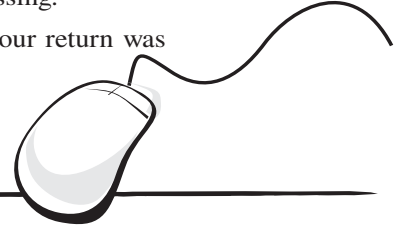
### Taxpayer Advocacy Panel

Have a suggestion for improving the IRS and do not know who to contact? The Taxpayer Advocacy Panel (TAP) is a diverse group of citizen volunteers who listen to taxpayers, identify taxpayers' issues, and make suggestions for improving IRS service and customer satisfaction. The panel is demographically and geographically diverse, with at least one member from each state, the District of Columbia, and Puerto Rico. Contact TAP at [www.improveirs.org](http://www.improveirs.org) or 1-888-912-1227 (toll-free).

# Options for e-filing your tax returns—safely, quickly, and easily.

## Seven reasons 70% of Americans file their taxes electronically.

- *Security*—The IRS uses the latest encryption technology to safeguard your information.
- *Faster Refunds*—Get your refund in as few as 10 days with direct deposit.
- *Flexible Payments*—File early; pay by April 18.
- *Greater Accuracy*—Fewer errors mean faster processing.
- *Quick Receipt*—Receive an acknowledgment that your return was accepted.
- *Go Green*—Reduce the amount of paper used.
- *It's Free*—through Free File.



### IRS e-file: It's Safe. It's Easy. It's Time.

Joining the 95 million Americans who already are using *e-file* is easy. Just ask your paid or volunteer tax preparer, use commercial software, or use Free File. IRS *e-file* is the safest, most secure way to transmit your tax return to the IRS. Since 1990, the IRS has processed nearly 900 million *e-filed* tax returns safely and securely. There's no paper return to be lost or stolen.

If you have not *e-filed* before, it's time. Ask your tax preparer, or do it yourself. Most states also use electronic filing. IRS *e-file* is now the norm, not the exception.

#### Free e-file Help Available Nationwide

The VITA program offers free tax help for low to moderate income (under \$49,000 in adjusted gross income) taxpayers who need help preparing their tax returns. The Tax Counseling for the Elderly (TCE) program provides free tax help to people age 60 and older. There are 12,000 VITA and TCE sites nationwide.



### Everyone Can Free File

If your adjusted gross income was \$58,000 or less in 2010, you can use free tax software to prepare and *e-file* your tax return. Earned more? Use Free File Fillable Forms.

**Free File.** This public-private partnership, between the IRS and tax software providers, makes approximately 20 popular commercial software products and *e-file* available for free. Seventy percent of the nation's taxpayers are eligible.

Just visit [www.irs.gov/freefile](http://www.irs.gov/freefile) for details. Free File combines all the benefits of *e-file* and easy-to-use software at no cost. Guided questions will help ensure you get all the tax credits and deductions you are due. It's fast, safe, and free.

You can review each provider's eligibility rules or use an online tool to find those software products that match your situation. Some providers offer state tax return preparation either for a fee or for free. Free File also is available in English and Spanish.

**Free File Fillable Forms.** The IRS offers electronic versions of IRS paper forms that also can be *e-filed* for free. Free File Fillable Forms is best for people experienced in preparing their own tax returns. There are no income limitations. Free File Fillable Forms does basic math calculations. It supports only federal tax forms.

IRS.gov is the gateway to all electronic services offered by the IRS, as well as the spot to download forms if you should choose to file a paper return.

# What's New

If there are additional changes to the 2010 tax law, you can find them at [www.irs.gov/form1040](http://www.irs.gov/form1040).

**Due date of return.** File Form 1040 by April 18, 2011. The due date is April 18, instead of April 15, because of the Emancipation Day holiday in the District of Columbia—even if you do not live in the District of Columbia.

**Limits on personal exemptions and overall itemized deductions ended.** For 2010, you will no longer lose part of your deduction for personal exemptions and itemized deductions, regardless of the amount of your adjusted gross income (AGI).

**Self-employed health insurance deduction.** Effective March 30, 2010, if you were self-employed and paid for health insurance, you may be able to include in your deduction on line 29 any premiums you paid to cover your child who was under age 27 at the end of 2010, even if the child was not your dependent. For 2010, the line 29 deduction is also allowed on Schedule SE. See the instructions for line 29 that begin on page 28.

**Adoption credit.** The maximum adoption credit has increased to \$13,170. The credit is now refundable and is claimed on line 71. See Form 8839.

**Alternative minimum tax (AMT) exemption amount increased.** The AMT exemption amount has increased to \$47,450 (\$72,450 if married filing jointly or a qualifying widow(er); \$36,225 if married filing separately).

**First-time homebuyer credit.** You generally cannot claim the credit for a home you bought after April 30, 2010. However, you may be able to claim the credit if you entered into a written binding contract before May 1, 2010, to buy the home before July 1, 2010, and actually bought the home before October 1, 2010. Also, certain members of the Armed Forces and certain other taxpayers have additional time to buy a home and take the credit. See page 69.

**Repayment of first-time homebuyer credit.** If you claimed the first-time homebuyer credit for a home you bought in 2008, you generally must begin repaying it on your 2010 return. In addition, you generally must repay any credit you claimed for 2008 or 2009 if you sold your home in 2010 or the home stopped being your main home in 2010. See the instructions for line 59 on page 43.

**Roth IRAs and designated Roth accounts.** Half of any income that results from a rollover or conversion to a Roth IRA from another retirement plan in 2010 is included in income in 2011, and the other half in 2012, unless you elect to include all of it in 2010. The same rule applies to a rollover after September 27, 2010, to a designated Roth account in the same plan. See Form 8606.

You now can make a qualified rollover contribution to a Roth IRA regardless of the amount of your modified AGI.

**Standard mileage rates.** The 2010 rate for business use of your vehicle is reduced to 50 cents a mile. The 2010 rate for use of your vehicle to get medical care or to move is reduced to 16½ cents a mile.

**Personal casualty and theft loss limit reduced.** Each personal casualty or theft loss is limited to the excess of the loss over \$100 (instead of the \$500 limit that applied for 2009). See Form 4684.

**Divorced or separated parents.** A custodial parent who has revoked his or her previous release of a claim to a child's exemption must include a copy of the revocation with his or her return. See page 16.

**Domestic production activities income.** The percentage rate for 2010 increases to 9%. However, the deduction is reduced if you have oil-related qualified production activities income. See page 33.

**Decedents who died in 2010.** For special rules that may apply to decedents who died in 2010, including rules for property acquired from a decedent who died in 2010, see new Pub. 4895.

**Expired tax benefits.** The following tax benefits have expired and are not available for 2010.

- Increased standard deduction for real estate taxes or a net disaster loss from a disaster occurring after 2009.
- Itemized deduction or increased standard deduction for state or local sales or excise taxes on the purchase of a new motor vehicle (unless you bought the vehicle in 2009 after February 16 and paid the tax in 2010).

• The exclusion from income of up to \$2,400 in unemployment compensation. All unemployment compensation you received in 2010 generally is taxable.

- Government retiree credit.
- Alternative motor vehicle credit for qualified hybrid motor vehicles bought after 2009, except cars and light trucks with a gross vehicle weight rating of 8,500 pounds or less.
- Extra \$3,000 IRA deduction for employees of bankrupt companies.
- Certain tax benefits for Midwestern disaster areas, including increased Hope and lifetime learning credits and the additional exemption amount if you provided housing for a person displaced by the Midwestern storms, tornadoes, or flooding.
- Credit to holders of clean renewable energy bonds issued after 2009.
- Decreased estimated tax payments for certain small businesses.

**Mailing your return.** If you are filing a paper return, you may be mailing it to a different address this year because the IRS has changed the filing location for several areas. See *Where Do You File?* on the last page of these instructions.

**Disclosure of information by paid preparers.** If you use a paid preparer to file your return, the preparer is allowed, in some cases, to disclose certain information from your return, such as your name and address, to certain other parties, such as the preparer's professional liability insurance company or the publisher of a tax newsletter. For details, see Revenue Rulings 2010-4 and 2010-5. You can find Revenue Ruling 2010-4 on page 309 of Internal Revenue Bulletin 2010-4 at [www.irs.gov/irb/2010-04\\_IRB/ar08.html](http://www.irs.gov/irb/2010-04_IRB/ar08.html). You can find Revenue Ruling 2010-5 on page 312 of Internal Revenue Bulletin 2010-4 at [www.irs.gov/irb/2010-04\\_IRB/ar09.html](http://www.irs.gov/irb/2010-04_IRB/ar09.html).

**Preparer e-file mandate.** A new law requires some paid preparers to e-file returns they prepare and file. Your preparer may make you aware of this requirement and the options available to you.

# Filing Requirements

These rules apply to all U.S. citizens, regardless of where they live, and resident aliens.



Have you tried IRS e-file? It's the fastest way to get your refund and it's free if you are eligible. Visit IRS.gov for details.

## Do You Have To File?

Use Chart A, B, or C to see if you must file a return. U.S. citizens who lived in or had income from a U.S. possession should see Pub. 570. Residents of Puerto Rico can use TeleTax topic 901 (see page 91) to see if they must file.



*Even if you do not otherwise have to file a return, you should file one to get a refund of any federal income tax withheld.*

*You should also file if you are eligible for any of the following credits.*

- Making work pay credit.
- Earned income credit.
- Additional child tax credit.
- American opportunity credit.
- First-time homebuyer credit.
- Credit for federal tax on fuels.
- Adoption credit.
- Refundable credit for prior year minimum tax.
- Health coverage tax credit.

**Exception for certain children under age 19 or full-time students.** If certain conditions apply, you can elect to include on your return the income of a child who was under age 19 at the end of 2010 or was a full-time student under age 24 at the end of 2010. To do so, use Form 8814. If you make this election, your child does not have to file a return. For details, use TeleTax topic 553 (see page 91) or see Form 8814.

A child born on January 1, 1987, is considered to be age 24 at the end of 2010. Do not use Form 8814 for such a child.

**Resident aliens.** These rules also apply if you were a resident alien. Also, you may qualify for certain tax treaty benefits. See Pub. 519 for details.

**Nonresident aliens and dual-status aliens.** These rules also apply if you were a nonresident alien or a dual-status alien and both of the following apply.

- You were married to a U.S. citizen or resident alien at the end of 2010.
- You elected to be taxed as a resident alien.

See Pub. 519 for details.



*Specific rules apply to determine if you are a resident alien, nonresident alien, or dual-status alien. Most nonresident aliens and dual-status aliens have different filing requirements and may have to file Form 1040NR or Form 1040NR-EZ. Pub. 519 discusses these requirements and other information to help aliens comply with U.S. tax law, including tax treaty benefits and special rules for students and scholars.*

## When and Where Should You File?

File Form 1040 by **April 18, 2011**. (The due date is April 18, instead of April 15, because of the Emancipation Day holiday in the District of Columbia—even if you do not live in the District of Columbia.) If you file after this date, you may have to pay interest and penalties. See page 89.

If you were serving in, or in support of, the U.S. Armed Forces in a designated combat zone or contingency operation, you can file later. See Pub. 3 for details.

See the last page of these instructions for filing instructions and addresses.

## What if You Cannot File on Time?

You can get an automatic 6-month extension (to October 17, 2011) if, no later than the date your return is due, you file Form 4868. For details, see Form 4868.



*An automatic 6-month extension to file does not extend the time to pay your tax. If you do not pay your tax by the original due date of your return, you will owe interest on the unpaid tax and may owe penalties. See Form 4868.*

If you are a U.S. citizen or resident alien, you may qualify for an automatic extension of time to file without filing Form 4868. You qualify if, on the due date

of your return, you meet one of the following conditions.

- You live outside the United States and Puerto Rico and your main place of business or post of duty is outside the United States and Puerto Rico.
- You are in military or naval service on duty outside the United States and Puerto Rico.

This extension gives you an extra 2 months to file and pay the tax, but interest will be charged from the original due date of the return on any unpaid tax. You must include a statement showing that you meet the requirements. If you are still unable to file your return by the end of the 2-month period, you can get an additional 4 months if, no later than June 15, 2011, you file Form 4868. This 4-month extension of time to file does not extend the time to pay your tax. See Form 4868.

## Private Delivery Services

You can use certain private delivery services designated by the IRS to meet the “timely mailing as timely filing/paying” rule for tax returns and payments. These private delivery services include only the following.

- DHL Express (DHL): DHL Same Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.



*Private delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.*

## Chart A—For Most People

IF your filing status is . . .	AND at the end of 2010 you were* . . .	THEN file a return if your gross income** was at least . . .
Single	under 65 65 or older	\$9,350 10,750
Married filing jointly***	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)	\$18,700 19,800 20,900
Married filing separately (see page 13)	any age	\$3,650
Head of household (see page 13)	under 65 65 or older	\$12,050 13,450
Qualifying widow(er) with dependent child (see page 13)	under 65 65 or older	\$15,050 16,150

\*If you were born on January 1, 1946, you are considered to be age 65 at the end of 2010.

\*\***Gross income** means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States or from the sale of your main home (even if you can exclude part or all of it). Do not include any social security benefits unless (a) you are married filing a separate return and you lived with your spouse at any time in 2010 or (b) one-half of your social security benefits plus your other gross income and any tax-exempt interest is more than \$25,000 (\$32,000 if married filing jointly). If (a) or (b) applies, see the instructions for lines 20a and 20b to figure the taxable part of social security benefits you must include in gross income.

\*\*\*If you did not live with your spouse at the end of 2010 (or on the date your spouse died) and your gross income was at least \$3,650, you must file a return regardless of your age.



**Chart B—For Children and Other Dependents** (See the instructions for line 6c that begin on page 15 to find out if someone can claim you as a dependent.)

If your parent (or someone else) can claim you as a dependent, use this chart to see if you must file a return.

In this chart, **unearned income** includes taxable interest, ordinary dividends, and capital gain distributions. It also includes unemployment compensation, taxable social security benefits, pensions, annuities, and distributions of unearned income from a trust. **Earned income** includes salaries, wages, tips, professional fees, and taxable scholarship and fellowship grants. **Gross income** is the total of your unearned and earned income.

**Single dependents.** Were you **either** age 65 or older **or** blind?

- No.** You must file a return if **any** of the following apply.
- Your unearned income was over \$950.
  - Your earned income was over \$5,700.
  - Your gross income was more than the **larger** of—
    - \$950, or
    - Your earned income (up to \$5,400) plus \$300.
- Yes.** You must file a return if **any** of the following apply.
- Your unearned income was over \$2,350 (\$3,750 if 65 or older **and** blind).
  - Your earned income was over \$7,100 (\$8,500 if 65 or older **and** blind).
  - Your gross income was more than the **larger** of—
    - \$2,350 (\$3,750 if 65 or older **and** blind), or
    - Your earned income (up to \$5,400) plus \$1,700 (\$3,100 if 65 or older **and** blind).

**Married dependents.** Were you **either** age 65 or older **or** blind?

- No.** You must file a return if **any** of the following apply.
- Your unearned income was over \$950.
  - Your earned income was over \$5,700.
  - Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
  - Your gross income was more than the **larger** of—
    - \$950, or
    - Your earned income (up to \$5,400) plus \$300.
- Yes.** You must file a return if **any** of the following apply.
- Your unearned income was over \$2,050 (\$3,150 if 65 or older **and** blind).
  - Your earned income was over \$6,800 (\$7,900 if 65 or older **and** blind).
  - Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
  - Your gross income was more than the **larger** of—
    - \$2,050 (\$3,150 if 65 or older **and** blind), or
    - Your earned income (up to \$5,400) plus \$1,400 (\$2,500 if 65 or older **and** blind).

**Chart C—Other Situations When You Must File**

You must file a return if any of the four conditions below apply for 2010.

1. You owe any special taxes, including any of the following.
  - a. Alternative minimum tax.
  - b. Additional tax on a qualified plan, including an individual retirement arrangement (IRA), or other tax-favored account. But if you are filing a return only because you owe this tax, you can file **Form 5329** by itself.
  - c. Household employment taxes. But if you are filing a return only because you owe this tax, you can file **Schedule H** by itself.
  - d. Social security and Medicare tax on tips you did not report to your employer or on wages you received from an employer who did not withhold these taxes.
  - e. Recapture of first-time homebuyer credit. See the instructions for line 59 on page 43.
  - f. Write-in taxes, including uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on group-term life insurance and additional taxes on health savings accounts. See the instructions for line 60 on page 43.
  - g. Recapture taxes. See the instructions for line 44, on page 35, and line 60, on page 43.
2. You received any advance earned income credit (EIC) payments from your employer. These payments are shown in Form W-2, box 9.
3. You had net earnings from self-employment of at least \$400.
4. You had wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.

## Where To Report Certain Items From 2010 Forms W-2, 1098, and 1099



IRS e-file takes the guesswork out of preparing your return. You may also be eligible to use Free File to file your federal income tax return. Visit [www.irs.gov/efile](http://www.irs.gov/efile) for details.

If any federal income tax withheld is shown on these forms, include the tax withheld on Form 1040, line 61. If you itemize your deductions and any state or local income tax withheld is shown on these forms, include the tax withheld on Schedule A, line 5, unless you elect to deduct state and local general sales taxes.

Form	Item and Box in Which It Should Appear	Where To Report if Filing Form 1040
W-2	Wages, tips, other compensation (box 1) Allocated tips (box 8) Advance EIC payment (box 9) Dependent care benefits (box 10) Adoption benefits (box 12, code T) Employer contributions to an Archer MSA (box 12, code R) Employer contributions to a health savings account (box 12, code W)	Form 1040, line 7 See <i>Wages, Salaries, Tips, etc.</i> on page 19 Form 1040, line 59 Form 2441, Part III Form 8839, line 18 Form 8853, line 1 Form 8889, line 9
W-2G	Gambling winnings (box 1)	Form 1040, line 21 (Schedule C or C-EZ for professional gamblers)
1098	Mortgage interest (box 1) Points (box 2) Refund of overpaid interest (box 3) Mortgage insurance premiums (box 4)	Schedule A, line 10* Form 1040, line 21, but first see the instructions on Form 1098* See the instructions for Schedule A, line 13*
1098-C	Contributions of motor vehicles, boats, and airplanes	Schedule A, line 17
1098-E	Student loan interest (box 1)	See the instructions for Form 1040, line 33, on page 32*
1098-T	Qualified tuition and related expenses (box 1)	See the instructions for Form 1040, line 34, on page 33, or Form 1040, line 49, on page 38, but first see the instructions on Form 1098-T*
1099-A	Acquisition or abandonment of secured property	See Pub. 4681
1099-B	Stocks, bonds, etc. (box 2) Bartering (box 3) Aggregate profit or (loss) (box 11)	See the instructions on Form 1099-B See Pub. 525 Form 6781, line 1
1099-C	Canceled debt (box 2)	See Pub. 4681
1099-DIV	Total ordinary dividends (box 1a) Qualified dividends (box 1b) Total capital gain distributions (box 2a) Unrecaptured section 1250 gain (box 2b) Section 1202 gain (box 2c)  Collectibles (28%) gain (box 2d) Nondividend distributions (box 3) Investment expenses (box 5) Foreign tax paid (box 6)	Form 1040, line 9a See the instructions for Form 1040, line 9b, on page 20 Form 1040, line 13, or, if required, Schedule D, line 13 See the instructions for Schedule D, line 19, that begin on page D-8 See <i>Exclusion of Gain on Qualified Small Business (QSB) Stock</i> in the instructions for Schedule D on page D-4 See the instructions for Schedule D, line 18, on page D-8 See the instructions for Form 1040, line 9a, on page 20 Schedule A, line 23 Form 1040, line 47, or Schedule A, line 8. But first see the instructions for line 47 on page 38.
1099-G	Unemployment compensation (box 1) State or local income tax refunds, credits, or offsets (box 2) ATAA/RTAA payments (box 5) Taxable grants (box 6) Agriculture payments (box 7) Market gain (box 9)	See the instructions for Form 1040, line 19, on page 25. See the instructions for Form 1040, line 10, that begin on page 21. If box 8 on Form 1099-G is checked, see the box 8 instructions. Form 1040, line 21 Form 1040, line 21* See the Instructions for Schedule F or Pub. 225* See the Instructions for Schedule F
*If the item relates to an activity for which you are required to file Schedule C, C-EZ, E, or F or Form 4835, report the taxable or deductible amount allocable to the activity on that schedule or form instead.		

Form	Item and Box in Which It Should Appear	Where To Report if Filing Form 1040
1099-INT	Interest income (box 1) Early withdrawal penalty (box 2) Interest on U.S. savings bonds and Treasury obligations (box 3) Investment expenses (box 5) Foreign tax paid (box 6)  Tax-exempt interest (box 8) Specified private activity bond interest (box 9)	See the instructions for Form 1040, line 8a, on page 20 Form 1040, line 30 See the instructions for Form 1040, line 8a, on page 20  Schedule A, line 23 Form 1040, line 47, or Schedule A, line 8. But first see the instructions for line 47 on page 38. Form 1040, line 8b Form 6251, line 12
1099-LTC	Long-term care and accelerated death benefits	See Pub. 525 and the Instructions for Form 8853
1099-MISC	Rents (box 1) Royalties (box 2)  Other income (box 3) Nonemployee compensation (box 7)  Excess golden parachute payments (box 13) Other (boxes 5, 6, 8, 9, 10, and 15b)	See the Instructions for Schedule E* Schedule E, line 4 (for timber, coal, and iron ore royalties, see Pub. 544)* Form 1040, line 21* Schedule C, C-EZ, or F. But if you were not self-employed, see the instructions on Form 1099-MISC. See the instructions for Form 1040, line 60, on page 43 See the instructions on Form 1099-MISC
1099-OID	Original issue discount (box 1) Other periodic interest (box 2) } Early withdrawal penalty (box 3) Original issue discount on U.S. Treasury obligations (box 6) Investment expenses (box 7)	See the instructions on Form 1099-OID Form 1040, line 30 See the instructions on Form 1099-OID  Schedule A, line 23
1099-PATR	Patronage dividends and other distributions from a cooperative (boxes 1, 2, 3, and 5) Domestic production activities deduction (box 6) Credits (boxes 7, 8, and 10) Patron's AMT adjustment (box 9) Deduction for qualified refinery property (box 10)	Schedule C, C-EZ, or F or Form 4835, but first see the instructions on Form 1099-PATR Form 8903, line 23 See the instructions on Form 1099-PATR Form 6251, line 27 Schedule C, C-EZ, or F
1099-Q	Qualified education program payments	See the instructions for Form 1040, line 21, on page 27
1099-R	Distributions from IRAs**  Distributions from pensions, annuities, etc.  Capital gain (box 3)	See the instructions for Form 1040, lines 15a and 15b, that begin on page 22 See the instructions for Form 1040, lines 16a and 16b, that begin on page 23 See the instructions on Form 1099-R
1099-S	Gross proceeds from real estate transactions (box 2)  Buyer's part of real estate tax (box 5)	Form 4797, Form 6252, or Schedule D. But if the property was your home, see the Instructions for Schedule D to find out if you must report the sale or exchange. Report an exchange of like-kind property on Form 8824 even if no gross proceeds are reported on Form 1099-S. See the instructions for Schedule A, line 6, on page A-5*
1099-SA	Distributions from health savings accounts (HSAs) Distributions from MSAs***	Form 8889, line 14a Form 8853
<p>*If the item relates to an activity for which you are required to file Schedule C, C-EZ, E, or F or Form 4835, report the taxable or deductible amount allocable to the activity on that schedule or form instead.</p> <p>**This includes distributions from Roth, SEP, and SIMPLE IRAs.</p> <p>***This includes distributions from Archer and Medicare Advantage MSAs.</p>		

# Line Instructions for Form 1040



IRS *e-file* takes the guesswork out of preparing your return. You may also be eligible to use Free File to file your federal income tax return. Visit [www.irs.gov/efile](http://www.irs.gov/efile) for details.

Section references are to the Internal Revenue Code.

## Name and Address

Print or type the information in the spaces provided. If you are married filing a separate return, enter your spouse's name on line 3 instead of below your name.



*If you filed a joint return for 2009 and you are filing a joint return for 2010 with the same spouse, be sure to enter your names and SSNs in the same order as on your 2009 return.*

## Address Change

If you plan to move after filing your return, use Form 8822 to notify the IRS of your new address.

## Name Change

If you changed your name because of marriage, divorce, etc., be sure to report the change to the Social Security Administration (SSA) before filing your return. This prevents delays in processing your return and issuing refunds. It also safeguards your future social security benefits. See *Social Security Number (SSN)* on this page for how to contact the SSA. Also see page 87 for more details.

## P.O. Box

Enter your box number only if your post office does not deliver mail to your home.

## Foreign Address

Enter the information in the following order: City, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

## Death of a Taxpayer

See page 88.

## Social Security Number (SSN)

An incorrect or missing SSN can increase your tax, reduce your refund, or delay your

refund. To apply for an SSN, fill in Form SS-5 and return it, along with the appropriate evidence documents, to the Social Security Administration (SSA). You can get Form SS-5 online at [www.socialsecurity.gov](http://www.socialsecurity.gov), from your local SSA office, or by calling the SSA at 1-800-772-1213. It usually takes about 2 weeks to get an SSN once the SSA has all the evidence and information it needs.

Check that your SSN on your Forms W-2 and 1099 agrees with your social security card. If not, see page 87 for more details.

## IRS Individual Taxpayer Identification Numbers (ITINs) for Aliens

If you are a nonresident or resident alien and you do not have and are not eligible to get an SSN, you must apply for an ITIN. For details on how to do so, see Form W-7 and its instructions. It takes 6 to 10 weeks to get an ITIN.

If you already have an ITIN, enter it wherever your SSN is requested on your tax return.

**Note.** An ITIN is for tax use only. It does not entitle you to social security benefits or change your employment or immigration status under U.S. law.

## Nonresident Alien Spouse

If your spouse is a nonresident alien, he or she must have either an SSN or an ITIN if:

- You file a joint return,
- You file a separate return and claim an exemption for your spouse, or
- Your spouse is filing a separate return.

## Presidential Election Campaign Fund

This fund helps pay for Presidential election campaigns. The fund reduces candidates' dependence on large contributions from individuals and groups and places candidates on an equal financial footing in the general election. If you want \$3 to go to this fund, check the box. If you are filing a joint return, your spouse can also have \$3 go to the fund. If you check a box, your tax or refund will not change.

## Filing Status

Check only the filing status that applies to you. The ones that will usually give you the lowest tax are listed last.

- Married filing separately.
- Single.
- Head of household.
- Married filing jointly or qualifying widow(er) with dependent child.



*More than one filing status can apply to you. Choose the one that will give you the lowest tax.*

## Line 1

### Single

You can check the box on line 1 if any of the following was true on December 31, 2010.

- You were never married.
- You were legally separated according to your state law under a decree of divorce or separate maintenance. But if, at the end of 2010, your divorce was not final (an interlocutory decree), you are considered married and cannot check the box on line 1.
- You were widowed before

January 1, 2010, and did not remarry before the end of 2010. But if you have a dependent child, you may be able to use the qualifying widow(er) filing status. See the instructions for line 5 on page 13.

## Line 2

### Married Filing Jointly

You can check the box on line 2 if any of the following apply.

- You were married at the end of 2010, even if you did not live with your spouse at the end of 2010.
- Your spouse died in 2010 and you did not remarry in 2010.
- You were married at the end of 2010, and your spouse died in 2011 before filing a 2010 return.

For federal tax purposes, a marriage means only a legal union between a man and a woman as husband and wife. A husband and wife filing jointly report their

combined income and deduct their combined allowable expenses on one return. They can file a joint return even if only one had income or if they did not live together all year. However, both persons must sign the return. Once you file a joint return, you cannot choose to file separate returns for that year after the due date of the return.

**Joint and several tax liability.** If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. However, see *Innocent Spouse Relief* on page 87.

**Nonresident aliens and dual-status aliens.** Generally, a husband and wife cannot file a joint return if either spouse is a nonresident alien at any time during the year. However, if you were a nonresident alien or a dual-status alien and were married to a U.S. citizen or resident alien at the end of 2010, you may elect to be treated as a resident alien and file a joint return. See Pub. 519 for details.

## Line 3

### Married Filing Separately

If you are married and file a separate return, you will usually pay more tax than if you use another filing status for which you qualify. Also, if you file a separate return, you cannot take the student loan interest deduction, the tuition and fees deduction, the education credits, or the earned income credit. You also cannot take the standard deduction if your spouse itemizes deductions.

Generally, you report only your own income, exemptions, deductions, and credits. Different rules apply to people in community property states. See page 19.

Be sure to enter your spouse's SSN or ITIN on Form 1040 unless your spouse does not have and is not required to have an SSN or ITIN.



*You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the last 6 months of 2010. See Married persons who live apart on this page.*

## Line 4

### Head of Household

This filing status is for unmarried individuals who provide a home for certain other persons. You are considered unmarried for this purpose if any of the following applies.

- You were legally separated according to your state law under a decree of divorce

or separate maintenance at the end of 2010. But if, at the end of 2010, your divorce was not final (an interlocutory decree), you are considered married.

- You are married but lived apart from your spouse for the last 6 months of 2010 and you meet the other rules under *Married persons who live apart* on this page.

- You are married to a nonresident alien at any time during the year and you do not choose to treat him or her as a resident alien.

Check the box on line 4 only if you are unmarried (or considered unmarried) and either *Test 1* or *Test 2* applies.

**Test 1.** You paid over half the cost of keeping up a home that was the main home for all of 2010 of your parent whom you can claim as a dependent, except under a multiple support agreement (see page 17). Your parent did not have to live with you.

**Test 2.** You paid over half the cost of keeping up a home in which you lived and in which one of the following also lived for more than half of the year (if half or less, see *Exception to time lived with you* on this page).

1. Any person whom you can claim as a dependent. But do not include:

a. Your qualifying child whom you claim as your dependent because of the rule for *Children of divorced or separated parents* that begins on page 16,

b. Any person who is your dependent only because he or she lived with you for all of 2010, or

c. Any person you claimed as a dependent under a multiple support agreement. See page 17.

2. Your unmarried qualifying child who is not your dependent.

3. Your married qualifying child who is not your dependent only because you can be claimed as a dependent on someone else's 2010 return.

4. Your child who, even though you are the custodial parent, is neither your dependent nor your qualifying child because of the rule for *Children of divorced or separated parents* that begins on page 16.

If the child is not your dependent, enter the child's name on line 4. If you do not enter the name, it will take us longer to process your return.

**Qualifying child.** To find out if someone is your qualifying child, see Step 1 on page 15.

**Dependent.** To find out if someone is your dependent, see the instructions for line 6c that begin on page 15.

**Exception to time lived with you.** Temporary absences by you or the other person for special circumstances, such as school, vacation, business, medical care, military

service, or detention in a juvenile facility, count as time lived in the home. Also see *Kidnapped child* on page 17, if applicable.

If the person for whom you kept up a home was born or died in 2010, you can still file as head of household as long as the home was that person's main home for the part of the year he or she was alive.

**Keeping up a home.** To find out what is included in the cost of keeping up a home, see Pub. 501.

If you used payments you received under Temporary Assistance for Needy Families (TANF) or other public assistance programs to pay part of the cost of keeping up your home, you cannot count them as money you paid. However, you must include them in the total cost of keeping up your home to figure if you paid over half the cost.

**Married persons who live apart.** Even if you were not divorced or legally separated at the end of 2010, you are considered unmarried if all of the following apply.

- You lived apart from your spouse for the last 6 months of 2010. Temporary absences for special circumstances, such as for business, medical care, school, or military service, count as time lived in the home.

- You file a separate return from your spouse.

- You paid over half the cost of keeping up your home for 2010.

- Your home was the main home of your child, stepchild, or foster child for more than half of 2010 (if half or less, see *Exception to time lived with you* on this page).

- You can claim this child as your dependent or could claim the child except that the child's other parent can claim him or her under the rule for *Children of divorced or separated parents* that begins on page 16.

**Adopted child.** An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption.

**Foster child.** A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

## Line 5

### Qualifying Widow(er) With Dependent Child

You can check the box on line 5 and use joint return tax rates for 2010 if all of the following apply.

- Your spouse died in 2008 or 2009 and you did not remarry before the end of 2010.

- You have a child or stepchild whom you claim as a dependent. This does not include a foster child.

- This child lived in your home for all of 2010. If the child did not live with you for the required time, see *Exception to time lived with you* on this page.

- You paid over half the cost of keeping up your home.

- You could have filed a joint return with your spouse the year he or she died, even if you did not actually do so.

If your spouse died in 2010, you cannot file as qualifying widow(er) with dependent child. Instead, see the instructions for line 2 that begin on page 12.

**Adopted child.** An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption.

**Dependent.** To find out if someone is your dependent, see the instructions for line 6c that begin on page 15.

**Exception to time lived with you.** Temporary absences by you or the child for special circumstances, such as school, vacation, business, medical care, military service, or detention in a juvenile facility, count as time lived in the home. Also see *Kidnapped child* on page 17, if applicable.

A child is considered to have lived with you for all of 2010 if the child was born or died in 2010 and your home was the child's home for the entire time he or she was alive.

**Keeping up a home.** To find out what is included in the cost of keeping up a home, see Pub. 501.

If you used payments you received under Temporary Assistance for Needy Families (TANF) or other public assistance programs to pay part of the cost of keeping up your home, you cannot count them as money you paid. However, you must include them in the total cost of keeping up your home to figure if you paid over half the cost.

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## Exemptions

You can deduct \$3,650 on line 42 for each exemption you can take.

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## Line 6b Spouse

Check the box on line 6b if either of the following applies.

1. Your filing status is married filing jointly and your spouse cannot be claimed as a dependent on another person's return.

2. You were married at the end of 2010, your filing status is married filing separately or head of household, and both of the following apply.

a. Your spouse had no income and is not filing a return.

b. Your spouse cannot be claimed as a dependent on another person's return.

If your filing status is head of household and you check the box on line 6b, enter the name of your spouse on the dotted line next to line 6b. Also, enter your spouse's social security number in the space provided at the top of your return. If you became divorced or legally separated during 2010, you cannot take an exemption for your former spouse.

**Death of your spouse.** If your spouse died in 2010 and you did not remarry by the end of 2010, check the box on line 6b if you could have taken an exemption for your spouse on the date of death. For other filing instructions, see *Death of a Taxpayer* on page 88.

## Line 6c—Dependents

### Dependents and Qualifying Child for Child Tax Credit

Follow the steps below to find out if a person qualifies as your dependent, qualifies you to take the child tax credit, or both. If you have more than four dependents, check the box to the left of line 6c and include a statement showing the information required in columns (1) through (4).

#### Step 1 Do You Have a Qualifying Child?

##### A qualifying child is a child who is your...

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

AND

was ...

Under age 19 at the end of 2010 and younger than you (or your spouse, if filing jointly)

or

Under age 24 at the end of 2010, a student (see page 18), and younger than you (or your spouse, if filing jointly)

or

Any age and permanently and totally disabled (see page 17)

AND

Who did not provide over half of his or her own support for 2010 (see Pub. 501)

AND

Who is not filing a joint return for 2010 or is filing a joint return for 2010 only as a claim for refund (defined on page 17)

AND

Who lived with you for more than half of 2010. If the child did not live with you for the required time, see *Exception to time lived with you* on page 17.



If the child meets the conditions to be a qualifying child of any other person (other than your spouse if filing jointly) for 2010, see *Qualifying child of more than one person* on page 17.

- Do you have a child who meets the conditions to be your qualifying child?
  - Yes.** Go to Step 2.
  - No.** Go to Step 4 on page 16.

#### Step 2 Is Your Qualifying Child Your Dependent?

- Was the child a U.S. citizen, U.S. national, U.S. resident alien, or a resident of Canada or Mexico? (See Pub. 519 for the definition of a U.S. national or U.S. resident alien. If the child was adopted, see *Exception to citizen test* on page 17.)
  - Yes.** Continue
  - No.** You cannot claim this child as a dependent. Go to Form 1040, line 7.
- Was the child married?
  - Yes.** See *Married person* on page 17.
  - No.** Continue
- Could you, or your spouse if filing jointly, be claimed as a dependent on someone else's 2010 tax return? See Steps 1, 2, and 4.
  - Yes.** You cannot claim any dependents. Go to Form 1040, line 7.
  - No.** You can claim this child as a dependent. Complete Form 1040, line 6c, columns (1) through (3) for this child. Then, go to Step 3.

#### Step 3 Does Your Qualifying Child Qualify You for the Child Tax Credit?

- Was the child under age 17 at the end of 2010?
  - Yes.** Continue
  - No.** This child is not a qualifying child for the child tax credit. Go to Form 1040, line 7.
- Was the child a U.S. citizen, U.S. national, or U.S. resident alien? (See Pub. 519 for the definition of a U.S. national or U.S. resident alien. If the child was adopted, see *Exception to citizen test* on page 17.)
  - Yes.** This child is a qualifying child for the child tax credit. Check the box on Form 1040, line 6c, column (4).
  - No.** This child is not a qualifying child for the child tax credit. Go to Form 1040, line 7.

(Continued on next page)

**Step 4** Is Your Qualifying Relative Your Dependent?

**A qualifying relative is a person who is your...**

Son, daughter, stepchild, foster child, or a descendant of any of them (for example, your grandchild)

or

Brother, sister, half brother, half sister, or a son or daughter of any of them (for example, your niece or nephew)

or

Father, mother, or an ancestor or sibling of either of them (for example, your grandmother, grandfather, aunt, or uncle)

or

Stepbrother, stepsister, stepfather, stepmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law

or

Any other person (other than your spouse) who lived with you all year as a member of your household if your relationship did not violate local law. If the person did not live with you for the required time, see *Exception to time lived with you* on page 17

**AND**



Who was not a qualifying child (see Step 1) of any taxpayer for 2010. For this purpose, a person is not a taxpayer if he or she is not required to file a U.S. income tax return **and** either does not file such a return or files only to get a refund of withheld income tax or estimated tax paid



**AND**


Who had gross income of less than \$3,650 in 2010. If the person was permanently and totally disabled, see *Exception to gross income test* on page 17


**AND**

For whom you provided over half of his or her support in 2010. But see the special rule for *Children of divorced or separated parents* that begins on this page, *Multiple support agreements* on page 17, and *Kidnapped child* on page 17.

1. Does any person meet the conditions to be your qualifying relative?  
 **Yes.** Continue   **No.**  Go to Form 1040, line 7.

2. Was your qualifying relative a U.S. citizen, U.S. national, U.S. resident alien, or a resident of Canada or Mexico? (See Pub. 519 for the definition of a U.S. national or U.S. resident alien. If your qualifying relative was adopted, see *Exception to citizen test* on page 17.)  
 **Yes.** Continue   **No.**  You cannot claim this person as a dependent. Go to Form 1040, line 7.

3. Was your qualifying relative married?  
 **Yes.** See *Married person* on page 17.  **No.** Continue 

4. Could you, or your spouse if filing jointly, be claimed as a dependent on someone else's 2010 tax return? See Steps 1, 2, and 4.  
 **Yes.**  You cannot claim any dependents. Go to Form 1040, line 7.  **No.** You can claim this person as a dependent. Complete Form 1040, line 6c, columns (1) through (3). Do not check the box on Form 1040, line 6c, column (4).

**Definitions and Special Rules**

**Adopted child.** An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption.

**Adoption taxpayer identification numbers (ATINs).** If you have a dependent who was placed with you for legal adoption and you do not know his or her SSN, you must get an ATIN for the dependent from the IRS. See Form W-7A for details. If the dependent is not a U.S. citizen or resident alien, apply for an ITIN instead, using Form W-7. See page 12.

**Children of divorced or separated parents.** A child will be treated as the qualifying child or qualifying relative of his or her noncustodial parent (defined on page 17) if all of the following conditions apply.

1. The parents are divorced, legally separated, separated under a written separation agreement, or lived apart at all times during the last 6 months of 2010 (whether or not they are or were married).
2. The child received over half of his or her support for 2010 from the parents (and the rules on *Multiple support agreements* on page 17 do not apply). Support of a child received from a parent's spouse is treated as provided by the parent.
3. The child is in custody of one or both of the parents for more than half of 2010.
4. Either of the following applies.
  - a. The custodial parent signs Form 8332 or a substantially similar statement that he or she will not claim the child as a dependent for 2010, and the noncustodial parent includes a copy of the form or statement with his or her return. If the divorce decree or separation agreement went into effect after 1984 and before 2009, the noncustodial parent may be able to include certain pages from the decree or agreement instead of Form 8332. See *Post-1984 and pre-2009 decree or agreement* and *Post-2008 decree or agreement* on page 17.



- b. A pre-1985 decree of divorce or separate maintenance or written separation agreement between the parents provides that the noncustodial parent can claim the child as a dependent, and the noncustodial parent provides at least \$600 for support of the child during 2010.

If conditions (1) through (4) apply, only the noncustodial parent can claim the child for purposes of the dependency exemption (line 6c) and the child tax credits (lines 51 and 65). However, this special rule does not apply to head of household filing status, the credit for child and dependent care expenses, the exclusion for dependent care benefits, the earned income credit, or the health coverage tax credit. See Pub. 501 for details.

**Custodial and noncustodial parents.** The custodial parent is the parent with whom the child lived for the greater number of nights in 2010. The noncustodial parent is the other parent. If the child was with each parent for an equal number of nights, the custodial parent is the parent with the higher adjusted gross income. See Pub. 501 for an exception for a parent who works at night, rules for a child who is emancipated under state law, and other details.

**Post-1984 and pre-2009 decree or agreement.** The decree or agreement must state all three of the following.

1. The noncustodial parent can claim the child as a dependent without regard to any condition, such as payment of support.
2. The other parent will not claim the child as a dependent.
3. The years for which the claim is released.

The noncustodial parent must include all of the following pages from the decree or agreement.

- Cover page (include the other parent's SSN on that page).
- The pages that include all the information identified in (1) through (3) above.
- Signature page with the other parent's signature and date of agreement.



*You must include the required information even if you filed it with your return in an earlier year.*

**Post-2008 decree or agreement.** If the divorce decree or separation agreement went into effect after 2008, the noncustodial parent cannot include pages from the decree or agreement instead of Form 8332. The custodial parent must sign either Form 8332 or a substantially similar statement the only purpose of which is to release the custodial parent's claim to an exemption for a child, and the noncustodial parent must include a copy with his or her return. The form or statement must release the custodial parent's claim to the child without any conditions. For example, the release must not depend on the noncustodial parent paying support.

**Release of exemption revoked.** A custodial parent who has revoked his or her previous release of a claim to exemption for a child must include a copy of the revocation with his or her return. For details, see Form 8332.

**Claim for refund.** A claim for refund is a return filed only to get a refund of withheld income tax or estimated tax paid. A return is not a claim for refund if the making work pay credit, earned income credit, or any other similar refundable credit is claimed on it.

**Exception to citizen test.** If you are a U.S. citizen or U.S. national and your adopted child lived with you all year as a member of your household, that child meets the citizen test.

**Exception to gross income test.** If your relative (including a person who lived with you all year as a member of your household) is permanently and totally disabled (defined on this page), certain income for services performed at a sheltered workshop may be excluded for this test. For details, see Pub. 501.

**Exception to time lived with you.** Temporary absences by you or the other person for special circumstances, such as school, vacation, business, medical care, military service, or detention in a juvenile facility, count as time the person lived with you. Also see *Children of divorced or separated parents* that begins on page 16 or *Kidnapped child* on this page.

A person is considered to have lived with you for all of 2010 if the person was born or died in 2010 and your home was this person's home for the entire time he or she was alive in 2010.

**Foster child.** A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

**Kidnapped child.** If your child is presumed by law enforcement authorities to have been kidnapped by someone who is not a family member, you may be able to take the child into account in determining your eligibility for head of household or qualifying widow(er) filing status, the dependency exemption, the child tax credit, and the earned income credit (EIC). For details, see Pub. 501 (Pub. 596 for the EIC).

**Married person.** If the person is married, you cannot claim that person as your dependent if he or she files a joint return. But this rule does not apply if the return is filed only as a claim for refund (defined on this page) and no tax liability would exist for either spouse if they had filed separate returns. If the person meets this exception, go to Step 2, question 3, on page 15 (for a qualifying child) or Step 4, question 4, on page 16 (for a qualifying relative). If the person does not meet this exception, you cannot claim this person as a dependent. Go to Form 1040, line 7.

**Multiple support agreements.** If no one person contributed over half of the support of your relative (or a person who lived with you all year as a member of your household) but you and another person(s) provided more than half of your relative's support, special rules may apply that would treat you as having provided over half of the support. For details, see Pub. 501.

**Permanently and totally disabled.** A person is permanently and totally disabled if, at any time in 2010, the person cannot engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition has lasted or can be expected to last continuously for at least a year or can be expected to lead to death.

**Qualifying child of more than one person.** Even if a child meets the conditions to be the qualifying child of more than one person, only one person can claim the child as a qualifying child for all of the following tax benefits, unless the special rule for *Children of divorced or separated parents* beginning on page 16 applies.

1. Dependency exemption (line 6c).
2. Child tax credits (lines 51 and 65).
3. Head of household filing status (line 4).
4. Credit for child and dependent care expenses (line 48).
5. Exclusion for dependent care benefits (Form 2441, Part III).
6. Earned income credit (lines 64a and 64b).

No other person can take any of the six tax benefits listed above unless he or she has a different qualifying child. If you and any other person can claim the child as a qualifying child, the following rules apply.

- If only one of the persons is the child's parent, the child is treated as the qualifying child of the parent.
- If the parents do not file a joint return together but both parents claim the child as a qualifying child, the IRS will treat the child as the qualifying child of the parent with whom the child lived for the longer period of time in 2010. If the child lived with each parent for the same amount of time, the IRS will treat the child as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2010.
- If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest AGI for 2010.
- If a parent can claim the child as a qualifying child but no parent does so claim the child, the child is treated as the qualifying child of the person who had the highest AGI for 2010, but only if that person's AGI is higher than the highest AGI of any parent of the child who can claim the child.

**Example.** Your daughter meets the conditions to be a qualifying child for both you and your mother. Your daughter does not meet the conditions to be a qualifying child of any other person, includ-

ing her other parent. Under the rules just described, you can claim your daughter as a qualifying child for all of the six tax benefits listed on page 17 for which you otherwise qualify. Your mother cannot claim any of the six tax benefits listed on page 17 unless she has a different qualifying child. However, if your mother's AGI is higher than yours and you do not claim your daughter as a qualifying child, your daughter is the qualifying child of your mother.

For more details and examples, see Pub. 501.

If you will be claiming the child as a qualifying child, go to Step 2 on page 15. Otherwise, stop; you cannot claim any benefits based on this child. Go to Form 1040, line 7.

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**Social security number.** You must enter each dependent's social security number (SSN). Be sure the name and SSN entered agree with the dependent's social security card. Otherwise, at the time we process your return, we may disallow the exemption claimed for the dependent and reduce or disallow any other tax benefits (such as the child tax credit) based on that dependent. If the name or SSN on the

dependent's social security card is not correct, call the Social Security Administration at 1-800-772-1213. For details on how your dependent can get an SSN, see page 12. If your dependent will not have a number by the date your return is due, see *What if You Cannot File on Time?* on page 7.

If your dependent child was born and died in 2010 and you do not have an SSN for the child, enter "Died" in column (2) and include a copy of the child's birth certificate, death certificate, or hospital records. The document must show the child was born alive.

**Student.** A student is a child who during any part of 5 calendar months of 2010 was enrolled as a full-time student at a school, or took a full-time, on-farm training course given by a school or a state, county, or local government agency. A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or school offering courses only through the Internet.



*You may owe social security and Medicare tax on unreported or allocated tips. See the instructions for line 57 on*

*page 42.*

- Dependent care benefits, which should be shown in box 10 of your Form(s) W-2. But first complete Form 2441 to see if you can exclude part or all of the benefits.

- Employer-provided adoption benefits, which should be shown in box 12 of your Form(s) W-2 with code T. But see the Instructions for Form 8839 to find out if you can exclude part or all of the benefits. You may also be able to exclude amounts if you adopted a child with special needs and the adoption became final in 2010.

- Scholarship and fellowship grants not reported on Form W-2. Also, enter “SCH” and the amount on the dotted line next to line 7. However, if you were a degree candidate, include on line 7 only the amounts you used for expenses other than tuition and course-related expenses. For example, amounts used for room, board, and travel must be reported on line 7.

- Excess salary deferrals. The amount deferred should be shown in box 12 of your Form W-2, and the “Retirement plan” box in box 13 should be checked. If the total amount you (or your spouse if filing jointly) deferred for 2010 under all plans was more than \$16,500 (excluding catch-up contributions as explained below), include the excess on line 7. This limit is (a) \$11,500 if you only have SIMPLE plans, or (b) \$19,500 for section 403(b) plans if you qualify for the 15-year rule in Pub. 571. Although designated Roth contributions are subject to this limit, do not include the excess attributable to such contributions on line 7. They are already included as income in box 1 of your Form W-2.

A higher limit may apply to participants in section 457(b) deferred compensation plans for the 3 years before retirement age. Contact your plan administrator for more information.

If you were age 50 or older at the end of 2010, your employer may have allowed an additional deferral (catch-up contributions) of up to \$5,500 (\$2,500 for section 401(k)(11) and SIMPLE plans). This additional deferral amount is not subject to the overall limit on elective deferrals.



*You cannot deduct the amount deferred. It is not included as income in box 1 of your Form W-2.*

- Disability pensions shown on Form 1099-R if you have not reached the minimum retirement age set by your employer. But see *Insurance Premiums for Retired Public Safety Officers* on page 23. Disability pensions received after you reach mini-

## Income

### Foreign-Source Income

You must report unearned income, such as interest, dividends, and pensions, from sources outside the United States unless exempt by law or a tax treaty. You must also report earned income, such as wages and tips, from sources outside the United States.

If you worked abroad, you may be able to exclude part or all of your foreign earned income. For details, see Pub. 54 and Form 2555 or 2555-EZ.

**Foreign retirement plans.** If you were a beneficiary of a foreign retirement plan, you may have to report the undistributed income earned in your plan. However, if you were the beneficiary of a Canadian registered retirement plan, see Form 8891 to find out if you can elect to defer tax on the undistributed income.

Report distributions from foreign pension plans on lines 16a and 16b.

**Foreign accounts and trusts.** You must complete Part III of Schedule B if you:

- Had a foreign account, or
- Received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

### Chapter 11 Bankruptcy Cases

If you are a debtor in a chapter 11 bankruptcy case, income taxable to the bankruptcy estate and reported on the estate's income tax return includes:

- Earnings from services you performed after the beginning of the case (both wages and self-employment income), and
- Income from property described in section 541 of title 11 of the U.S. Code that you either owned when the case began or that you acquired after the case began and before the case was closed, dismissed, or converted to a case under a different chapter.

Because this income is taxable to the estate, do not include this income on your own individual income tax return. The only exception is for purposes of figuring your self-employment tax. For that purpose, you must take into account all your self-employment income for the year from services performed both before and after the beginning of the case. Also, you (or the trustee, if one is appointed) must allocate between you and the bankruptcy estate the wages, salary, or other compensation and withheld income tax reported to you on Form W-2. A similar allocation is required for income and withheld income tax reported to you on Forms 1099. You must also include a statement that indicates you filed a chapter 11

case and that explains how income and withheld income tax reported to you on Forms W-2 and 1099 are allocated between you and the estate. For more details, including acceptable allocation methods, see Notice 2006-83, 2006-40 I.R.B. 596, available at

[www.irs.gov/irb/2006-40\\_IRB/ar12.html](http://www.irs.gov/irb/2006-40_IRB/ar12.html).

### Community Property States

Community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. If you and your spouse lived in a community property state, you must usually follow state law to determine what is community income and what is separate income. For details, see Pub. 555.

**Nevada, Washington, and California domestic partners.** A registered domestic partner in Nevada, Washington, or California (or a person in California who is married to a person of the same sex) generally must report half the combined community income earned by the individual and his or her domestic partner (or same-sex spouse). See Pub. 555.

### Rounding Off to Whole Dollars

You can round off cents to whole dollars on your return and schedules. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.39 becomes \$1 and \$2.50 becomes \$3.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

## Line 7

### Wages, Salaries, Tips, etc.

Enter the total of your wages, salaries, tips, etc. If a joint return, also include your spouse's income. For most people, the amount to enter on this line should be shown in box 1 of their Form(s) W-2. But the following types of income must also be included in the total on line 7.

- Wages received as a household employee for which you did not receive a Form W-2 because your employer paid you less than \$1,700 in 2010. Also, enter “HSH” and the amount not reported on Form W-2 on the dotted line next to line 7.

- Tip income you did not report to your employer. Also include allocated tips shown on your Form(s) W-2 unless you can prove that you received less. Allocated tips should be shown in box 8 of your Form(s) W-2. They are not included as income in box 1. See Pub. 531 for more details.

mum retirement age and other payments shown on Form 1099-R (other than payments from an IRA\*) are reported on lines 16a and 16b. Payments from an IRA are reported on lines 15a and 15b.

- Corrective distributions from a retirement plan shown on Form 1099-R of excess salary deferrals and excess contributions (plus earnings). But do not include distributions from an IRA\* on line 7. Instead, report distributions from an IRA on lines 15a and 15b.

- Wages from Form 8919, line 6.

\*This includes a Roth, SEP, or SIMPLE IRA.

### Were You a Statutory Employee?

If you were, the “Statutory employee” box in box 13 of your Form W-2 should be checked. Statutory employees include full-time life insurance salespeople, certain agent or commission drivers and traveling salespeople, and certain homeworkers. If you have related business expenses to deduct, report the amount shown in box 1 of your Form W-2 on Schedule C or C-EZ along with your expenses.

### Missing or Incorrect Form W-2?

Your employer is required to provide or send Form W-2 to you no later than January 31, 2011. If you do not receive it by early February, use TeleTax topic 154 (see page 90) to find out what to do. Even if you do not get a Form W-2, you must still report your earnings on line 7. If you lose your Form W-2 or it is incorrect, ask your employer for a new one.

## Line 8a

### Taxable Interest

Each payer should send you a Form 1099-INT or Form 1099-OID. Enter your total taxable interest income on line 8a. But you must fill in and attach Schedule B if the total is over \$1,500 or any of the other conditions listed at the beginning of the Schedule B instructions apply to you.

Interest credited in 2010 on deposits that you could not withdraw because of the bankruptcy or insolvency of the financial institution may not have to be included in your 2010 income. For details, see Pub. 550.



*If you get a 2010 Form 1099-INT for U.S. savings bond interest that includes amounts you reported before 2010, see Pub. 550.*

## Line 8b

### Tax-Exempt Interest

If you received any tax-exempt interest, such as from municipal bonds, each payer should send you a Form 1099-INT. Your tax-exempt interest, including any exempt-interest dividends from a mutual fund or other regulated investment company, should be included in box 8 of Form 1099-INT. Enter the total on line 8b. Do not include interest earned on your IRA, health savings account, Archer or Medicare Advantage MSA, or Coverdell education savings account.

## Line 9a

### Ordinary Dividends

Each payer should send you a Form 1099-DIV. Enter your total ordinary dividends on line 9a. This amount should be shown in box 1a of Form(s) 1099-DIV.

You must fill in and attach Schedule B if the total is over \$1,500 or you received, as a nominee, ordinary dividends that actually belong to someone else.

### Nondividend Distributions

Some distributions are a return of your cost (or other basis). They will not be taxed until you recover your cost (or other basis). You must reduce your cost (or other basis) by these distributions. After you get back all of your cost (or other basis), you must report these distributions as capital gains on Schedule D. For details, see Pub. 550.



*Dividends on insurance policies are a partial return of the premiums you paid. Do not report them as dividends. Include them in income on line 21 only if they exceed the total of all net premiums you paid for the contract.*

## Line 9b

### Qualified Dividends

Enter your total qualified dividends on line 9b. Qualified dividends are also included in the ordinary dividend total required to be shown on line 9a. Qualified dividends are eligible for a lower tax rate than other ordinary income. Generally, these dividends are shown in box 1b of Form(s) 1099-DIV. See Pub. 550 for the definition of qualified dividends if you received dividends not reported on Form 1099-DIV.

**Exception.** Some dividends may be reported as qualified dividends in box 1b of Form 1099-DIV but are not qualified dividends. These include:

- Dividends you received as a nominee. See the Schedule B instructions.
- Dividends you received on any share of stock that you held for less than 61 days during the 121-day period that began 60 days before the ex-dividend date. The ex-dividend date is the first date following the declaration of a dividend on which the purchaser of a stock is not entitled to receive the next dividend payment. When counting the number of days you held the stock, include the day you disposed of the stock but not the day you acquired it. See the examples on this page and page 21. Also, when counting the number of days you held the stock, you cannot count certain days during which your risk of loss was diminished. See Pub. 550 for more details.
- Dividends attributable to periods totaling more than 366 days that you received on any share of preferred stock held for less than 91 days during the 181-day period that began 90 days before the ex-dividend date. When counting the number of days you held the stock, you cannot count certain days during which your risk of loss was diminished. See Pub. 550 for more details. Preferred dividends attributable to periods totaling less than 367 days are subject to the 61-day holding period rule on this page.
- Dividends on any share of stock to the extent that you are under an obligation (including a short sale) to make related payments with respect to positions in substantially similar or related property.
- Payments in lieu of dividends, but only if you know or have reason to know that the payments are not qualified dividends.

**Example 1.** You bought 5,000 shares of XYZ Corp. common stock on July 8, 2010. XYZ Corp. paid a cash dividend of 10 cents per share. The ex-dividend date was July 16, 2010. Your Form 1099-DIV from XYZ Corp. shows \$500 in box 1a (ordinary dividends) and in box 1b (qualified dividends). However, you sold the 5,000 shares on August 11, 2010. You held your shares of XYZ Corp. for only 34 days of the 121-day period (from July 9, 2010, through August 11, 2010). The 121-day period began on May 17, 2010 (60 days before the ex-dividend date), and ended on September 14, 2010. You have no qualified dividends from XYZ Corp. because you held the XYZ stock for less than 61 days.

**Example 2.** Assume the same facts as in Example 1 except that you bought the stock on July 15, 2010 (the day before the ex-dividend date), and you sold the stock on September 16, 2010. You held the stock for 63 days (from July 16, 2010, through September 16, 2010). The \$500 of qualified dividends shown in box 1b of Form 1099-DIV are all qualified dividends because you held the stock for 61 days of the 121-day period (from July 16, 2010, through September 14, 2010).

**Example 3.** You bought 10,000 shares of ABC Mutual Fund common stock on July 8, 2010. ABC Mutual Fund paid a cash dividend of 10 cents a share. The ex-dividend date was July 16, 2010. The ABC Mutual Fund advises you that the portion of the dividend eligible to be treated as qualified dividends equals 2 cents per share. Your Form 1099-DIV from ABC Mutual Fund shows total ordinary dividends of \$1,000 and qualified dividends of \$200. However, you sold the 10,000 shares on August 11, 2010. You have no qualified dividends from ABC Mutual Fund because you held the ABC Mutual Fund stock for less than 61 days.

whichever applies, to figure your tax. See the instructions for line 44 on page 35 for details.

to apply part or all of the refund to your 2010 estimated state or local income tax, the amount applied is treated as received in 2010. If the refund was for a tax you paid in 2009 and you deducted state and local income taxes on line 5 of your 2009 Schedule A, use the worksheet below to see if any of your refund is taxable.

### Line 10 Taxable Refunds, Credits, or Offsets of State and Local Income Taxes

**TIP** None of your refund is taxable if, in the year you paid the tax, you either (a) did not itemize deductions, or (b) elected to deduct state and local general sales taxes instead of state and local income taxes.

**Exception.** See *Itemized Deduction Recoveries* in Pub. 525 instead of using the worksheet below if any of the following applies.

1. You received a refund in 2010 that is for a tax year other than 2009.
2. You received a refund other than an income tax refund, such as a general sales tax or real property tax refund, in 2010 of an amount deducted or credit claimed in an earlier year.

If you received a refund, credit, or offset of state or local income taxes in 2010, you may receive a Form 1099-G. If you chose

**TIP** Be sure you use the *Qualified Dividends and Capital Gain Tax Worksheet* or the *Schedule D Tax Worksheet*,

### State and Local Income Tax Refund Worksheet—Line 10

Keep for Your Records 


**Before you begin:** ✓ Be sure you have read the **Exception** above to see if you can use this worksheet instead of Pub. 525 to figure if any of your refund is taxable.

1. Enter the income tax refund from **Form(s) 1099-G** (or similar statement). But **do not** enter more than the amount of your state and local income taxes shown on your 2009 Schedule A, line 5 . . . . . **1.**
2. Enter your total allowable itemized deductions from your 2009 Schedule A, line 29 . . . . **2.**

**Note.** If the filing status on your 2009 Form 1040 was married filing separately and your spouse itemized deductions in 2009, skip lines 3 through 10, enter the amount from line 2 on line 11, and go to line 12.

3. Enter the amount shown below for the filing status claimed on your **2009** Form 1040.
  - Single or married filing separately—\$5,700
  - Married filing jointly or qualifying widow(er)—\$11,400
  - Head of household—\$8,350

**3.**
4. Did you fill in line 39a on your 2009 Form 1040?
  - No.** Enter -0-.
  - Yes.** Multiply the number in the box on line 39a of your 2009 Form 1040 by \$1,100 (\$1,400 if your 2009 filing status was single or head of household).

**4.**
5. Enter any state or local real estate taxes shown on your 2009 Schedule A, line 6. **Do not** include foreign real estate taxes . . . . . **5.**
6. Enter \$500 (\$1,000 if married filing jointly) . . . . . **6.**
7. Enter the smaller of line 5 or line 6 . . . . . **7.**
8. Enter any net disaster loss from your 2009 Form 4684, line 18 . . . . . **8.**
9. Enter any new motor vehicle taxes shown on your 2009 Schedule A, line 7 . . . . . **9.**
10. Add lines 3, 4, 7, 8, and 9 . . . . . **10.**
11. Is the amount on line 10 less than the amount on line 2?
  - No.**  None of your refund is taxable.
  - Yes.** Subtract line 10 from line 2 . . . . . **11.**
12. **Taxable part of your refund.** Enter the **smaller** of line 1 or line 11 here and on Form 1040, line 10 . . **12.**

3. The amount on your 2009 Form 1040, line 42, was more than the amount on your 2009 Form 1040, line 41.

4. You had taxable income on your 2009 Form 1040, line 43, but no tax on your Form 1040, line 44, because of the 0% tax rate on net capital gain and qualified dividends in certain situations.

5. Your 2009 state and local income tax refund is more than your 2009 state and local income tax deduction minus the amount you could have deducted as your 2009 state and local general sales taxes.

6. You made your last payment of 2009 estimated state or local income tax in 2010.

7. You owed alternative minimum tax in 2009.

8. You could not use the full amount of credits you were entitled to in 2009 because the total credits were more than the amount shown on your 2009 Form 1040, line 46.

9. You could be claimed as a dependent by someone else in 2009.

10. You had to use the Itemized Deductions Worksheet in the 2009 Instructions for Schedule A because your 2009 adjusted gross income was over \$166,800 (\$83,400 if married filing separately) and both of the following apply.

a. You could not deduct all of the amount on the 2009 Itemized Deductions Worksheet, line 1.

b. The amount on line 8 of that 2009 worksheet would be more than the amount on line 4 of that worksheet if the amount on line 4 were reduced by 80% of the refund you received in 2010.

11. You received a refund because of a jointly filed state or local income tax return, but you are not filing a joint 2010 Form 1040 with the same person.

## Line 11

### Alimony Received

Enter amounts received as alimony or separate maintenance. You must let the person who made the payments know your social security number. If you do not, you may have to pay a penalty. For more details, see Pub. 504.

## Line 12

### Business Income or (Loss)

If you operated a business or practiced your profession as a sole proprietor, report your income and expenses on Schedule C or C-EZ.

## Line 13

### Capital Gain or (Loss)

If you had a capital gain or loss, including any capital gain distributions or a capital loss carryover from 2009, you must complete and attach Schedule D.

**Exception.** You do not have to file Schedule D if both of the following apply.

- The only amounts you have to report on Schedule D are capital gain distributions from Form(s) 1099-DIV, box 2a, or substitute statements.

- None of the Form(s) 1099-DIV or substitute statements have an amount in box 2b (unrecaptured section 1250 gain), box 2c (section 1202 gain), or box 2d (collectibles (28%) gain).

If both of the above apply, enter your total capital gain distributions (from box 2a of Form(s) 1099-DIV) on line 13 and check the box on that line. If you received capital gain distributions as a nominee (that is, they were paid to you but actually belong to someone else), report on line 13 only the amount that belongs to you. Include a statement showing the full amount you received and the amount you received as a nominee. See the Schedule B instructions for filing requirements for Forms 1099-DIV and 1096.



*If you do not have to file Schedule D, use the Qualified Dividends and Capital Gain Tax Worksheet on page 37 to figure*

*your tax.*

## Line 14

### Other Gains or (Losses)

If you sold or exchanged assets used in a trade or business, see the Instructions for Form 4797.

## Lines 15a and 15b

### IRA Distributions

You should receive a Form 1099-R showing the total amount of any distribution from your IRA before income tax or other deductions were withheld. This amount should be shown in box 1 of Form 1099-R. Unless otherwise noted in the line 15a and 15b instructions, an IRA includes a traditional IRA, Roth IRA, simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA. Except as provided below, leave line 15a blank and enter the total distribution (from Form 1099-R, box 1) on line 15b.

**Exception 1.** Enter the total distribution on line 15a if you rolled over part or all of the distribution from one:

- IRA to another IRA of the same type (for example, from one traditional IRA to another traditional IRA),
- SEP or SIMPLE IRA to a traditional IRA, or
- IRA to a qualified plan other than an IRA.

Also, enter "Rollover" next to line 15b. If the total distribution was rolled over in a qualified rollover, enter -0- on line 15b. If the total distribution was not rolled over in a qualified rollover, enter the part not rolled over on line 15b unless *Exception 2* applies to the part not rolled over. Generally, a qualified rollover must be made within 60 days after the day you received the distribution. For more details on rollovers, see Pub. 590.

If you rolled over the distribution into a qualified plan other than an IRA or you made the rollover in 2011, include a statement explaining what you did.

**Exception 2.** If any of the following apply, enter the total distribution on line 15a and see Form 8606 and its instructions to figure the amount to enter on line 15b.

1. You received a distribution from an IRA (other than a Roth IRA) and you made nondeductible contributions to any of your traditional or SEP IRAs for 2010 or an earlier year. If you made nondeductible contributions to these IRAs for 2010, also see Pub. 590.

2. You received a distribution from a Roth IRA. But if either (a) or (b) below applies, enter -0- on line 15b; you do not have to see Form 8606 or its instructions.

a. Distribution code T is shown in box 7 of Form 1099-R and you made a contribution (including a conversion) to a Roth IRA for 2005 or an earlier year.

b. Distribution code Q is shown in box 7 of Form 1099-R.

3. You converted part or all of a traditional, SEP, or SIMPLE IRA to a Roth IRA in 2010.

4. You had a 2009 or 2010 IRA contribution returned to you, with the related earnings or less any loss, by the due date (including extensions) of your tax return for that year.

5. You made excess contributions to your IRA for an earlier year and had them returned to you in 2010.

6. You recharacterized part or all of a contribution to a Roth IRA as a traditional IRA contribution, or vice versa.

**Exception 3.** If the distribution is a qualified charitable distribution (QCD), enter the total distribution on line 15a. If the total amount distributed is a QCD, enter -0- on line 15b. If only part of the distribution is a QCD, enter the part that is not a QCD on

line 15b unless *Exception 2* applies to that part. Enter “QCD” next to line 15b.

A QCD is a distribution made directly by the trustee of your IRA (other than an ongoing SEP or SIMPLE IRA) to an organization eligible to receive tax-deductible contributions (with certain exceptions). You must have been at least age 70½ when the distribution was made. Your total QCDs for the year cannot be more than \$100,000. (On a joint return, your spouse can also have a QCD of up to \$100,000.) The amount of the QCD is limited to the amount that would otherwise be included in your income. If your IRA includes nondeductible contributions, the distribution is first considered to be paid out of otherwise taxable income. See Pub. 590 for details.



You cannot claim a charitable contribution deduction for any QCD not included in your income.



If a QCD is made in January 2011, you can elect to treat it as made in 2010. See Pub. 590.

**Exception 4.** If the distribution is a qualified health savings account (HSA) funding distribution (HFD), enter the total distribution on line 15a. If the total amount distributed is an HFD and you elect to exclude it from income, enter -0- on line 15b. If only part of the distribution is an HFD and you elect to exclude that part from income, enter the part that is not an HFD on line 15b unless *Exception 2* applies to that part. Enter “HFD” next to line 15b.

An HFD is a distribution made directly by the trustee of your IRA (other than an ongoing SEP or SIMPLE IRA) to your HSA. If eligible, you generally can elect to exclude an HFD from your income once in your lifetime. You cannot exclude more than the limit on HSA contributions or more than the amount that would otherwise be included in your income. If your IRA includes nondeductible contributions, the HFD is first considered to be paid out of otherwise taxable income. See Pub. 969 for details.



The amount of an HFD reduces the amount you can contribute to your HSA for the year. If you fail to maintain eligibility for an HSA for the 12 months following the month of the HFD, you may have to report the HFD as income and pay an additional tax. See Form 8889, Part III.

See Pub. 590 for details.

**More than one exception applies.** If more than one exception applies, include a statement showing the amount of each exception, instead of making an entry next to line 15b. For example: “Line 15b – \$1,000 Rollover and \$500 HFD.”

**More than one distribution.** If you (or your spouse if filing jointly) received more than one distribution, figure the taxable amount of each distribution and enter the total of the taxable amounts on line 15b. Enter the total amount of those distributions on line 15a.



You may have to pay an additional tax if (a) you received an early distribution from your IRA and the total was not rolled over, or (b) you were born before July 1, 1939, and received less than the minimum required distribution from your traditional, SEP, and SIMPLE IRAs. See the instructions for line 58 on page 42 for details.

## Lines 16a and 16b Pensions and Annuities

You should receive a Form 1099-R showing the total amount of your pension and annuity payments before income tax or other deductions were withheld. This amount should be shown in box 1 of Form 1099-R. Pension and annuity payments include distributions from 401(k), 403(b), and governmental 457(b) plans. See page 25 for details on rollovers and lump-sum distributions. Do not include the following payments on lines 16a and 16b. Instead, report them on line 7.

- Disability pensions received before you reach the minimum retirement age set by your employer.
- Corrective distributions (including any earnings) of excess salary deferrals or excess contributions to retirement plans. The plan must advise you of the year(s) the distributions are includible in income.



Attach Form(s) 1099-R to Form 1040 if any federal income tax was withheld.

## Fully Taxable Pensions and Annuities

Your payments are fully taxable if (a) you did not contribute to the cost (see page 25) of your pension or annuity, or (b) you got your entire cost back tax free before 2010. But see *Insurance Premiums for Retired Public Safety Officers* on this page. If your pension or annuity is fully taxable, enter the total pension or annuity payments (from Form(s) 1099-R, box 1) on line 16b; do not make an entry on line 16a.

Fully taxable pensions and annuities also include military retirement pay shown on Form 1099-R. For details on military disability pensions, see Pub. 525. If you received a Form RRB-1099-R, see Pub. 575 to find out how to report your benefits.

## Partially Taxable Pensions and Annuities

Enter the total pension or annuity payments (from Form 1099-R, box 1) on line 16a. If your Form 1099-R does not show the taxable amount, you must use the General Rule explained in Pub. 939 to figure the taxable part to enter on line 16b. But if your annuity starting date (defined on page 25) was after July 1, 1986, see *Simplified Method* on page 24 to find out if you must use that method to figure the taxable part.

You can ask the IRS to figure the taxable part for you for a \$1,000 fee. For details, see Pub. 939.

If your Form 1099-R shows a taxable amount, you can report that amount on line 16b. But you may be able to report a lower taxable amount by using the General Rule or the Simplified Method or if the exclusion for retired public safety officers, discussed next, applies.

## Insurance Premiums for Retired Public Safety Officers

If you are an eligible retired public safety officer (law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew), you can elect to exclude from income distributions made from your eligible retirement plan that are used to pay the premiums for coverage by an accident or health plan or a long-term care insurance contract. You can do this only if you retired because of disability or because you reached normal retirement age. The premiums can be for coverage for you, your spouse, or dependents. The distribution must be from a plan maintained by the employer from which you retired as a public safety officer. Also, the distribution must be made directly from the plan to the provider of the accident or health plan or long-term care insurance contract. You can exclude from income the smaller of the amount of the premiums or \$3,000. You can only make this election for amounts that would otherwise be included in your income.

An eligible retirement plan is a governmental plan that is:

- A qualified trust,
- A section 403(a) plan,
- A section 403(b) plan, or
- A section 457(b) plan.

If you make this election, reduce the otherwise taxable amount of your pension or annuity by the amount excluded. The amount shown in box 2a of Form 1099-R does not reflect the exclusion. Report your total distributions on line 16a and the taxable amount on line 16b. Enter “PSO” next to line 16b.

If you are retired on disability and reporting your disability pension on line 7, include only the taxable amount on that line and enter “PSO” and the amount excluded on the dotted line next to line 7.

**Simplified Method**

You must use the Simplified Method if either of the following applies.

1. Your annuity starting date (defined on page 25) was after July 1, 1986, and you used this method last year to figure the taxable part.

2. Your annuity starting date was after November 18, 1996, and both of the following apply.

a. The payments are from a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity.

**Simplified Method Worksheet—Lines 16a and 16b**

Keep for Your Records



**Before you begin:** ✓ If you are the beneficiary of a deceased employee or former employee who died **before** August 21, 1996, include any death benefit exclusion that you are entitled to (up to \$5,000) in the amount entered on line 2 below.

**Note.** If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 16b. Enter the total pension or annuity payments received in 2010 on Form 1040, line 16a.

<p>1. Enter the total pension or annuity payments from Form 1099-R, box 1. Also, enter this amount on Form 1040, line 16a . . . . .</p> <p>2. Enter your cost in the plan at the annuity starting date . . . . .</p> <p><b>Note.</b> If you completed this worksheet last year, skip line 3 and enter the amount from line 4 of last year’s worksheet on line 4 below (even if the amount of your pension or annuity has changed). Otherwise, go to line 3.</p> <p>3. Enter the appropriate number from <b>Table 1</b> below. <b>But</b> if your annuity starting date was <b>after</b> 1997 <b>and</b> the payments are for your life and that of your beneficiary, enter the appropriate number from <b>Table 2</b> below . . . . .</p> <p>4. Divide line 2 by the number on line 3 . . . . .</p> <p>5. Multiply line 4 by the number of months for which this year’s payments were made. If your annuity starting date was <b>before</b> 1987, skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6 . . . . .</p> <p>6. Enter the amount, if any, recovered tax free in years after 1986. If you completed this worksheet last year, enter the amount from line 10 of last year’s worksheet . . . . .</p> <p>7. Subtract line 6 from line 2 . . . . .</p> <p>8. Enter the <b>smaller</b> of line 5 or line 7 . . . . .</p> <p>9. <b>Taxable amount.</b> Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040, line 16b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R. If you are a retired public safety officer, see <i>Insurance Premiums for Retired Public Safety Officers</i> on page 23 before entering an amount on line 16b . . . . .</p> <p>10. Was your annuity starting date before 1987?</p> <p><input type="checkbox"/> <b>Yes.</b>  Leave line 10 blank.</p> <p><input type="checkbox"/> <b>No.</b> Add lines 6 and 8. This is the <b>amount you have recovered tax free</b> through 2010. You will need this number when you fill out this worksheet next year . . . . .</p>	<p>1. <input style="width: 100px; height: 20px;" type="text"/></p> <p>2. <input style="width: 100px; height: 20px;" type="text"/></p> <p>3. <input style="width: 100px; height: 20px;" type="text"/></p> <p>4. <input style="width: 100px; height: 20px;" type="text"/></p> <p>5. <input style="width: 100px; height: 20px;" type="text"/></p> <p>6. <input style="width: 100px; height: 20px;" type="text"/></p> <p>7. <input style="width: 100px; height: 20px;" type="text"/></p> <p>8. <input style="width: 100px; height: 20px;" type="text"/></p> <p>9. <input style="width: 100px; height: 20px;" type="text"/></p> <p>10. <input style="width: 100px; height: 20px;" type="text"/></p>
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**Table 1 for Line 3 Above**

**AND your annuity starting date was—**

IF the age at annuity starting date was . . .	before November 19, 1996, enter on line 3 . . .	after November 18, 1996, enter on line 3 . . .
55 or under	300	360
56–60	260	310
61–65	240	260
66–70	170	210
71 or older	120	160

**Table 2 for Line 3 Above**

IF the combined ages at annuity starting date were . . .	THEN enter on line 3 . . .
110 or under	410
111–120	360
121–130	310
131–140	260
141 or older	210



b. On your annuity starting date, either you were under age 75 or the number of years of guaranteed payments was fewer than five. See Pub. 575 for the definition of guaranteed payments.

If you must use the Simplified Method, complete the worksheet on page 24 to figure the taxable part of your pension or annuity. For more details on the Simplified Method, see Pub. 575 or Pub. 721 for U.S. Civil Service retirement benefits.



*If you received U.S. Civil Service retirement benefits and you chose the alternative annuity option, see Pub. 721 to figure the taxable part of your annuity. Do not use the worksheet on page 24.*

### Annuity Starting Date

Your annuity starting date is the later of the first day of the first period for which you received a payment or the date the plan's obligations became fixed.

### Age (or Combined Ages) at Annuity Starting Date

If you are the retiree, use your age on the annuity starting date. If you are the survivor of a retiree, use the retiree's age on his or her annuity starting date. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, use your combined ages on the annuity starting date.

If you are the beneficiary of an employee who died, see Pub. 575. If there is more than one beneficiary, see Pub. 575 or Pub. 721 to figure each beneficiary's taxable amount.

### Cost

Your cost is generally your net investment in the plan as of the annuity starting date. It does not include pre-tax contributions. Your net investment should be shown in box 9b of Form 1099-R for the first year you received payments from the plan.

### Rollovers

Generally, a qualified rollover is a tax-free distribution of cash or other assets from one retirement plan that is contributed to another plan within 60 days of receiving the distribution. However, a qualified rollover to a Roth IRA or a designated Roth account is generally not a tax-free distribution. Use lines 16a and 16b to report a qualified rollover, including a direct rollover, from one qualified employer's plan to another or to an IRA or SEP.

Enter on line 16a the distribution from Form 1099-R, box 1. From this amount, subtract any contributions (usually shown in box 5) that were taxable to you when made. From that result, subtract the amount of the qualified rollover. Enter the remaining amount on line 16b. If the remaining amount is zero and you have no other distribution to report on line 16b, enter zero on line 16b. Also, enter "Rollover" next to line 16b.

See Pub. 575 for more details on rollovers, including special rules that apply to rollovers from designated Roth accounts, partial rollovers of property, and distributions under qualified domestic relations orders.

**Rollovers to a Roth IRA or a designated Roth account (other than from a designated Roth account).** Enter on line 16a the distribution from Form 1099-R, box 1. See Form 8606 and its instructions to figure the amount to enter on line 16b.

### Lump-Sum Distributions

If you received a lump-sum distribution from a profit-sharing or retirement plan, your Form 1099-R should have the "Total distribution" box in box 2b checked. You may owe an additional tax if you received an early distribution from a qualified retirement plan and the total amount was not rolled over in a qualified rollover. For details, see the instructions for line 58 on page 42.

Enter the total distribution on line 16a and the taxable part on line 16b. For details, see Pub. 575.



*You may be able to pay less tax on the distribution if you were born before January 2, 1936, or you are the beneficiary of a deceased employee who was born before January 2, 1936. For details, see Form 4972.*

## Line 19

### Unemployment Compensation

You should receive a Form 1099-G showing in box 1 the total unemployment compensation paid to you in 2010. Report this amount on line 19. However, if you made contributions to a governmental unemployment compensation program and you are

not itemizing deductions, reduce the amount you report on line 19 by those contributions.

If you received an overpayment of unemployment compensation in 2010 and you repaid any of it in 2010, subtract the amount you repaid from the total amount you received. Enter the result on line 19. Also, enter "Repaid" and the amount you repaid on the dotted line next to line 19. If, in 2010, you repaid unemployment compensation that you included in gross income in an earlier year, you can deduct the amount repaid on Schedule A, line 23. But if you repaid more than \$3,000, see *Repayments* in Pub. 525 for details on how to report the repayment.

## Lines 20a and 20b

### Social Security Benefits

You should receive a Form SSA-1099 showing in box 3 the total social security benefits paid to you. Box 4 will show the amount of any benefits you repaid in 2010. If you received railroad retirement benefits treated as social security, you should receive a Form RRB-1099.

Use the worksheet on page 26 to see if any of your benefits are taxable.

**Exception.** Do not use the worksheet on page 26 if any of the following applies.

- You made contributions to a traditional IRA for 2010 and you or your spouse were covered by a retirement plan at work or through self-employment. Instead, use the worksheets in Pub. 590 to see if any of your social security benefits are taxable and to figure your IRA deduction.

- You repaid any benefits in 2010 and your total repayments (box 4) were more than your total benefits for 2010 (box 3). None of your benefits are taxable for 2010. Also, you may be able to take an itemized deduction or a credit for part of the excess repayments if they were for benefits you included in gross income in an earlier year. For more details, see Pub. 915.

- You file Form 2555, 2555-EZ, 4563, or 8815, or you exclude employer-provided adoption benefits or income from sources within Puerto Rico. Instead, use the worksheet in Pub. 915.

**Social Security Benefits Worksheet—Lines 20a and 20b**

Keep for Your Records



- Before you begin:**
- ✓ Complete Form 1040, lines 21 and 23 through 32, if they apply to you.
  - ✓ Figure any write-in adjustments to be entered on the dotted line next to line 36 (see the instructions for line 36 on page 33).
  - ✓ If you are married filing separately and you lived apart from your spouse for all of 2010, enter “D” to the right of the word “benefits” on line 20a. If you do not, you may get a math error notice from the IRS.
  - ✓ Be sure you have read the **Exception** on page 25 to see if you can use this worksheet instead of a publication to find out if any of your benefits are taxable.

<p><b>1.</b> Enter the total amount from <b>box 5</b> of <b>all</b> your <b>Forms SSA-1099</b> and <b>Forms RRB-1099</b>. Also, enter this amount on Form 1040, line 20a . . . . . <b>1.</b></p>	1.	
<p><b>2.</b> Enter one-half of line 1 . . . . . <b>2.</b></p>	2.	
<p><b>3.</b> Combine the amounts from Form 1040, lines 7, 8a, 9a, 10 through 14, 15b, 16b, 17 through 19, and 21 . . . . . <b>3.</b></p>	3.	
<p><b>4.</b> Enter the amount, if any, from Form 1040, line 8b . . . . . <b>4.</b></p>	4.	
<p><b>5.</b> Combine lines 2, 3, and 4. . . . . <b>5.</b></p>	5.	
<p><b>6.</b> Enter the total of the amounts from Form 1040, lines 23 through 32, plus any write-in adjustments you entered on the dotted line next to line 36 . . . . . <b>6.</b></p>	6.	
<p><b>7.</b> Is the amount on line 6 less than the amount on line 5?  <input type="checkbox"/> <b>No.</b>  None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b.  <input type="checkbox"/> <b>Yes.</b> Subtract line 6 from line 5 . . . . . <b>7.</b></p>	7.	
<p><b>8.</b> If you are:  <ul style="list-style-type: none"> <li>• Married filing jointly, enter \$32,000</li> <li>• Single, head of household, qualifying widow(er), or married filing separately and you <b>lived apart</b> from your spouse for all of 2010, enter \$25,000</li> <li>• Married filing separately and you lived with your spouse at any time in 2010, skip lines 8 through 15; multiply line 7 by 85% (.85) and enter the result on line 16. Then go to line 17</li> </ul> </p>	8.	
<p><b>9.</b> Is the amount on line 8 less than the amount on line 7?  <input type="checkbox"/> <b>No.</b>  None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b. If you are married filing separately and you <b>lived apart</b> from your spouse for all of 2010, be sure you entered “D” to the right of the word “benefits” on line 20a.  <input type="checkbox"/> <b>Yes.</b> Subtract line 8 from line 7 . . . . . <b>9.</b></p>	9.	
<p><b>10.</b> Enter: \$12,000 if married filing jointly; \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you <b>lived apart</b> from your spouse for all of 2010 . . . . . <b>10.</b></p>	10.	
<p><b>11.</b> Subtract line 10 from line 9. If zero or less, enter -0- . . . . . <b>11.</b></p>	11.	
<p><b>12.</b> Enter the <b>smaller</b> of line 9 or line 10 . . . . . <b>12.</b></p>	12.	
<p><b>13.</b> Enter one-half of line 12 . . . . . <b>13.</b></p>	13.	
<p><b>14.</b> Enter the <b>smaller</b> of line 2 or line 13 . . . . . <b>14.</b></p>	14.	
<p><b>15.</b> Multiply line 11 by 85% (.85). If line 11 is zero, enter -0- . . . . . <b>15.</b></p>	15.	
<p><b>16.</b> Add lines 14 and 15 . . . . . <b>16.</b></p>	16.	
<p><b>17.</b> Multiply line 1 by 85% (.85) . . . . . <b>17.</b></p>	17.	
<p><b>18. Taxable social security benefits.</b> Enter the <b>smaller</b> of line 16 or line 17. Also enter this amount on Form 1040, line 20b . . . . . <b>18.</b></p>	18.	

**TIP** If any of your benefits are taxable for 2010 **and** they include a lump-sum benefit payment that was for an earlier year, you may be able to reduce the taxable amount. See Pub. 915 for details.

## Line 21

### Other Income



Do not report on this line any income from self-employment or fees received as a notary public. Instead, you must use

Schedule C, C-EZ, or F, even if you do not have any business expenses. Also, do not report on line 21 any nonemployee compensation shown on Form 1099-MISC (unless it is not self-employment income, such as income from a hobby or a sporadic activity). Instead, see the instructions on Form 1099-MISC to find out where to report that income.

**Taxable income.** Use line 21 to report any taxable income not reported elsewhere on your return or other schedules. See the examples below. List the type and amount of income. If necessary, include a statement showing the required information. For more details, see *Miscellaneous Income* in Pub. 525.

Examples of income to report on line 21 include the following.

- Prizes and awards.
- Jury duty pay. Also, see the instructions for line 36 on page 33.
- Alaska Permanent Fund dividends.
- Taxable distributions from a Coverdell education savings account (ESA) or a qualified tuition program (QTP). Distributions from these accounts may be taxable if (a) they are more than the qualified higher education expenses of the designated beneficiary in 2010, and (b) they were not included in a qualified rollover. See Pub. 970. Nontaxable distributions from these accounts, including rollovers, do not have to be reported on Form 1040.



You may have to pay an additional tax if you received a taxable distribution from a Coverdell ESA or a QTP. See the Instructions for Form 5329.

- Taxable distributions from a health savings account (HSA) or an Archer MSA. Distributions from these accounts may be taxable if (a) they are more than the unreimbursed qualified medical expenses of the account beneficiary or account holder in 2010, and (b) they were not included in a qualified rollover. See Pub. 969.



You may have to pay an additional tax if you received a taxable distribution from an HSA or an Archer MSA. See the Instructions for Form 8889 for HSAs or the Instructions for Form 8853 for Archer MSAs.

- Amounts deemed to be income from an HSA because you did not remain an

eligible individual during the testing period. See Form 8889, Part III.

- Gambling winnings, including lotteries, raffles, a lump-sum payment from the sale of a right to receive future lottery payments, etc. For details on gambling losses, see the instructions for Schedule A, line 28.



Attach Form(s) W-2G to Form 1040 if any federal income tax was withheld.

- Alternative trade adjustment assistance (ATAA) or reemployment trade adjustment assistance (RTAA) payments. These payments should be shown in box 5 of Form 1099-G.

- Reimbursements or other amounts received for items deducted in an earlier year, such as medical expenses, real estate taxes, general sales taxes, or home mortgage interest. See *Recoveries* in Pub. 525 for details on how to figure the amount to report.

- Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property. Also, see the instructions for line 36 on page 33.

- Income from an activity not engaged in for profit. See Pub. 535.

- Loss on certain corrective distributions of excess deferrals. See *Retirement Plan Contributions* in Pub. 525.

- Dividends on insurance policies if they exceed the total of all net premiums you paid for the contract.

- Recapture of a charitable contribution deduction relating to the contribution of a fractional interest in tangible personal property. See *Fractional Interest in Tangible Personal Property* in Pub. 526. Interest and an additional 10% tax apply to the amount of the recapture. See the instructions for line 60 on page 43.

- Recapture of a charitable contribution deduction if the charitable organization disposes of the donated property within 3 years of the contribution. See *Recapture if no exempt use* in Pub. 526.

- Canceled debts. These amounts may be shown in box 2 of Form 1099-C. However, part or all of your income from the cancellation of debt may be nontaxable. See Pub. 4681 or go to IRS.gov and enter “canceled debt” or “foreclosure” in the search box.

**Nontaxable income.** Do not report any nontaxable income on line 21. Examples of nontaxable income include the following.

- Child support.
- Economic recovery payments of \$250 made to certain recipients of social security benefits, supplemental security income, railroad retirement benefits, or certain veterans disability compensation or pension benefits. You may have received an eco-

nomics recovery payment in 2010 if you did not receive one in 2009.

- Any Pay-for-Performance Success Payments that reduce the principal balance of your home mortgage under the Home Affordable Modification Program.

- Life insurance proceeds received because of someone’s death (other than from certain employer-owned life insurance contracts).

- Gifts and bequests. However, if you received a gift or bequest from a foreign person of more than \$14,165, you may have to report information about it on Form 3520, Part IV. See the Instructions for Form 3520.

## Adjusted Gross Income

### Line 23

#### Educator Expenses

If you were an eligible educator in 2010, you can deduct on line 23 up to \$250 of qualified expenses you paid in 2010. If you and your spouse are filing jointly and both of you were eligible educators, the maximum deduction is \$500. However, neither spouse can deduct more than \$250 of his or her qualified expenses on line 23. You may be able to deduct expenses that are more than the \$250 (or \$500) limit on Schedule A, line 21. An eligible educator is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide who worked in a school for at least 900 hours during a school year.

Qualified expenses include ordinary and necessary expenses paid in connection with books, supplies, equipment (including computer equipment, software, and services), and other materials used in the classroom. An ordinary expense is one that is common and accepted in your educational field. A necessary expense is one that is helpful and appropriate for your profession as an educator. An expense does not have to be required to be considered necessary.

Qualified expenses do not include expenses for home schooling or for nonathletic supplies for courses in health or physical education.

You must reduce your qualified expenses by the following amounts.

- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Nontaxable qualified tuition program earnings or distributions.
- Any nontaxable distribution of Coverdell education savings account earnings.
- Any reimbursements you received for these expenses that were not reported to you in box 1 of your Form W-2.

For more details, use TeleTax topic 458 (see page 91) or see Pub. 529.

### Line 24

#### Certain Business Expenses of Reservists, Performing Artists, and Fee-Basis Government Officials

Include the following deductions on line 24.

- Certain business expenses of National Guard and reserve members who traveled more than 100 miles from home to perform services as a National Guard or reserve member.
- Performing-arts-related expenses as a qualified performing artist.
- Business expenses of fee-basis state or local government officials.

For more details, see Form 2106 or 2106-EZ.

### Line 25

#### Health Savings Account (HSA) Deduction

You may be able to take this deduction if contributions (other than employer contributions, rollovers, and qualified HSA funding distributions from an IRA) were made to your HSA for 2010. See Form 8889.

### Line 26

#### Moving Expenses

If you moved in connection with your job or business or started a new job, you may be able to take this deduction. But your new workplace must be at least 50 miles farther from your old home than your old home was from your old workplace. If you had no former workplace, your new workplace must be at least 50 miles from your old home. Use TeleTax topic 455 (see page 91) or see Form 3903.

### Line 27

#### One-Half of Self-Employment Tax

If you were self-employed and owe self-employment tax, fill in Schedule SE to figure the amount of your deduction.

### Line 28

#### Self-Employed SEP, SIMPLE, and Qualified Plans

If you were self-employed or a partner, you may be able to take this deduction. See Pub. 560 or, if you were a minister, Pub. 517.

### Line 29

#### Self-Employed Health Insurance Deduction

You may be able to deduct the amount you paid for health insurance for yourself, your spouse, and your dependents. Effective March 30, 2010, the insurance can also

## Self-Employed Health Insurance Deduction Worksheet—Line 29

Keep for Your Records



- Before you begin:**
- ✓ If, during 2010, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA (ATAA) recipient, reemployment trade adjustment assistance (RTAA) recipient, or Pension Benefit Guaranty Corporation pension recipient, see the Note on page 29.
  - ✓ Be sure you have read the **Exception** on page 29 to see if you can use this worksheet instead of Pub. 535 to figure your deduction.

1. Enter the total amount paid in 2010 for health insurance coverage established under your business (or the S corporation in which you were a more-than-2% shareholder) for 2010 for you, your spouse, and your dependents. Effective March 30, 2010, your insurance can also cover your child who was under age 27 at the end of 2010, even if the child was not your dependent. But do not include amounts for any month you were eligible to participate in an employer-sponsored health plan (see page 29) or amounts paid from retirement plan distributions that were nontaxable because you are a retired public safety officer . . . . .	1.	
2a. Enter your net profit* and any other earned income** from the business under which the insurance plan is established (excluding the self-employed health insurance deduction), minus any deduction on Form 1040, line 28. Do not include Conservation Reserve Program payments exempt from self-employment tax . . . . .	2a.	
2b. If you pay self-employment tax, complete Schedule SE as a worksheet for purposes of this line. When completing Section A, line 3, or Section B, line 3, of the worksheet Schedule SE, treat the amount from Form 1040, line 29, as zero. Enter on this line the amount shown on that worksheet Schedule SE, Section A, line 6, or Section B, line 13 . . . . .	2b.	
2c. Subtract line 2b from line 2a . . . . .	2c.	
3. <b>Self-employed health insurance deduction.</b> Enter the <b>smaller</b> of line 1 or line 2c here and on Form 1040, line 29. <b>Do not</b> include this amount in figuring any medical expense deduction on Schedule A . . . . .	3.	

\*If you used either optional method to figure your net earnings from self-employment, do not enter your net profit. Instead, enter the amount from Schedule SE, Section B, line 4b.

\*\***Earned income** includes net earnings and gains from the sale, transfer, or licensing of property you created. However, it does not include capital gain income. If you were a more-than-2% shareholder in the S corporation under which the insurance plan is established, earned income is your Medicare wages (box 5 of Form W-2) from that corporation.

cover your child (defined on this page) who was under age 27 at the end of 2010, even if the child was not your dependent.

One of the following statements must be true.

- You were self-employed and had a net profit for the year.
- You used one of the optional methods to figure your net earnings from self-employment on Schedule SE.
- You received wages in 2010 from an S corporation in which you were a more-than-2% shareholder. Health insurance premiums paid or reimbursed by the S corporation are shown as wages on Form W-2.

A child includes your son, daughter, stepchild, adopted child, or foster child (defined on page 17).

The insurance plan must be established under your business. Your personal services must have been a material income-producing factor in the business. If you are a more-than-2% shareholder in an S corporation, the plan must be established by the S corporation. A plan is established by the S corporation if (a) the S corporation makes the premium payments for the policy in 2010 or (b) you make the premium payments and furnish proof of payment to the S corporation and then the S corporation reimburses you for the premium payments in 2010. You can deduct the premiums only if the S corporation reports the premiums paid or reimbursed as wages in box 1 of your Form W-2 in 2010 and you also report the premium payments or reimbursements as wages on Form 1040, line 7.

But if you were also eligible to participate in any subsidized health plan maintained by your or your spouse's employer for any month or part of a month in 2010, amounts paid for health insurance coverage for that month cannot be used to figure the deduction. In addition, effective March 30, 2010, if you were eligible for any month or part of a month to participate in any subsidized health plan maintained by the employer of either your dependent or your child who was under age 27 at the end of 2010, do not use amounts paid for coverage for that month to figure the deduction.

**Example.** If you were eligible to participate in a subsidized health plan maintained by your spouse's employer from September 30 through December 31, you cannot use amounts paid for health insurance coverage for September through December to figure your deduction.

Medicare Part B premiums can be used to figure the deduction. Amounts paid for health insurance coverage from retirement plan distributions that were nontaxable because you are a retired public safety officer cannot be used to figure the deduction.

For more details, see Pub. 535.

**Note.** If, during 2010, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA (ATAA) recipient, re-employment trade adjustment assistance (RTAA) recipient, or Pension Benefit Guaranty Corporation pension recipient, you must complete Form 8885 before completing the worksheet on page 28. When

figuring the amount to enter on line 1 of the worksheet on page 28, do not include:

- Any amounts you included on Form 8885, line 4,
- Any qualified health insurance premiums you paid to "U.S. Treasury-HCTC," or
- Any health coverage tax credit advance payments shown in box 1 of Form 1099-H.

If you qualify to take the deduction, use the worksheet on page 28 to figure the amount you can deduct.

**Exception.** Use Pub. 535 instead of the worksheet on page 28 to figure your deduction if any of the following applies.

- You had more than one source of income subject to self-employment tax.
- You file Form 2555 or 2555-EZ.
- You are using amounts paid for qualified long-term care insurance to figure the deduction.

## Line 30

### Penalty on Early Withdrawal of Savings

The Form 1099-INT or Form 1099-OID you received will show the amount of any penalty you were charged.

## Lines 31a and 31b

### Alimony Paid

If you made payments to or for your spouse or former spouse under a divorce or separation instrument, you may be able to take this deduction. Use TeleTax topic 452 (see page 91) or see Pub. 504.

## Line 32

### IRA Deduction

**TIP** If you made any nondeductible contributions to a traditional individual retirement arrangement (IRA) for 2010, you must report them on Form 8606.

If you made contributions to a traditional IRA for 2010, you may be able to take an IRA deduction. But you, or your spouse if filing a joint return, must have had earned income to do so. For IRA purposes, earned income includes alimony and separate maintenance payments reported on line 11. If you were a member of the U.S. Armed Forces, earned income includes any nontaxable combat pay you received. If you were self-employed, earned income is generally your net earnings from self-employment if your personal services were a material income-producing factor. For more details, see Pub. 590. A statement should be sent to you by May 31, 2011, that

shows all contributions to your traditional IRA for 2010.

Use the worksheet on pages 30 and 31 to figure the amount, if any, of your IRA deduction. But read the following list before you fill in the worksheet.

1. If you were age 70½ or older at the end of 2010, you cannot deduct any contributions made to your traditional IRA for 2010 or treat them as nondeductible contributions.

2. You cannot deduct contributions to a Roth IRA. But you may be able to take the retirement savings contributions credit (saver's credit). See the instructions for line 50 on page 38.



*If you are filing a joint return and you or your spouse made contributions to both a traditional IRA and a Roth IRA for 2010, do not use the worksheet on pages 30 and 31. Instead, see Pub. 590 to figure the amount, if any, of your IRA deduction.*

3. You cannot deduct elective deferrals to a 401(k) plan, 403(b) plan, section 457 plan, SIMPLE plan, or the federal Thrift Savings Plan. These amounts are not included as income in box 1 of your Form W-2. But you may be able to take the retirement savings contributions credit. See the instructions for line 50 on page 38.

4. If you made contributions to your IRA in 2010 that you deducted for 2009, do not include them in the worksheet.

5. If you received income from a non-qualified deferred compensation plan or nongovernmental section 457 plan that is included in box 1 of your Form W-2, or in box 7 of Form 1099-MISC, do not include that income on line 8 of the worksheet. The income should be shown in (a) box 11 of your Form W-2, (b) box 12 of your Form W-2 with code Z, or (c) box 15b of Form 1099-MISC. If it is not, contact your employer or the payer for the amount of the income.

6. You must file a joint return to deduct contributions to your spouse's IRA. Enter the total IRA deduction for you and your spouse on line 32.

7. Do not include qualified rollover contributions in figuring your deduction. Instead, see the instructions for lines 15a and 15b that begin on page 22.

8. Do not include trustees' fees that were billed separately and paid by you for your IRA. These fees can be deducted only as an itemized deduction on Schedule A.

9. Do not include any repayments of qualified reservist distributions. You cannot deduct them. For information on how to report these repayments, see *Qualified reservist repayments* in Pub. 590.

10. If the total of your IRA deduction on line 32 plus any nondeductible contribution

to your traditional IRAs shown on Form 8606 is less than your total traditional IRA contributions for 2010, see Pub. 590 for special rules.

*your traditional IRA. If you do not, you may have to pay a 50% additional tax on the amount that should have been distributed. For details, including how to figure the minimum required distribution, see Pub. 590.*

**Were You Covered by a Retirement Plan?**

If you were covered by a retirement plan (qualified pension, profit-sharing (including 401(k)), annuity, SEP, SIMPLE, etc.) at work or through self-employment, your IRA deduction may be reduced or eliminated. But you can still make contributions



*By April 1 of the year after the year in which you turn age 70½, you must start taking minimum required distributions from*

**IRA Deduction Worksheet—Line 32**

Keep for Your Records



*If you were age 70½ or older at the end of 2010, you cannot deduct any contributions made to your traditional IRA or treat them as nondeductible contributions. Do not complete this worksheet for anyone age 70½ or older at the end of 2010. If you are married filing jointly and only one spouse was under age 70½ at the end of 2010, complete this worksheet only for that spouse.*

**Before you begin:**

- ✓ Be sure you have read the list on page 29. You may not be able to use this worksheet.
- ✓ Figure any write-in adjustments to be entered on the dotted line next to line 36 (see the instructions for line 36 on page 33).
- ✓ If you are married filing separately and you lived apart from your spouse for all of 2010, enter “D” on the dotted line next to Form 1040, line 32. If you do not, you may get a math error notice from the IRS.

	Your IRA	Spouse's IRA
1a. Were you covered by a retirement plan (see above)?	1a. <input type="checkbox"/> Yes <input type="checkbox"/> No	
b. If married filing jointly, was your spouse covered by a retirement plan?		1b. <input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Next.</b> If you checked “No” on line 1a (and “No” on line 1b if married filing jointly), skip lines 2 through 6, enter the applicable amount below on line 7a (and line 7b if applicable), and go to line 8.</p> <ul style="list-style-type: none"> <li>• \$5,000, if under age 50 at the end of 2010.</li> <li>• \$6,000, if age 50 or older but under age 70½ at the end of 2010.</li> </ul> <p>Otherwise, go to line 2.</p>		
2. Enter the amount shown below that applies to you.	2a. _____	2b. _____
<ul style="list-style-type: none"> <li>• Single, head of household, or married filing separately and you <b>lived apart</b> from your spouse for all of 2010, enter \$66,000</li> <li>• Qualifying widow(er), enter \$109,000</li> <li>• Married filing jointly, enter \$109,000 in both columns. But if you checked “No” on either line 1a or 1b, enter \$177,000 for the person who was not covered by a plan</li> <li>• Married filing separately and you lived with your spouse at any time in 2010, enter \$10,000</li> </ul>	}	
3. Enter the amount from Form 1040, line 22	3. _____	
4. Enter the total of the amounts from Form 1040, lines 23 through 31a, plus any write-in adjustments you entered on the dotted line next to line 36	4. _____	
5. Subtract line 4 from line 3. If married filing jointly, enter the result in both columns	5a. _____	5b. _____
6. Is the amount on line 5 less than the amount on line 2?		
<input type="checkbox"/> <b>No.</b> None of your IRA contributions are deductible. For details on nondeductible IRA contributions, see Form 8606.		
<input type="checkbox"/> <b>Yes.</b> Subtract line 5 from line 2 in each column. Follow the instruction below that applies to you.		
<ul style="list-style-type: none"> <li>• If single, head of household, or married filing separately, and the result is \$10,000 or more, enter the applicable amount below on line 7 for that column and go to line 8.                             <ul style="list-style-type: none"> <li>i. \$5,000, if under age 50 at the end of 2010.</li> <li>ii. \$6,000, if age 50 or older but under age 70½ at the end of 2010.</li> </ul>                             Otherwise, go to line 7.                         </li> <li>• If married filing jointly or qualifying widow(er), and the result is \$20,000 or more (\$10,000 or more in the column for the IRA of a person who was not covered by a retirement plan), enter the applicable amount below on line 7 for that column and go to line 8.                             <ul style="list-style-type: none"> <li>i. \$5,000, if under age 50 at the end of 2010.</li> <li>ii. \$6,000 if age 50 or older but under age 70½ at the end of 2010.</li> </ul>                             Otherwise, go to line 7.                         </li> </ul>	6a. _____	6b. _____

**IRA Deduction Worksheet—Continued from page 30**

	Your IRA	Spouse's IRA
<p>7. Multiply lines 6a and 6b by the percentage below that applies to you. If the result is not a multiple of \$10, increase it to the next multiple of \$10 (for example, increase \$490.30 to \$500). If the result is \$200 or more, enter the result. But if it is less than \$200, enter \$200.</p> <ul style="list-style-type: none"> <li>• Single, head of household, or married filing separately, multiply by 50% (.50) (or by 60% (.60) in the column for the IRA of a person who is age 50 or older at the end of 2010)</li> <li>• Married filing jointly or qualifying widow(er), multiply by 25% (.25) (or by 30% (.30) in the column for the IRA of a person who is age 50 or older at the end of 2010). But if you checked “No” on either line 1a or 1b, then in the column for the IRA of the person who was not covered by a retirement plan, multiply by 50% (.50) (or by 60% (.60) if age 50 or older at the end of 2010)</li> </ul>	7a.	7b.
<p>8. Enter the total of your (and your spouse's if filing jointly):</p> <ul style="list-style-type: none"> <li>• Wages, salaries, tips, etc. Generally, this is the amount reported in box 1 of Form W-2. See page 29 for exceptions</li> <li>• Alimony and separate maintenance payments reported on Form 1040, line 11</li> <li>• Nontaxable combat pay. This amount should be reported in box 12 of Form W-2 with code Q</li> </ul>	8.	
<p>9. Enter the earned income you (and your spouse if filing jointly) received as a self-employed individual or a partner. Generally, this is your (and your spouse's if filing jointly) net earnings from self-employment if your personal services were a material income-producing factor, minus any deductions on Form 1040, lines 27 and 28. If zero or less, enter -0-. For more details, see Pub. 590 . . . . .</p>	9.	
<p>10. Add lines 8 and 9 . . . . .</p>	10.	
<p> <i>If married filing jointly and line 10 is less than \$10,000 (\$11,000 if one spouse is age 50 or older at the end of 2010; \$12,000 if both spouses are age 50 or older at the end of 2010), stop here and see Pub. 590 to figure your IRA deduction.</i></p>		
<p>11. Enter traditional IRA contributions made, or that will be made by April 18, 2011, for 2010 to your IRA on line 11a and to your spouse's IRA on line 11b . . . . .</p>	11a.	11b.
<p>12. On line 12a, enter the <b>smallest</b> of line 7a, 10, or 11a. On line 12b, enter the <b>smallest</b> of line 7b, 10, or 11b. This is the most you can deduct. Add the amounts on lines 12a and 12b and enter the total on Form 1040, line 32. Or, if you want, you can deduct a smaller amount and treat the rest as a nondeductible contribution (see Form 8606) . . . . .</p>	12a.	12b.

to an IRA even if you cannot deduct them. In any case, the income earned on your IRA contributions is not taxed until it is paid to you.

The “Retirement plan” box in box 13 of your Form W-2 should be checked if you were covered by a plan at work even if you were not vested in the plan. You are also covered by a plan if you were self-employed and had a SEP, SIMPLE, or qualified retirement plan.

If you were covered by a retirement plan and you file Form 2555, 2555-EZ, or 8815, or you exclude employer-provided adoption benefits, see Pub. 590 to figure the amount, if any, of your IRA deduction.

**Married persons filing separately.** If you were not covered by a retirement plan but your spouse was, you are considered cov-

ered by a plan unless you lived apart from your spouse for all of 2010.



*You may be able to take the retirement savings contributions credit. See the line 50 instructions on page 38.*

## Line 33 Student Loan Interest Deduction

You can take this deduction only if all of the following apply.

- You paid interest in 2010 on a qualified student loan (see below).
- Your filing status is any status except married filing separately.
- Your modified adjusted gross income (AGI) is less than: \$75,000 if single, head of household, or qualifying widow(er); \$150,000 if married filing jointly. Use lines 2 through 4 of the worksheet below to figure your modified AGI.
- You, or your spouse if filing jointly, are not claimed as a dependent on someone else's (such as your parent's) 2010 tax return.

Use the worksheet below to figure your student loan interest deduction.

**Exception.** Use Pub. 970 instead of the worksheet below to figure your student loan interest deduction if you file Form 2555, 2555-EZ, or 4563, or you exclude income from sources within Puerto Rico.

**Qualified student loan.** A qualified student loan is any loan you took out to pay the qualified higher education expenses for any of the following individuals.

1. Yourself or your spouse.
2. Any person who was your dependent when the loan was taken out.
3. Any person you could have claimed as a dependent for the year the loan was taken out except that:
  - a. The person filed a joint return,
  - b. The person had gross income that was equal to or more than the exemption amount for that year (\$3,650 for 2010), or
  - c. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's return.

The person for whom the expenses were paid must have been an eligible student (see this page). However, a loan is not a qualified student loan if (a) any of the proceeds were used for other purposes, or (b) the loan was from either a related person or a person who borrowed the proceeds under a qualified employer plan or a contract purchased under such a plan. To find out who is a related person, see Pub. 970.

**Qualified higher education expenses.** Qualified higher education expenses generally include tuition, fees, room and board, and related expenses such as books and supplies. The expenses must be for education in a degree, certificate, or similar program at an eligible educational institution. An eligible educational institution includes

most colleges, universities, and certain vocational schools. You must reduce the expenses by the following benefits.

- Employer-provided educational assistance benefits that are not included in box 1 of Form(s) W-2.
- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Any nontaxable distribution of qualified tuition program earnings.
- Any nontaxable distribution of Coverdell education savings account earnings.
- Any scholarship, educational assistance allowance, or other payment (but not gifts, inheritances, etc.) excluded from income.

For more details on these expenses, see Pub. 970.

**Eligible student.** An eligible student is a person who:

- Was enrolled in a degree, certificate, or other program (including a program of study abroad that was approved for credit by the institution at which the student was enrolled) leading to a recognized educational credential at an eligible educational institution, and
- Carried at least half the normal full-time workload for the course of study he or she was pursuing.

### Student Loan Interest Deduction Worksheet—Line 33

Keep for Your Records



<b>Before you begin:</b>		✓ Figure any write-in adjustments to be entered on the dotted line next to line 36 (see the instructions for line 36 on page 33).
	✓	Be sure you have read the <b>Exception</b> above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.
1.	Enter the total interest you paid in 2010 on qualified student loans (see above). <b>Do not</b> enter more than \$2,500	1. <input type="text"/>
2.	Enter the amount from Form 1040, line 22	2. <input type="text"/>
3.	Enter the total of the amounts from Form 1040, lines 23 through 32, plus any write-in adjustments you entered on the dotted line next to line 36	3. <input type="text"/>
4.	Subtract line 3 from line 2	4. <input type="text"/>
5.	Enter the amount shown below for your filing status.	
	<ul style="list-style-type: none"> <li>• Single, head of household, or qualifying widow(er)—\$60,000</li> <li>• Married filing jointly—\$120,000</li> </ul>	5. <input type="text"/>
6.	Is the amount on line 4 more than the amount on line 5?	
	<input type="checkbox"/> <b>No.</b> Skip lines 6 and 7, enter -0- on line 8, and go to line 9.	
	<input type="checkbox"/> <b>Yes.</b> Subtract line 5 from line 4	6. <input type="text"/>
7.	Divide line 6 by \$15,000 (\$30,000 if married filing jointly). Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000	7. <input type="text"/>
8.	Multiply line 1 by line 7	8. <input type="text"/>
9.	<b>Student loan interest deduction.</b> Subtract line 8 from line 1. Enter the result here and on Form 1040, line 33. <b>Do not</b> include this amount in figuring any other deduction on your return (such as on Schedule A, C, E, etc.)	9. <input type="text"/>



## Line 34

### Tuition and Fees

If you paid qualified tuition and fees for yourself, your spouse, or your dependent(s), you may be able to take this deduction. See Form 8917.



*You may be able to take a credit for your educational expenses instead of a deduction. See the instructions for line 49 on page 38 for details.*

## Line 35

### Domestic Production Activities Deduction

You may be able to deduct up to 9% of your qualified production activities income from the following activities.

1. Construction of real property performed in the United States.
2. Engineering or architectural services performed in the United States for construction of real property in the United States.
3. Any lease, rental, license, sale, exchange, or other disposition of:
  - a. Tangible personal property, computer software, and sound recordings that you manufactured, produced, grew, or extracted in whole or in significant part in the United States,
  - b. Any qualified film you produced, or
  - c. Electricity, natural gas, or potable water you produced in the United States.

In certain cases, the references above to the United States include Puerto Rico.

Your deduction may be reduced if you had oil-related qualified production activities income.

The deduction does not apply to income derived from:

- The sale of food and beverages you prepared at a retail establishment;
- Property you leased, licensed, or rented for use by any related person;
- The transmission or distribution of electricity, natural gas, or potable water; or
- The lease, rental, license, sale, exchange, or other disposition of land.

For details, see Form 8903 and its instructions.

## Line 36

Include in the total on line 36 any of the following write-in adjustments. To find out if you can take the deduction, see the form or publication indicated. On the dotted line

next to line 36, enter the amount of your deduction and identify it as indicated.

- Archer MSA deduction (see Form 8853). Identify as “MSA.”
- Jury duty pay if you gave the pay to your employer because your employer paid your salary while you served on the jury. Identify as “Jury Pay.”
- Deductible expenses related to income reported on line 21 from the rental of personal property engaged in for profit. Identify as “PPR.”
- Reforestation amortization and expenses (see Pub. 535). Identify as “RFST.”
- Repayment of supplemental unemployment benefits under the Trade Act of 1974 (see Pub. 525). Identify as “Sub-Pay TRA.”
- Contributions to section 501(c)(18)(D) pension plans (see Pub. 525). Identify as “501(c)(18)(D).”
- Contributions by certain chaplains to section 403(b) plans (see Pub. 517). Identify as “403(b).”
- Attorney fees and court costs for actions involving certain unlawful discrimination claims, but only to the extent of gross income from such actions (see Pub. 525). Identify as “UDC.”
- Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations, up to the amount of the award includible in your gross income. Identify as “WBF.”

## Line 37

If line 37 is less than zero, you may have a net operating loss that you can carry to another tax year. See the Instructions for Form 1045 for details.

## Tax and Credits

### Line 39a

If you were born before January 2, 1946, or were blind at the end of 2010, check the appropriate box(es) on line 39a. If you were married and checked the box on Form 1040, line 6b, and your spouse was born before January 2, 1946, or was blind at the end of 2010, also check the appropriate box(es) for your spouse. Be sure to enter the total number of boxes checked.

### Blindness

If you were partially blind as of December 31, 2010, you must get a statement certified by your eye doctor or registered optometrist that:

- You cannot see better than 20/200 in your better eye with glasses or contact lenses, or
- Your field of vision is 20 degrees or less.

If your eye condition is not likely to improve beyond the conditions listed above, you can get a statement certified by your eye doctor or registered optometrist to this effect instead.

You must keep the statement for your records.

## Line 39b

If your filing status is married filing separately (box 3 is checked), and your spouse itemizes deductions on his or her return, check the box on line 39b. Also check that box if you were a dual-status alien. But if you were a dual-status alien and you file a joint return with your spouse who was a U.S. citizen or resident alien at the end of 2010 and you and your spouse agree to be taxed on your combined worldwide income, do not check the box.

## Line 40

### Itemized Deductions or Standard Deduction

In most cases, your federal income tax will be less if you take the larger of your itemized deductions or standard deduction.

#### Itemized Deductions

To figure your itemized deductions, fill in Schedule A.

#### Standard Deduction

Generally, your standard deduction is:

- \$5,700 if single or married filing separately,
- \$11,400 if married filing jointly or qualifying widow(er), or
- \$8,400 if head of household.

**Exception 1.** Use the worksheet on page 34 to figure your standard deduction if:

- You, or your spouse if filing jointly, can be claimed as a dependent on someone else's 2010 return, or
- You checked any box on line 39a.

**Exception 2.** Your standard deduction may be higher if you:

- Had a net disaster loss in 2010 because of a disaster that was declared a federal disaster after 2007 and occurred before 2010, or
- Purchased a new motor vehicle after February 16, 2009, and before January 1, 2010, and paid the sales or excise taxes (or certain other taxes or fees in a state without a sales tax) in 2010.

If you can increase your standard deduction by either of these items, use Schedule L to figure your standard deduction. You must attach Schedule L to your return.

**Exception 3.** If you checked the box on line 39b, your standard deduction is zero, even if you were born before January 2, 1946, were blind, had a net disaster loss, or

paid sales or excise taxes on a new motor vehicle.



*If you received a refund in 2010 of an amount that increased your standard deduction in an earlier year, you generally have*

*to include the refund in your income. See Recoveries in Pub. 525.*

**Standard Deduction Worksheet—Line 40**

Keep for Your Records



Complete this worksheet only if *Exception 1* on page 33 applies to you. Do not complete this worksheet if you checked the box on line 39b; your standard deduction is zero. Also, do not complete this worksheet if you must use Schedule L to figure your standard deduction (see *Exception 2* on page 33).

1. Enter the amount shown below for your filing status.
  - Single or married filing separately—\$5,700
  - Married filing jointly or Qualifying widow(er)—\$11,400
  - Head of household—\$8,400
 } ..... **1.**
2. Can you (or your spouse if filing jointly) be claimed as a dependent on someone else's return?
  - No.** Enter the amount from line 1 on line 4, skip line 3, and go to line 5.
  - Yes.** Go to line 3.
3. Is your **earned income**\* more than \$650?
  - Yes.** Add \$300 to your earned income. Enter the total
  - No.** Enter \$950
 } ..... **3.**
4. Enter the **smaller** of line 1 or line 3. .... **4.**
5. If born before January 2, 1946, or blind, multiply the number on Form 1040, line 39a, by \$1,100 (\$1,400 if single or head of household). Otherwise, enter -0- ..... **5.**
6. Add lines 4 and 5. Enter the total here and on Form 1040, line 40 ..... **6.**

*\*Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Generally, your earned income is the total of the amount(s) you reported on Form 1040, lines 7, 12, and 18, minus the amount, if any, on line 27.*

**Line 44****Tax**

Include in the total on line 44 all of the following taxes that apply.

- Tax on your taxable income. Figure the tax using one of the methods described on this page.
- Tax from Form 8814 (relating to the election to report child's interest or dividends). Check the appropriate box.
- Tax from Form 4972 (relating to lump-sum distributions). Check the appropriate box.
- Recapture of an education credit. You may owe this tax if you claimed an education credit in an earlier year, and either tax-free educational assistance or a refund of qualified expenses was received in 2010 for the student. See Form 8863 for more details. Enter the amount and "ECR" in the space next to line 44.

**Do you want the IRS to figure the tax on your taxable income for you?**

- Yes.** See Pub. 967 for details, including who is eligible and what to do. If you have paid too much, we will send you a refund. If you did not pay enough, we will send you a bill.
- No.** Use one of the following methods to figure your tax.

**Tax Table or Tax Computation Worksheet.** If your taxable income is less than \$100,000, you must use the Tax Table that begins on page 74 to figure your tax. Be

sure you use the correct column. If your taxable income is \$100,000 or more, use the Tax Computation Worksheet on page 86.

However, do not use the Tax Table or Tax Computation Worksheet to figure your tax if any of the following applies.

**Form 8615.** Form 8615 generally must be used to figure the tax for any child who had more than \$1,900 of investment income, such as taxable interest, ordinary dividends, or capital gains (including capital gain distributions), and who either:

1. Was under age 18 at the end of 2010,
2. Was age 18 at the end of 2010 and did not have earned income that was more than half of the child's support, or
3. Was a full-time student over age 18 and under age 24 at the end of 2010 and did not have earned income that was more than half of the child's support.

But if the child files a joint return for 2010 or if neither of the child's parents was alive at the end of 2010, do not use Form 8615 to figure the child's tax.

A child born on January 1, 1993, is considered to be age 18 at the end of 2010; a child born on January 1, 1992, is considered to be age 19 at the end of 2010; a child born on January 1, 1987, is considered to be age 24 at the end of 2010.

**Schedule D Tax Worksheet.** If you have to file Schedule D and Schedule D, line 18 or 19, is more than zero, use the Schedule D Tax Worksheet on page D-10 of the In-

structions for Schedule D to figure the amount to enter on Form 1040, line 44. But if you are filing Form 2555 or 2555-EZ, you must use the Foreign Earned Income Tax Worksheet on page 36 instead.

**Qualified Dividends and Capital Gain Tax Worksheet.** If you do not have to use the Schedule D Tax Worksheet (see above), use the worksheet on page 37 to figure the amount to enter on Form 1040, line 44, if any of the following applies.

- You reported qualified dividends on Form 1040, line 9b.
- You do not have to file Schedule D and you reported capital gain distributions on Form 1040, line 13.
- You are filing Schedule D and Schedule D, lines 15 and 16, are both more than zero.

But if you are filing Form 2555 or 2555-EZ, you must use the Foreign Earned Income Tax Worksheet on page 36 instead.

**Schedule J.** If you had income from farming or fishing (including certain amounts received in connection with the Exxon Valdez litigation), your tax may be less if you choose to figure it using income averaging on Schedule J.

**Foreign Earned Income Tax Worksheet.** If you claimed the foreign earned income exclusion, housing exclusion, or housing deduction on Form 2555 or 2555-EZ, you must figure your tax using the worksheet on page 36.

**Foreign Earned Income Tax Worksheet—Line 44**

Keep for Your Records



If Form 1040, line 43, is zero, do not complete this worksheet.

1. Enter the amount from Form 1040, line 43 . . . . .	1.	
2. Enter the amount from your (and your spouse's, if filing jointly) Form 2555, lines 45 and 50, or Form 2555-EZ, line 18 . . . . .	2.	
3. Add lines 1 and 2 . . . . .	3.	
4. <b>Tax on the amount on line 3.</b> Use the Tax Table, Tax Computation Worksheet, Qualified Dividends and Capital Gain Tax Worksheet*, Schedule D Tax Worksheet*, or Form 8615, whichever applies. See the instructions for line 44 on page 35 to see which tax computation method applies. (Do not use a second Foreign Earned Income Tax Worksheet to figure the tax on this line) . . . . .	4.	
5. <b>Tax on the amount on line 2.</b> If the amount on line 2 is less than \$100,000, use the Tax Table to figure this tax. If the amount on line 2 is \$100,000 or more, use the Tax Computation Worksheet . . . . .	5.	
6. Subtract line 5 from line 4. Enter the result. If zero or less, enter -0-. Also include this amount on Form 1040, line 44 . . . . .	6.	

*\*Enter the amount from line 3 above on line 1 of the Qualified Dividends and Capital Gain Tax Worksheet or Schedule D Tax Worksheet if you use either of those worksheets to figure the tax on line 4 above. Complete the rest of that worksheet through line 6 (line 10 if you use the Schedule D Tax Worksheet). Next, you must determine if you have a capital gain excess. To find out if you have a capital gain excess, subtract Form 1040, line 43, from line 6 of your Qualified Dividends and Capital Gain Tax Worksheet (line 10 of your Schedule D Tax Worksheet). If the result is more than zero, that amount is your capital gain excess.*

*If you do not have a capital gain excess, complete the rest of either of those worksheets according to the worksheet's instructions. Then complete lines 5 and 6 above.*

*If you have a capital gain excess, complete a second Qualified Dividends and Capital Gain Tax Worksheet or Schedule D Tax Worksheet (whichever applies) as instructed above but in its entirety and with the following additional modifications. Then complete lines 5 and 6 above. These modifications are to be made only for purposes of filling out the Foreign Earned Income Tax Worksheet above.*

1. Reduce (but not below zero) the amount you would otherwise enter on line 3 of your Qualified Dividends and Capital Gain Tax Worksheet or line 9 of your Schedule D Tax Worksheet by your capital gain excess.
2. Reduce (but not below zero) the amount you would otherwise enter on line 2 of your Qualified Dividends and Capital Gain Tax Worksheet or line 6 of your Schedule D Tax Worksheet by any of your capital gain excess not used in (1) above.
3. Reduce (but not below zero) the amount on your Schedule D (Form 1040), line 18, by your capital gain excess.
4. Include your capital gain excess as a loss on line 16 of your Unrecaptured Section 1250 Gain Worksheet on page D-9 of the Instructions for Schedule D (Form 1040).



**Qualified Dividends and Capital Gain Tax Worksheet—Line 44**

Keep for Your Records

**Before you begin:** ✓ See the instructions for line 44 on page 35 to see if you can use this worksheet to figure your tax.  
 ✓ If you do not have to file Schedule D and you received capital gain distributions, be sure you checked the box on line 13 of Form 1040.

1. Enter the amount from Form 1040, line 43. However, if you are filing Form 2555 or 2555-EZ (relating to foreign earned income), enter the amount from line 3 of the worksheet on page 36 . . . . .	1.	<input type="text"/>
2. Enter the amount from Form 1040, line 9b* . . . . .	2.	<input type="text"/>
3. Are you filing Schedule D?*		
<input type="checkbox"/> <b>Yes.</b> Enter the <b>smaller</b> of line 15 or 16 of Schedule D. If either line 15 or line 16 is blank or a loss, enter -0-	3.	<input type="text"/>
<input type="checkbox"/> <b>No.</b> Enter the amount from Form 1040, line 13		
4. Add lines 2 and 3 . . . . .	4.	<input type="text"/>
5. If filing Form 4952 (used to figure investment interest expense deduction), enter any amount from line 4g of that form. Otherwise, enter -0- . . . . .	5.	<input type="text"/>
6. Subtract line 5 from line 4. If zero or less, enter -0- . . . . .	6.	<input type="text"/>
7. Subtract line 6 from line 1. If zero or less, enter -0- . . . . .	7.	<input type="text"/>
8. Enter: \$34,000 if single or married filing separately, \$68,000 if married filing jointly or qualifying widow(er), \$45,550 if head of household.	8.	<input type="text"/>
9. Enter the smaller of line 1 or line 8 . . . . .		
10. Enter the smaller of line 7 or line 9 . . . . .	10.	<input type="text"/>
11. Subtract line 10 from line 9. This amount is taxed at 0% . . . . .	11.	<input type="text"/>
12. Enter the smaller of line 1 or line 6 . . . . .	12.	<input type="text"/>
13. Enter the amount from line 11 . . . . .	13.	<input type="text"/>
14. Subtract line 13 from line 12 . . . . .	14.	<input type="text"/>
15. Multiply line 14 by 15% (.15) . . . . .	15.	<input type="text"/>
16. Figure the tax on the amount on line 7. If the amount on line 7 is less than \$100,000, use the Tax Table to figure this tax. If the amount on line 7 is \$100,000 or more, use the Tax Computation Worksheet . . . . .	16.	<input type="text"/>
17. Add lines 15 and 16 . . . . .	17.	<input type="text"/>
18. Figure the tax on the amount on line 1. If the amount on line 1 is less than \$100,000, use the Tax Table to figure this tax. If the amount on line 1 is \$100,000 or more, use the Tax Computation Worksheet . . . . .	18.	<input type="text"/>
19. <b>Tax on all taxable income.</b> Enter the <b>smaller</b> of line 17 or line 18. Also include this amount on Form 1040, line 44. If you are filing Form 2555 or 2555-EZ, do not enter this amount on Form 1040, line 44. Instead, enter it on line 4 of the worksheet on page 36 . . . . .	19.	<input type="text"/>

\*If you are filing Form 2555 or 2555-EZ, see the footnote in the worksheet on page 36 before completing this line.

**Line 45****Alternative Minimum Tax**

Use Form 6251 to figure the amount, if any, of your alternative minimum tax (AMT). Also see the Instructions for Form 6251 to see if you must file the form. For example, you may need to file Form 6251 to figure the tax liability limit for certain credits.



An electronic “AMT Assistant” is available on IRS.gov to help you see if you should fill out Form 6251. Enter “AMT Assistant” in the search box.

**Line 47****Foreign Tax Credit**

If you paid income tax to a foreign country, you may be able to take this credit. Generally, you must complete and attach Form 1116 to do so.

**Exception.** You do not have to complete Form 1116 to take this credit if all of the following apply.

1. All of your gross foreign source income was from interest and dividends and all of that income and the foreign tax paid on it were reported to you on Form 1099-INT, Form 1099-DIV, or Schedule K-1 (or substitute statement).

2. If you had dividend income from shares of stock, you held those shares for at least 16 days.

3. You are not filing Form 4563 or excluding income from sources within Puerto Rico.

4. The total of your foreign taxes was not more than \$300 (not more than \$600 if married filing jointly).

5. All of your foreign taxes were:

a. Legally owed and not eligible for a refund, and

b. Paid to countries that are recognized by the United States and do not support terrorism.

For more details on these requirements, see the Instructions for Form 1116.

**Do you meet all five requirements above?**

**Yes.** Enter on line 47 the smaller of (a) your total foreign taxes, or (b) the amount on Form 1040, line 44.

**No.** See Form 1116 to find out if you can take the credit and, if you can, if you have to file Form 1116.

**Line 48****Credit for Child and Dependent Care Expenses**

You may be able to take this credit if you paid someone to care for any of the following persons.

1. Your qualifying child under age 13 whom you claim as your dependent.

2. Your disabled spouse who could not care for himself or herself, and who lived with you for more than half the year.

3. Any disabled person not able to care for himself or herself, who lived with you for more than half the year, and whom you claim as a dependent.

4. Any disabled person not able to care for himself or herself, who lived with you for more than half the year, and whom you could have claimed as a dependent except that:

a. The person filed a joint return,

b. The person had \$3,650 or more of gross income, or

c. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2010 return.

5. Your child whom you could not claim as a dependent because of the rules for *Children of divorced or separated parents* that begin on page 16.

For details, use TeleTax topic 602 (see page 91) or see Form 2441.

**Line 49****Education Credits**

If you (or your dependent) paid qualified expenses in 2010 for yourself, your spouse, or your dependent to enroll in or attend an eligible educational institution, you may be able to take an education credit. See Form 8863 for details. However, you cannot take an education credit if any of the following applies.

• You, or your spouse if filing jointly, are claimed as a dependent on someone else's (such as your parent's) 2010 tax return.

• Your filing status is married filing separately.

• The amount on Form 1040, line 38, is \$90,000 or more (\$180,000 or more if married filing jointly).

• You are taking a deduction for tuition and fees on Form 1040, line 34, for the same student.

• You, or your spouse, were a nonresident alien for any part of 2010 unless your filing status is married filing jointly.

**Line 50****Retirement Savings Contributions Credit (Saver's Credit)**

You may be able to take this credit if you, or your spouse if filing jointly, made (a) contributions, other than rollover contributions, to a traditional or Roth IRA; (b) elective deferrals to a 401(k) or 403(b) plan (including designated Roth contributions) or to a governmental 457, SEP, or SIMPLE plan; (c) voluntary employee contributions to a qualified retirement plan (including the federal Thrift Savings Plan); or (d) contributions to a 501(c)(18)(D) plan.

However, you cannot take the credit if either of the following applies.

1. The amount on Form 1040, line 38, is more than \$27,750 (\$41,625 if head of household; \$55,500 if married filing jointly).

2. The person(s) who made the qualified contribution or elective deferral (a) was born after January 1, 1993, (b) is claimed as a dependent on someone else's 2010 tax return, or (c) was a student (defined next).

You were a student if during any part of 5 calendar months of 2010 you:

• Were enrolled as a full-time student at a school, or

• Took a full-time, on-farm training course given by a school or a state, county, or local government agency.

A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or school offering courses only through the Internet.

For more details, use TeleTax topic 610 (see page 91) or see Form 8880.

## Line 51—Child Tax Credit




### Three Steps To Take the Child Tax Credit!

- Step 1.** Make sure you have a qualifying child for the child tax credit. Follow Steps 1 through 3 in the instructions for line 6c on page 15.
- Step 2.** Make sure you checked the box on Form 1040, line 6c, column (4), for each qualifying child.
- Step 3.** Answer the questions on this page to see if you can use the worksheet on pages 40 and 41 to figure your credit or if you must use Pub. 972.

#### Question

#### Who Must Use Pub. 972



1. Are you claiming any of the following credits?
- Mortgage interest credit, Form 8396.
  - District of Columbia first-time homebuyer credit, Form 8859.
  - Residential energy efficient property credit, Form 5695, Part II.
- Yes.**  You must use Pub. 972 to figure your child tax credit. You will also need the form(s) listed above for any credit(s) you are claiming.
- No.** Continue 
- 
2. Are you excluding income from Puerto Rico or are you filing any of the following forms?
- Form 2555 or 2555-EZ (relating to foreign earned income).
  - Form 4563 (exclusion of income for residents of American Samoa).
- Yes.**  You must use Pub. 972 to figure your credit.
- No.** Use the worksheet on pages 40 and 41 to figure your credit.

# Child Tax Credit Worksheet—Line 51

Keep for Your Records



- To be a qualifying child for the child tax credit, the child must be your dependent, **under age 17** at the end of 2010, and meet all the conditions in Steps 1 through 3 on page 15.
- **Do not** use this worksheet if you answered “Yes” to question 1 or 2 on page 39. Instead, use Pub. 972.

## Part 1

1. Number of qualifying children: \_\_\_\_\_ × \$1,000.  
Enter the result.

1	
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2. Enter the amount from Form 1040, line 38.

2	
---	--

3. Enter the amount shown below for your filing status.

- Married filing jointly — \$110,000
- Single, head of household, or qualifying widow(er) — \$75,000
- Married filing separately — \$55,000

3	
---	--

4. Is the amount on line 2 more than the amount on line 3?

**No.** Leave line 4 blank. Enter -0- on line 5, and go to line 6.

**Yes.** Subtract line 3 from line 2.

If the result is not a multiple of \$1,000, increase it to the next multiple of \$1,000. For example, increase \$425 to \$1,000, increase \$1,025 to \$2,000, etc.

4	
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5. Multiply the amount on line 4 by 5% (.05). Enter the result.

5	
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6. Is the amount on line 1 more than the amount on line 5?

**No.**

You cannot take the child tax credit on Form 1040, line 51. You also cannot take the additional child tax credit on Form 1040, line 65. Complete the rest of your Form 1040.

**Yes.** Subtract line 5 from line 1. Enter the result.

Go to Part 2 on the next page.

6	
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**Child Tax Credit Worksheet**—Continued from page 40

Keep for Your Records



**Before you begin Part 2:** ✓ Figure the amount of any credits you are claiming on Form 5695, Part I; Form 8834, Part I; Form 8910; Form 8936; or Schedule R.

**Part 2**

7. Enter the amount from Form 1040, line 46.

7	
---	--

8. Add any amounts from:

- Form 1040, line 47 \_\_\_\_\_
- Form 1040, line 48 + \_\_\_\_\_
- Form 1040, line 49 + \_\_\_\_\_
- Form 1040, line 50 + \_\_\_\_\_
- Form 5695, line 11 + \_\_\_\_\_
- Form 8834, line 22 + \_\_\_\_\_
- Form 8910, line 21 + \_\_\_\_\_
- Form 8936, line 14 + \_\_\_\_\_
- Schedule R, line 22 + \_\_\_\_\_

Enter the total.

8	
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9. Are the amounts on lines 7 and 8 the same?

**Yes.**

You cannot take this credit because there is no tax to reduce. However, you may be able to take the **additional child tax credit**. See the **TIP** below.

**No.** Subtract line 8 from line 7.

9	
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10. Is the amount on line 6 more than the amount on line 9?

**Yes.** Enter the amount from line 9. Also, you may be able to take the **additional child tax credit**. See the **TIP** below.

**No.** Enter the amount from line 6.

**This is your child tax credit.**

10	
----	--

Enter this amount on Form 1040, line 51.



You may be able to take the **additional child tax credit** on Form 1040, line 65, if you answered “Yes” on line 9 or line 10 above.

- First, complete your Form 1040 through lines 64a and 64b.
- Then, use Form 8812 to figure any additional child tax credit.

**Line 52****Residential Energy Credits**

**Nonbusiness energy property credit.** You may be able to take this credit by completing and attaching Form 5695 for any of the following improvements to your main home located in the United States in 2010 if they are new and meet certain requirements for energy efficiency.

- Any insulation material or system primarily designed to reduce heat gain or loss in your home.
- Exterior windows (including skylights).
- Exterior doors.
- A metal roof or asphalt roof with pigmented coatings or cooling granules primarily designed to reduce the heat gain in your home.

You may also be able to take this credit for the cost of the following items if the items meet certain performance and quality standards.

- Certain electric heat pump water heaters, electric heat pumps, central air conditioners, and natural gas, propane, or oil water heaters.
- A qualified furnace or hot water boiler that uses natural gas, propane, or oil.
- A stove that burns biomass fuel to heat your home or to heat water for use in your home.
- An advanced main air circulating fan used in a natural gas, propane, or oil furnace.

If you are a member of a condominium management association for a condominium you own or a tenant-stockholder in a cooperative housing corporation, you are treated as having paid your proportionate share of any costs of such association or corporation for purposes of this credit.

For details, see Form 5695.

**Residential energy efficient property credit.** You may be able to take this credit by completing and attaching Form 5695 if you paid for any of the following during 2010.

- Qualified solar electric property for use in your home located in the United States.
- Qualified solar water heating property for use in your home located in the United States.
- Qualified fuel cell property installed on or in connection with your main home located in the United States.
- Qualified small wind energy property for use in connection with your home located in the United States.
- Qualified geothermal heat pump property installed on or in connection with your home located in the United States.

If you are a member of a condominium management association for a condominium you own or a tenant-stockholder in a cooperative housing corporation, you are treated as having paid your proportionate

share of any costs of such association or corporation for purposes of this credit.

For details, see Form 5695.

**Line 53****Other Credits**

Include the following credits on line 53 and check the appropriate box(es). If box c is checked, also enter the applicable form number. To find out if you can take the credit, see the form or publication indicated.

- **General business credit.** This credit consists of a number of credits that usually apply only to individuals who are partners, shareholders in an S corporation, self-employed, or who have rental property. See Form 3800 or Pub. 334.
- **Credit for prior year minimum tax.** If you paid alternative minimum tax in a prior year, see Form 8801.
- **Mortgage interest credit.** If a state or local government gave you a mortgage credit certificate, see Form 8396.
- **Credit for the elderly or the disabled.** See Schedule R.
- **District of Columbia first-time homebuyer credit.** See Form 8859.
- **Qualified plug-in electric drive motor vehicle credit.** See Form 8936.
- **Qualified plug-in electric vehicle credit.** See Form 8834, Part I.
- **Qualified electric vehicle credit.** You cannot claim this credit for a vehicle placed in service after 2006. You can claim this credit only if you have a passive activity electric vehicle credit carried forward from a prior year. See Form 8834, Part II.
- **Alternative motor vehicle credit.** See Form 8910 if you placed an alternative motor vehicle (such as certain qualified hybrid vehicles) in service during 2010 or converted a motor vehicle to a qualified plug-in electric drive motor vehicle in 2010.
- **Alternative fuel vehicle refueling property credit.** See Form 8911.
- **Credit to holders of tax credit bonds.** See Form 8912.

**Other Taxes****Line 57****Unreported Social Security and Medicare Tax from Forms 4137 and 8919**

Enter the total of any taxes from Form 4137 and Form 8919. Check the appropriate box(es).

**Form 4137.** If you received tips of \$20 or more in any month and you did not report the full amount to your employer, you must

pay the social security and Medicare or railroad retirement (RRTA) tax on the unreported tips. You must also pay this tax if your Form(s) W-2 shows allocated tips that you are including in your income on Form 1040, line 7.

To figure the social security and Medicare tax, use Form 4137. If you owe RRTA tax, contact your employer. Your employer will figure and collect the RRTA tax.



*You may be charged a penalty equal to 50% of the social security and Medicare tax due on tips you received but did not report to your employer.*

**Form 8919.** If you are an employee who received wages from an employer who did not withhold social security and Medicare tax from your wages, use Form 8919 to figure your share of the unreported tax. Include on line 57 the amount from line 13 of Form 8919. Include the amount from line 6 of Form 8919 on Form 1040, line 7.

**Line 58****Additional Tax on IRAs, Other Qualified Retirement Plans, etc.**

If any of the following apply, see Form 5329 and its instructions to find out if you owe this tax and if you must file Form 5329.

1. You received an early distribution from (a) an IRA or other qualified retirement plan, (b) an annuity, or (c) a modified endowment contract entered into after June 20, 1988, and the total distribution was not rolled over in a qualified rollover contribution.
2. Excess contributions were made to your IRAs, Coverdell education savings accounts (ESAs), Archer MSAs, or health savings accounts (HSAs).
3. You received taxable distributions from Coverdell ESAs or qualified tuition programs.
4. You were born before July 1, 1939, and did not take the minimum required distribution from your IRA or other qualified retirement plan.

**Exception.** If only item (1) applies and distribution code 1 is correctly shown in box 7 of Form 1099-R, you do not have to file Form 5329. Instead, multiply the taxable amount of the distribution by 10% (.10) and enter the result on line 58. The taxable amount of the distribution is the part of the distribution you reported on Form 1040, line 15b or line 16b, or on Form 4972. Also, enter "No" under the heading *Other Taxes* to the left of line 58 to indicate that you do not have to file Form 5329. But if distribution code 1 is incorrectly shown in

box 7 of Form 1099-R or you qualify for an exception for qualified medical expenses, qualified higher education expenses, qualified first-time homebuyer distributions, or a qualified reservist distribution, you must file Form 5329.

## Line 59

Include the following amounts on line 59 and check the appropriate box(es).

**Form(s) W-2, box 9 (advance earned income credit payments).** Enter the total of any amounts shown in box 9 of Form(s) W-2. These are any advance earned income credit payments you received.

**Schedule H (household employment taxes).** These are the employment taxes you owe for having a household employee. If any of the following apply, see Schedule H and its instructions to find out if you owe these taxes.

1. You paid any one household employee (defined below) cash wages of \$1,700 or more in 2010. Cash wages include wages paid by check, money order, etc. But do not count amounts paid to an employee who was under age 18 at any time in 2010 and was a student.

2. You withheld federal income tax during 2010 at the request of any household employee.

3. You paid total cash wages of \$1,000 or more in any calendar quarter of 2009 or 2010 to household employees.

Any person who does household work is a household employee if you can control what will be done and how it will be done. Household work includes work done in or around your home by babysitters, nannies, health aides, maids, yard workers, and similar domestic workers.

**Form 5405, line 16 (repayment of first-time homebuyer credit).** This is the amount of first-time homebuyer credit you have to repay if you:

- Disposed of the home within 36 months after buying it,
- Stopped using the home as your main home within 36 months after buying it, or
- Bought the home in 2008.

See the Form 5405 instructions for exceptions to the repayment rule.

## Line 60 Total Tax

Include in the total on line 60 any of the following taxes. To find out if you owe the tax, see the form or publication indicated. On the dotted line next to line 60, enter the amount of the tax and identify it as indicated.

1. Additional tax on health savings account (HSA) distributions (see Form 8889, Part II). Identify as "HSA."

2. Additional tax on an HSA because you did not remain an eligible individual during the testing period (see Form 8889, Part III). Identify as "HDHP."

3. Additional tax on Archer MSA distributions (see Form 8853). Identify as "MSA."

4. Additional tax on Medicare Advantage MSA distributions (see Form 8853). Identify as "Med MSA."

5. Recapture of the following credits.

a. Investment credit (see Form 4255). Identify as "ICR."

b. Low-income housing credit (see Form 8611). Identify as "LIHCR."

c. Qualified plug-in electric vehicle credit (see Form 8834, Part I). Identify as "8834."

d. Indian employment credit (see Form 8845). Identify as "IECR."

e. New markets credit (see Form 8874). Identify as "NMCR."

f. Credit for employer-provided child care facilities (see Form 8882). Identify as "ECCFR."

g. Alternative motor vehicle credit (see Form 8910). Identify as "AMVCR."

h. Alternative fuel vehicle refueling property credit (see Form 8911). Identify as "ARPCR."

i. Qualified plug-in electric drive motor vehicle credit (see Form 8936). Identify as "8936."

6. Recapture of federal mortgage subsidy. If you sold your home in 2010 and it was financed (in whole or in part) from the proceeds of any tax-exempt qualified mortgage bond or you claimed the mortgage interest credit, see Form 8828. Identify as "FMSR."

7. Recapture of COBRA premium assistance. If you received premium assistance under COBRA continuation coverage that covered you, your spouse, or any of your dependents, and your modified adjusted gross income is more than \$125,000 (\$250,000 if married filing jointly), see Pub. 502. Identify as "COBRA."

8. Section 72(m)(5) excess benefits tax (see Pub. 560). Identify as "Sec. 72(m)(5)."

9. Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance. This tax should be shown in box 12 of Form W-2 with codes A and B or M and N. Identify as "UT."

10. Golden parachute payments. If you received an excess parachute payment (EPP), you must pay a 20% tax on it. This tax should be shown in box 12 of Form W-2 with code K. If you received a Form

1099-MISC, the tax is 20% of the EPP shown in box 13. Identify as "EPP."

11. Tax on accumulation distribution of trusts (see Form 4970). Identify as "ADT."

12. Excise tax on insider stock compensation from an expatriated corporation. You may owe a 15% excise tax on the value of nonstatutory stock options and certain other stock-based compensation held by you or a member of your family from an expatriated corporation or its expanded affiliated group in which you were an officer, director, or more-than-10% owner. See section 4985. Identify as "ISC."

13. Additional tax on income you received from a nonqualified deferred compensation plan that fails to meet certain requirements. This income should be shown in box 12 of Form W-2 with code Z, or in box 15b of Form 1099-MISC. The tax is 20% of the amount required to be included in income plus an interest amount determined under section 409A(a)(1)(B)(ii). See section 409A(a)(1)(B) for details. Identify as "NQDC."

14. Interest on the tax due on installment income from the sale of certain residential lots and timeshares. Identify as "453(1)(3)."

15. Interest on the deferred tax on gain from certain installment sales with a sales price over \$150,000. Identify as "453A(c)."

16. Additional tax on recapture of a charitable contribution deduction relating to a fractional interest in tangible personal property. See Pub. 526. Identify as "FITPP."

17. Look-back interest under section 167(g) or 460(b). See Form 8697 or 8866. Identify as "From Form 8697" or "From Form 8866."

18. Any negative amount on Form 8885, line 5, because of advance payments of the health coverage tax credit you received for months you were not eligible. Enter this additional tax as a positive amount. Identify as "HCTC."

## Payments

### Line 61 Federal Income Tax Withheld

Add the amounts shown as federal income tax withheld on your Forms W-2, W-2G, and 1099-R. Enter the total on line 61. The amount withheld should be shown in box 2 of Form W-2 or W-2G, and in box 4 of Form 1099-R. Attach Forms W-2G and 1099-R to the front of your return if federal income tax was withheld.

If you received a 2010 Form 1099 showing federal income tax withheld on dividends, taxable or tax-exempt interest

income, unemployment compensation, social security benefits, or other income you received, include the amount withheld in the total on line 61. This should be shown in box 4 of Form 1099 or box 6 of Form SSA-1099.

---

## Line 62

### 2010 Estimated Tax Payments

Enter any estimated federal income tax payments you made for 2010. Include any overpayment that you applied to your 2010 estimated tax from:

- Your 2009 return, or
- An amended return (Form 1040X).

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, you can divide the amount paid in any way you choose as long as you both agree. If you cannot agree, you must divide the payments in proportion to each spouse's individual tax as shown on your separate returns for 2010. For an example of how to do this, see Pub. 505. Be sure to show both social security numbers (SSNs) in the space provided on the separate returns. If you or your spouse paid separate estimated tax but you are now filing a joint return, add the amounts you each paid. Follow these instructions even if your spouse died in 2010 or in 2011 before filing a 2010 return.

### Divorced Taxpayers

If you got divorced in 2010 and you made joint estimated tax payments with your former spouse, enter your former spouse's SSN in the space provided on the front of Form 1040. If you were divorced and remarried in 2010, enter your present spouse's SSN in the space provided on the front of Form 1040. Also, under the heading *Payments* to the left of line 62, enter your former spouse's SSN, followed by "DIV."

### Name Change

If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name, attach a statement to the front of Form 1040. On the statement, explain all the payments you and your spouse made in 2010 and the name(s) and SSN(s) under which you made them.

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## Line 63

### Making Work Pay Credit

You may be able to take this credit if you have earned income from work. However, you cannot take the credit if:

- Your modified adjusted gross income (AGI) is \$95,000 (\$190,000 if married filing jointly) or more, or

- You can be claimed as a dependent on someone else's return. (If you are married and claim the making work pay credit on a 2010 joint return, neither you nor your spouse can be claimed as a dependent on anyone else's 2010 return.)

The credit is reduced if:

1. Your modified AGI is more than \$75,000 (\$150,000 if married filing jointly), or
2. You received a \$250 economic recovery payment in 2010. You may have received an economic recovery payment in 2010 if:
  - a. You received social security benefits, supplemental security income, railroad retirement benefits, or veterans disability compensation or pension benefits in November 2008, December 2008, or January 2009, and
  - b. You did not receive an economic recovery payment in 2009.

Complete Schedule M if you can take this credit.

**Social security number.** To take the credit, you must include your social security number (if filing a joint return, the number of either you or your spouse) on your return. A social security number does not include an identification number issued by the IRS. Only the Social Security Administration issues social security numbers.

# Lines 64a and 64b— Earned Income Credit (EIC)

## What Is the EIC?

The EIC is a credit for certain people who work. The credit may give you a refund even if you do not owe any tax.

## To Take the EIC:

- Follow the steps below.
- Complete the worksheet that applies to you or let the IRS figure the credit for you.
- If you have a qualifying child, complete and attach Schedule EIC.

For help in determining if you are eligible for the EIC, go to [www.irs.gov/eitc](http://www.irs.gov/eitc) and click on “EIC Assistant.” This service is available in English and Spanish.



*If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. See Form 8862, who must file, on page 48. You may also have to pay penalties.*

## Step 1 All Filers

- If, in 2010:
  - 3 or more children lived with you, is the amount on Form 1040, line 38, less than \$43,352 (\$48,362 if married filing jointly)?
  - 2 children lived with you, is the amount on Form 1040, line 38, less than \$40,363 (\$45,373 if married filing jointly)?
  - 1 child lived with you, is the amount on Form 1040, line 38, less than \$35,535 (\$40,545 if married filing jointly)?
  - No children lived with you, is the amount on Form 1040, line 38, less than \$13,460 (\$18,470 if married filing jointly)?

**Yes.** Continue  **No.** You cannot take the credit.
- Do you, and your spouse if filing a joint return, have a social security number that allows you to work or is valid for EIC purposes (see page 48)?
 

**Yes.** Continue  **No.** You cannot take the credit. Enter “No” on the dotted line next to line 64a.
- Is your filing status married filing separately?
 

**Yes.** You cannot take the credit.  **No.** Continue
- Are you filing Form 2555 or 2555-EZ (relating to foreign earned income)?

- Yes.** You cannot take the credit.  **No.** Continue

- Were you or your spouse a nonresident alien for any part of 2010?
 

**Yes.** See *Nonresident aliens* on page 48.  **No.** Go to Step 2.

## Step 2 Investment Income

- Add the amounts from Form 1040:

Line 8a				
Line 8b	+			
Line 9a	+			
Line 13*	+			

**Investment Income** =

\*If line 13 is a loss, enter -0-.

- Is your investment income more than \$3,100?
 

**Yes.** Continue  **No.** Skip question 3; go to question 4.
- Are you filing Form 4797 (relating to sales of business property)?
 

**Yes.** See *Form 4797 filers* on page 48.  **No.** You cannot take the credit.
- Do any of the following apply for 2010?
  - You are filing Schedule E.
  - You are a member of a qualified joint venture that is a passive activity reporting rental real estate income not subject to self-employment tax on Schedule C or C-EZ.
  - You are reporting income from the rental of personal property not used in a trade or business.
  - You are reporting income on Form 1040, line 21, from Form 8814 (relating to election to report child’s interest and dividends).

**Yes.** You must use Worksheet 1 in Pub. 596 to see if you can take the credit.  **No.** Go to Step 3 on page 46.

(Continued on next page)

### Step 3 Qualifying Child

**A qualifying child for the EIC is a child who is your...**

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

**AND**

was ...

Under age 19 at the end of 2010 and younger than you (or your spouse, if filing jointly)

or

Under age 24 at the end of 2010, a student (see page 48), and younger than you (or your spouse, if filing jointly)

or

Any age and permanently and totally disabled (see page 48)

**AND**

Who is not filing a joint return for 2010 or is filing a joint return for 2010 only as a claim for refund (defined on page 47)

**AND**

Who lived with you in the United States for more than half of 2010.

If the child did not live with you for the required time, see *Exception to time lived with you* on page 47.



*If the child meets the conditions to be a qualifying child of any other person (other than your spouse if filing a joint return) for 2010, or the child was married, see page 48.*

1. Do you have at least one child who meets the conditions to be your qualifying child?

- Yes.** The child must have a valid social security number (SSN) as defined on page 48 unless the child was born and died in 2010. If at least one qualifying child has a valid SSN (or was born or died in 2010), go to question 2. Otherwise, you cannot take the credit.
- No.** Skip question 2; go to Step 4.

2. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2010?

**Yes.** You cannot take the credit. Enter "No" on the dotted line next to line 64a.

**No.** Skip Step 4; go to Step 5 on page 47.

### Step 4 Filers Without a Qualifying Child

1. Is the amount on Form 1040, line 38, less than \$13,460 (\$18,470 if married filing jointly)?

- Yes.** Continue
- No.** You cannot take the credit.

2. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2010?

- Yes.** You cannot take the credit. Enter "No" on the dotted line next to line 64a.
- No.** Continue

3. Were you, or your spouse if filing a joint return, at least age 25 but under age 65 at the end of 2010? If your spouse died in 2010, see Pub. 596 before you answer.

- Yes.** Continue
- No.** You cannot take the credit.

4. Was your main home, and your spouse's if filing a joint return, in the United States for more than half of 2010? Members of the military stationed outside the United States, see page 48 before you answer.

- Yes.** Continue
- No.** You cannot take the credit. Enter "No" on the dotted line next to line 64a.

5. Are you filing a joint return?

- Yes.** Skip question 6; go to Step 5 on page 47.
- No.** Continue


6. Can you be claimed as a dependent on someone else's 2010 tax return?

- Yes.** You cannot take the credit.
- No.** Go to Step 5 on page 47.

*(Continued on next page)*

## Step 5 Earned Income

1. Are you filing Schedule SE because you were a member of the clergy or you had church employee income of \$108.28 or more?

- Yes.** See *Clergy or Church employees*, whichever applies, on this page.  **No.** Continue 

2. Figure earned income:

Form 1040, line 7 \_\_\_\_\_

Subtract, if included on line 7, any:

- Taxable scholarship or fellowship grant not reported on a Form W-2.
- Amount received for work performed while an inmate in a penal institution (enter "PRI" and the amount subtracted on the dotted line next to Form 1040, line 7).
- Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (enter "DFC" and the amount subtracted on the dotted line next to Form 1040, line 7). This amount may be shown in box 11 of Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity.

Add all of your nontaxable combat pay if you elect to include it in earned income. Also enter this amount on Form 1040, line 64b. See *Combat pay, nontaxable* on this page.


+ \_\_\_\_\_



**Electing to include nontaxable combat pay may increase or decrease your EIC. Figure the credit with and without your nontaxable combat pay before making the election.**

**Earned Income =**

3. Were you self-employed at any time in 2010, or are you filing Schedule SE because you were a member of the clergy or you had church employee income, or are you filing Schedule C or C-EZ as a statutory employee?

- Yes.** Skip question 4 and Step 6; go to Worksheet B on page 50.  **No.** Continue 

4. If you have:

- 3 or more qualifying children, is your earned income less than \$43,352 (\$48,362 if married filing jointly)?
- 2 qualifying children, is your earned income less than \$40,363 (\$45,373 if married filing jointly)?

- 1 qualifying child, is your earned income less than \$35,535 (\$40,545 if married filing jointly)?
- No qualifying children, is your earned income less than \$13,460 (\$18,470 if married filing jointly)?

- Yes.** Go to Step 6.  **No.** 

You cannot take the credit.

## Step 6 How To Figure the Credit

1. Do you want the IRS to figure the credit for you?

- Yes.** See *Credit figured by the IRS* on this page.  **No.** Go to Worksheet A on page 49.

### Definitions and Special Rules

**Adopted child.** An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption.

**Church employees.** Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, line 5a. Subtract that amount from the amount on Form 1040, line 7, and enter the result in the first space of Step 5, line 2. Be sure to answer "Yes" to question 3 in Step 5.

**Claim for refund.** A claim for refund is a return filed only to get a refund of withheld income tax or estimated tax paid. A return is not a claim for refund if the making work pay credit, earned income credit, or any other similar refundable credit is claimed on it.

**Clergy.** The following instructions apply to ministers, members of religious orders who have not taken a vow of poverty, and Christian Science practitioners. If you are filing Schedule SE and the amount on line 2 of that schedule includes an amount that was also reported on Form 1040, line 7:

1. Enter "Clergy" on the dotted line next to Form 1040, line 64a.
2. Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, Section A, line 2, or Section B, line 2.
3. Subtract that amount from the amount on Form 1040, line 7. Enter the result in the first space of Step 5, line 2.
4. Be sure to answer "Yes" to question 3 in Step 5.

**Combat pay, nontaxable.** If you were a member of the U.S. Armed Forces who served in a combat zone, certain pay is excluded from your income. See *Combat Zone Exclusion* in Pub. 3. You can elect to include this pay in your earned income when figuring the EIC. The amount of your nontaxable combat pay should be shown in box 12 of Form(s) W-2 with code Q. If you are filing a joint return and both you and your spouse received nontaxable combat pay, you can each make your own election.

**Credit figured by the IRS.** To have the IRS figure your EIC:

1. Enter "EIC" on the dotted line next to Form 1040, line 64a.
2. Be sure you enter the nontaxable combat pay you elect to include in earned income on Form 1040, line 64b. See *Combat pay, nontaxable* above.
3. If you have a qualifying child, complete and attach Schedule EIC. If your EIC for a year after 1996 was reduced or disallowed, see *Form 8862, who must file* on page 48.

**Exception to time lived with you.** Temporary absences by you or the child for special circumstances, such as school, vacation, business, medical care, military service, or detention in a juvenile facility, count as time the child lived with you. Also see *Kidnapped child* on page 17 or *Members of the military* on page 48. A child is considered to have lived with you for all of 2010 if the child was born or died in 2010 and your home was this child's home for the entire time he or she was alive in 2010.

**Form 4797 filers.** If the amount on Form 1040, line 13, includes an amount from Form 4797, you must use Worksheet 1 in Pub. 596 to see if you can take the EIC. Otherwise, stop; you cannot take the EIC.

**Form 8862, who must file.** You must file Form 8862 if your EIC for a year after 1996 was reduced or disallowed for any reason other than a math or clerical error. But do not file Form 8862 if either of the following applies.

- You filed Form 8862 for another year, the EIC was allowed for that year, and your EIC has not been reduced or disallowed again for any reason other than a math or clerical error.
  - You are taking the EIC without a qualifying child and the only reason your EIC was reduced or disallowed in the other year was because it was determined that a child listed on Schedule EIC was not your qualifying child.
- Also, do not file Form 8862 or take the credit for the:
- 2 years after the most recent tax year for which there was a final determination that your EIC claim was due to reckless or intentional disregard of the EIC rules, or
  - 10 years after the most recent tax year for which there was a final determination that your EIC claim was due to fraud.

**Foster child.** A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction. For more details on authorized placement agencies, see Pub. 596.

**Married child.** A child who was married at the end of 2010 is a qualifying child only if (a) you can claim him or her as your dependent on Form 1040, line 6c, or (b) you could have claimed him or her as your dependent except for the special rule for *Children of divorced or separated parents* that begins on page 16.

**Members of the military.** If you were on extended active duty outside the United States, your main home is considered to be in the United States during that duty period. Extended active duty is military duty ordered for an indefinite period or for a period of more than 90 days. Once you begin serving extended active duty, you are considered to be on extended active duty even if you do not serve more than 90 days.

**Nonresident aliens.** If your filing status is married filing jointly, go to Step 2 on page 45. Otherwise, stop; you cannot take the EIC. Enter “No” on the dotted line next to line 64a.

**Permanently and totally disabled.** A person is permanently and totally disabled if, at any time in 2010, the person could not engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition (a) has lasted or can be expected to last continuously for at least a year, or (b) can be expected to lead to death.

**Qualifying child of more than one person.** Even if a child meets the conditions to be the qualifying child of more than one person, only one person can claim the child as a qualifying child for all of the following tax benefits, unless the special rule for *Children of divorced or separated parents* beginning on page 16 applies.

1. Dependency exemption (line 6c).
2. Child tax credits (lines 51 and 65).
3. Head of household filing status (line 4).
4. Credit for child and dependent care expenses (line 48).
5. Exclusion for dependent care benefits (Form 2441, Part III).
6. Earned income credit (lines 64a and 64b).

No other person can take any of the six tax benefits listed above unless he or she has a different qualifying child. If you and any

other person can claim the child as a qualifying child, the following rules apply.

- If only one of the persons is the child’s parent, the child is treated as the qualifying child of the parent.
- If the parents do not file a joint return together but both parents claim the child as a qualifying child, the IRS will treat the child as the qualifying child of the parent with whom the child lived for the longer period of time in 2010. If the child lived with each parent for the same amount of time, the IRS will treat the child as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2010.
- If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest AGI for 2010.
- If a parent can claim the child as a qualifying child but no parent does so claim the child, the child is treated as the qualifying child of the person who had the highest AGI for 2010, but only if that person’s AGI is higher than the highest AGI of any parent of the child who can claim the child.

**Example.** Your daughter meets the conditions to be a qualifying child for both you and your mother. Your daughter does not meet the conditions to be a qualifying child of any other person, including her other parent. Under the rules above, you can claim your daughter as a qualifying child for all of the six tax benefits listed on this page for which you otherwise qualify. Your mother cannot claim any of the six tax benefits listed on this page unless she has a different qualifying child. However, if your mother’s AGI is higher than yours and you do not claim your daughter as a qualifying child, your daughter is the qualifying child of your mother.

For more details and examples, see Pub. 596.

If you will not be taking the EIC with a qualifying child, enter “No” on the dotted line next to line 64a. Otherwise, go to Step 3, question 1, on page 46.

**Social security number (SSN).** For the EIC, a valid SSN is a number issued by the Social Security Administration unless “Not Valid for Employment” is printed on the social security card and the number was issued solely to apply for or receive a federally funded benefit.

To find out how to get an SSN, see page 12. If you will not have an SSN by the date your return is due, see *What if You Cannot File on Time?* on page 7.

**Student.** A student is a child who during any part of 5 calendar months of 2010 was enrolled as a full-time student at a school, or took a full-time, on-farm training course given by a school or a state, county, or local government agency. A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or school offering courses only through the Internet.

**Welfare benefits, effect of credit on.** Any refund you receive as a result of taking the EIC will not be used to determine if you are eligible for the following programs or how much you can receive from them. But if the refund you receive because of the EIC is not spent within a certain period of time, it can count as an asset (or resource) and affect your eligibility.

- Temporary Assistance for Needy Families (TANF).
- Medicaid and supplemental security income (SSI).
- Supplemental Nutrition Assistance Program (food stamps) and low-income housing.





**Before you begin:** ✓ Be sure you are using the correct worksheet. Use this worksheet only if you answered “No” to Step 5, question 3, on page 47. Otherwise, use Worksheet B that begins on page 50.

**Part 1**

**All Filers Using Worksheet A**

1. Enter your earned income from Step 5 on page 47. 1

2. Look up the amount on line 1 above in the EIC Table on pages 52–68 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here. 2

If line 2 is zero, You cannot take the credit. Enter “No” on the dotted line next to line 64a.

3. Enter the amount from Form 1040, line 38. 3

4. Are the amounts on lines 3 and 1 the same?

**Yes.** Skip line 5; enter the amount from line 2 on line 6.

**No.** Go to line 5.

**Part 2**

**Filers Who Answered “No” on Line 4**

5. If you have:

- No qualifying children, is the amount on line 3 less than \$7,500 (\$12,500 if married filing jointly)?
- 1 or more qualifying children, is the amount on line 3 less than \$16,450 (\$21,500 if married filing jointly)?

**Yes.** Leave line 5 blank; enter the amount from line 2 on line 6.

**No.** Look up the amount on line 3 in the EIC Table on pages 52–68 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here. 5

Look at the amounts on lines 5 and 2. Then, enter the **smaller** amount on line 6.

**Part 3**

**Your Earned Income Credit**

6. **This is your earned income credit.** 6

Enter this amount on Form 1040, line 64a.

**Reminder—**

✓ If you have a qualifying child, complete and attach Schedule EIC.



*If your EIC for a year after 1996 was reduced or disallowed, see page 48 to find out if you must file Form 8862 to take the credit for 2010.*



Use this worksheet if you answered “Yes” to Step 5, question 3, on page 47.

- ✓ Complete the parts below (Parts 1 through 3) that apply to you. Then, continue to Part 4.
- ✓ If you are married filing a joint return, include your spouse’s amounts, if any, with yours to figure the amounts to enter in Parts 1 through 3.

<p><b>Part 1</b></p> <p><b>Self-Employed, Members of the Clergy, and People With Church Employee Income Filing Schedule SE</b></p>	1a. Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, whichever applies.	1a	
	b. Enter any amount from Form 1040, line 29.	+	1b
	c. Enter any amount from Schedule SE, Section B, line 4b, and line 5a.	+	1c
	d. Combine lines 1a, 1b, and 1c.	=	1d
	e. Enter the amount from Schedule SE, Section A, line 6, or Section B, line 13, whichever applies.	-	1e
	f. Subtract line 1e from 1d.	=	1f

<p><b>Part 2</b></p> <p><b>Self-Employed NOT Required To File Schedule SE</b></p> <p><small>For example, your net earnings from self-employment were less than \$400.</small></p>	2. Do not include on these lines any statutory employee income, any net profit from services performed as a notary public, any amount exempt from self-employment tax as the result of the filing and approval of Form 4029 or Form 4361, any income or loss from a qualified joint venture reporting only rental real estate income not subject to self-employment tax, or any other amounts exempt from self-employment tax.		
	a. Enter any net farm profit or (loss) from Schedule F, line 36, and from farm partnerships, Schedule K-1 (Form 1065), box 14, code A*.	2a	
	b. Enter any net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1*.	+	2b
	c. Combine lines 2a and 2b.	=	2c

*\*If you have any Schedule K-1 amounts, complete the appropriate line(s) of Schedule SE, Section A. Reduce the Schedule K-1 amounts as described in the Partner’s Instructions for Schedule K-1. Enter your name and social security number on Schedule SE and attach it to your return.*

<p><b>Part 3</b></p> <p><b>Statutory Employees Filing Schedule C or C-EZ</b></p>	3. Enter the amount from Schedule C, line 1, or Schedule C-EZ, line 1, that you are filing as a statutory employee.	3	
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<p><b>Part 4</b></p> <p><b>All Filers Using Worksheet B</b></p> <p><small>Note. If line 4b includes income on which you should have paid self-employment tax but did not, we may reduce your credit by the amount of self-employment tax not paid.</small></p>	4a. Enter your earned income from Step 5 on page 47.	4a	
	b. Combine lines 1f, 2c, 3, and 4a. <b>This is your total earned income.</b>	4b	

If line 4b is zero or less, You cannot take the credit. Enter “No” on the dotted line next to line 64a.

5. If you have:

- 3 or more qualifying children, is line 4b less than \$43,352 (\$48,362 if married filing jointly)?
- 2 qualifying children, is line 4b less than \$40,363 (\$45,373 if married filing jointly)?
- 1 qualifying child, is line 4b less than \$35,535 (\$40,545 if married filing jointly)?
- No qualifying children, is line 4b less than \$13,460 (\$18,470 if married filing jointly)?

**Yes.** If you want the IRS to figure your credit, see page 47. If you want to figure the credit yourself, enter the amount from line 4b on line 6 (page 51).

**No.** You cannot take the credit. Enter “No” on the dotted line next to line 64a.



**Part 5**

**All Filers Using Worksheet B**

6. Enter your total earned income from Part 4, line 4b, on page 50. 6

7. Look up the amount on line 6 above in the EIC Table on pages 52–68 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.

7

If line 7 is zero, You cannot take the credit. Enter “No” on the dotted line next to line 64a.

8. Enter the amount from Form 1040, line 38. 8

9. Are the amounts on lines 8 and 6 the same?

**Yes.** Skip line 10; enter the amount from line 7 on line 11.

**No.** Go to line 10.

**Part 6**

**Filers Who Answered “No” on Line 9**

10. If you have:

- No qualifying children, is the amount on line 8 less than \$7,500 (\$12,500 if married filing jointly)?
- 1 or more qualifying children, is the amount on line 8 less than \$16,450 (\$21,500 if married filing jointly)?

**Yes.** Leave line 10 blank; enter the amount from line 7 on line 11.

**No.** Look up the amount on line 8 in the EIC Table on pages 52–68 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here. Look at the amounts on lines 10 and 7. Then, enter the **smaller** amount on line 11.

10

**Part 7**

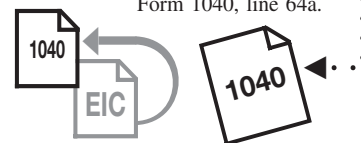
**Your Earned Income Credit**

11. **This is your earned income credit.**

11

**Reminder—**

✓ If you have a qualifying child, complete and attach Schedule EIC.



Enter this amount on Form 1040, line 64a.



*If your EIC for a year after 1996 was reduced or disallowed, see page 48 to find out if you must file Form 8862 to take the credit for 2010.*

# 2010 Earned Income Credit (EIC) Table

**Caution.** This is not a tax table.

1. To find your credit, read down the "At least - But less than" columns and find the line that includes the amount you were told to look up from your EIC Worksheet.

2. Then, go to the column that includes your filing status and the number of qualifying children you have. Enter the credit from that column on your EIC Worksheet.

**Example.** If your filing status is single, you have one qualifying child, and the amount you are looking up from your EIC Worksheet is \$2,455, you would enter \$842.

If the amount you are looking up from the worksheet is—		And your filing status is—			
		Single, head of household, or qualifying widow(er) and you have—			
At least	But less than	No children	One child	Two children	Three children
		Your credit is—			
2,400	2,450	186	825	970	1,091
2,450	2,500	189	842	990	1,114

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
\$1	\$50	\$2	\$9	\$10	\$11	\$2	\$9	\$10	\$11
50	100	6	26	30	34	6	26	30	34
100	150	10	43	50	56	10	43	50	56
150	200	13	60	70	79	13	60	70	79
200	250	17	77	90	101	17	77	90	101
250	300	21	94	110	124	21	94	110	124
300	350	25	111	130	146	25	111	130	146
350	400	29	128	150	169	29	128	150	169
400	450	33	145	170	191	33	145	170	191
450	500	36	162	190	214	36	162	190	214
500	550	40	179	210	236	40	179	210	236
550	600	44	196	230	259	44	196	230	259
600	650	48	213	250	281	48	213	250	281
650	700	52	230	270	304	52	230	270	304
700	750	55	247	290	326	55	247	290	326
750	800	59	264	310	349	59	264	310	349
800	850	63	281	330	371	63	281	330	371
850	900	67	298	350	394	67	298	350	394
900	950	71	315	370	416	71	315	370	416
950	1,000	75	332	390	439	75	332	390	439
1,000	1,050	78	349	410	461	78	349	410	461
1,050	1,100	82	366	430	484	82	366	430	484
1,100	1,150	86	383	450	506	86	383	450	506
1,150	1,200	90	400	470	529	90	400	470	529
1,200	1,250	94	417	490	551	94	417	490	551
1,250	1,300	98	434	510	574	98	434	510	574
1,300	1,350	101	451	530	596	101	451	530	596
1,350	1,400	105	468	550	619	105	468	550	619
1,400	1,450	109	485	570	641	109	485	570	641
1,450	1,500	113	502	590	664	113	502	590	664
1,500	1,550	117	519	610	686	117	519	610	686
1,550	1,600	120	536	630	709	120	536	630	709
1,600	1,650	124	553	650	731	124	553	650	731
1,650	1,700	128	570	670	754	128	570	670	754
1,700	1,750	132	587	690	776	132	587	690	776
1,750	1,800	136	604	710	799	136	604	710	799
1,800	1,850	140	621	730	821	140	621	730	821
1,850	1,900	143	638	750	844	143	638	750	844
1,900	1,950	147	655	770	866	147	655	770	866
1,950	2,000	151	672	790	889	151	672	790	889
2,000	2,050	155	689	810	911	155	689	810	911
2,050	2,100	159	706	830	934	159	706	830	934
2,100	2,150	163	723	850	956	163	723	850	956
2,150	2,200	166	740	870	979	166	740	870	979
2,200	2,250	170	757	890	1,001	170	757	890	1,001
2,250	2,300	174	774	910	1,024	174	774	910	1,024
2,300	2,350	178	791	930	1,046	178	791	930	1,046
2,350	2,400	182	808	950	1,069	182	808	950	1,069
2,400	2,450	186	825	970	1,091	186	825	970	1,091
2,450	2,500	189	842	990	1,114	189	842	990	1,114

(Continued on next page)

**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
2,500	2,550	193	859	1,010	1,136	193	859	1,010	1,136
2,550	2,600	197	876	1,030	1,159	197	876	1,030	1,159
2,600	2,650	201	893	1,050	1,181	201	893	1,050	1,181
2,650	2,700	205	910	1,070	1,204	205	910	1,070	1,204
2,700	2,750	208	927	1,090	1,226	208	927	1,090	1,226
2,750	2,800	212	944	1,110	1,249	212	944	1,110	1,249
2,800	2,850	216	961	1,130	1,271	216	961	1,130	1,271
2,850	2,900	220	978	1,150	1,294	220	978	1,150	1,294
2,900	2,950	224	995	1,170	1,316	224	995	1,170	1,316
2,950	3,000	228	1,012	1,190	1,339	228	1,012	1,190	1,339
3,000	3,050	231	1,029	1,210	1,361	231	1,029	1,210	1,361
3,050	3,100	235	1,046	1,230	1,384	235	1,046	1,230	1,384
3,100	3,150	239	1,063	1,250	1,406	239	1,063	1,250	1,406
3,150	3,200	243	1,080	1,270	1,429	243	1,080	1,270	1,429
3,200	3,250	247	1,097	1,290	1,451	247	1,097	1,290	1,451
3,250	3,300	251	1,114	1,310	1,474	251	1,114	1,310	1,474
3,300	3,350	254	1,131	1,330	1,496	254	1,131	1,330	1,496
3,350	3,400	258	1,148	1,350	1,519	258	1,148	1,350	1,519
3,400	3,450	262	1,165	1,370	1,541	262	1,165	1,370	1,541
3,450	3,500	266	1,182	1,390	1,564	266	1,182	1,390	1,564
3,500	3,550	270	1,199	1,410	1,586	270	1,199	1,410	1,586
3,550	3,600	273	1,216	1,430	1,609	273	1,216	1,430	1,609
3,600	3,650	277	1,233	1,450	1,631	277	1,233	1,450	1,631
3,650	3,700	281	1,250	1,470	1,654	281	1,250	1,470	1,654
3,700	3,750	285	1,267	1,490	1,676	285	1,267	1,490	1,676
3,750	3,800	289	1,284	1,510	1,699	289	1,284	1,510	1,699
3,800	3,850	293	1,301	1,530	1,721	293	1,301	1,530	1,721
3,850	3,900	296	1,318	1,550	1,744	296	1,318	1,550	1,744
3,900	3,950	300	1,335	1,570	1,766	300	1,335	1,570	1,766
3,950	4,000	304	1,352	1,590	1,789	304	1,352	1,590	1,789
4,000	4,050	308	1,369	1,610	1,811	308	1,369	1,610	1,811
4,050	4,100	312	1,386	1,630	1,834	312	1,386	1,630	1,834
4,100	4,150	316	1,403	1,650	1,856	316	1,403	1,650	1,856
4,150	4,200	319	1,420	1,670	1,879	319	1,420	1,670	1,879
4,200	4,250	323	1,437	1,690	1,901	323	1,437	1,690	1,901
4,250	4,300	327	1,454	1,710	1,924	327	1,454	1,710	1,924
4,300	4,350	331	1,471	1,730	1,946	331	1,471	1,730	1,946
4,350	4,400	335	1,488	1,750	1,969	335	1,488	1,750	1,969
4,400	4,450	339	1,505	1,770	1,991	339	1,505	1,770	1,991
4,450	4,500	342	1,522	1,790	2,014	342	1,522	1,790	2,014
4,500	4,550	346	1,539	1,810	2,036	346	1,539	1,810	2,036
4,550	4,600	350	1,556	1,830	2,059	350	1,556	1,830	2,059
4,600	4,650	354	1,573	1,850	2,081	354	1,573	1,850	2,081
4,650	4,700	358	1,590	1,870	2,104	358	1,590	1,870	2,104
4,700	4,750	361	1,607	1,890	2,126	361	1,607	1,890	2,126
4,750	4,800	365	1,624	1,910	2,149	365	1,624	1,910	2,149
4,800	4,850	369	1,641	1,930	2,171	369	1,641	1,930	2,171
4,850	4,900	373	1,658	1,950	2,194	373	1,658	1,950	2,194
4,900	4,950	377	1,675	1,970	2,216	377	1,675	1,970	2,216
4,950	5,000	381	1,692	1,990	2,239	381	1,692	1,990	2,239
5,000	5,050	384	1,709	2,010	2,261	384	1,709	2,010	2,261
5,050	5,100	388	1,726	2,030	2,284	388	1,726	2,030	2,284
5,100	5,150	392	1,743	2,050	2,306	392	1,743	2,050	2,306
5,150	5,200	396	1,760	2,070	2,329	396	1,760	2,070	2,329
5,200	5,250	400	1,777	2,090	2,351	400	1,777	2,090	2,351
5,250	5,300	404	1,794	2,110	2,374	404	1,794	2,110	2,374
5,300	5,350	407	1,811	2,130	2,396	407	1,811	2,130	2,396
5,350	5,400	411	1,828	2,150	2,419	411	1,828	2,150	2,419
5,400	5,450	415	1,845	2,170	2,441	415	1,845	2,170	2,441
5,450	5,500	419	1,862	2,190	2,464	419	1,862	2,190	2,464

(Continued on next page)

**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
5,500	5,550	423	1,879	2,210	2,486	423	1,879	2,210	2,486
5,550	5,600	426	1,896	2,230	2,509	426	1,896	2,230	2,509
5,600	5,650	430	1,913	2,250	2,531	430	1,913	2,250	2,531
5,650	5,700	434	1,930	2,270	2,554	434	1,930	2,270	2,554
5,700	5,750	438	1,947	2,290	2,576	438	1,947	2,290	2,576
5,750	5,800	442	1,964	2,310	2,599	442	1,964	2,310	2,599
5,800	5,850	446	1,981	2,330	2,621	446	1,981	2,330	2,621
5,850	5,900	449	1,998	2,350	2,644	449	1,998	2,350	2,644
5,900	5,950	453	2,015	2,370	2,666	453	2,015	2,370	2,666
5,950	6,000	457	2,032	2,390	2,689	457	2,032	2,390	2,689
6,000	6,050	457	2,049	2,410	2,711	457	2,049	2,410	2,711
6,050	6,100	457	2,066	2,430	2,734	457	2,066	2,430	2,734
6,100	6,150	457	2,083	2,450	2,756	457	2,083	2,450	2,756
6,150	6,200	457	2,100	2,470	2,779	457	2,100	2,470	2,779
6,200	6,250	457	2,117	2,490	2,801	457	2,117	2,490	2,801
6,250	6,300	457	2,134	2,510	2,824	457	2,134	2,510	2,824
6,300	6,350	457	2,151	2,530	2,846	457	2,151	2,530	2,846
6,350	6,400	457	2,168	2,550	2,869	457	2,168	2,550	2,869
6,400	6,450	457	2,185	2,570	2,891	457	2,185	2,570	2,891
6,450	6,500	457	2,202	2,590	2,914	457	2,202	2,590	2,914
6,500	6,550	457	2,219	2,610	2,936	457	2,219	2,610	2,936
6,550	6,600	457	2,236	2,630	2,959	457	2,236	2,630	2,959
6,600	6,650	457	2,253	2,650	2,981	457	2,253	2,650	2,981
6,650	6,700	457	2,270	2,670	3,004	457	2,270	2,670	3,004
6,700	6,750	457	2,287	2,690	3,026	457	2,287	2,690	3,026
6,750	6,800	457	2,304	2,710	3,049	457	2,304	2,710	3,049
6,800	6,850	457	2,321	2,730	3,071	457	2,321	2,730	3,071
6,850	6,900	457	2,338	2,750	3,094	457	2,338	2,750	3,094
6,900	6,950	457	2,355	2,770	3,116	457	2,355	2,770	3,116
6,950	7,000	457	2,372	2,790	3,139	457	2,372	2,790	3,139
7,000	7,050	457	2,389	2,810	3,161	457	2,389	2,810	3,161
7,050	7,100	457	2,406	2,830	3,184	457	2,406	2,830	3,184
7,100	7,150	457	2,423	2,850	3,206	457	2,423	2,850	3,206
7,150	7,200	457	2,440	2,870	3,229	457	2,440	2,870	3,229
7,200	7,250	457	2,457	2,890	3,251	457	2,457	2,890	3,251
7,250	7,300	457	2,474	2,910	3,274	457	2,474	2,910	3,274
7,300	7,350	457	2,491	2,930	3,296	457	2,491	2,930	3,296
7,350	7,400	457	2,508	2,950	3,319	457	2,508	2,950	3,319
7,400	7,450	457	2,525	2,970	3,341	457	2,525	2,970	3,341
7,450	7,500	457	2,542	2,990	3,364	457	2,542	2,990	3,364
7,500	7,550	454	2,559	3,010	3,386	457	2,559	3,010	3,386
7,550	7,600	450	2,576	3,030	3,409	457	2,576	3,030	3,409
7,600	7,650	446	2,593	3,050	3,431	457	2,593	3,050	3,431
7,650	7,700	443	2,610	3,070	3,454	457	2,610	3,070	3,454
7,700	7,750	439	2,627	3,090	3,476	457	2,627	3,090	3,476
7,750	7,800	435	2,644	3,110	3,499	457	2,644	3,110	3,499
7,800	7,850	431	2,661	3,130	3,521	457	2,661	3,130	3,521
7,850	7,900	427	2,678	3,150	3,544	457	2,678	3,150	3,544
7,900	7,950	423	2,695	3,170	3,566	457	2,695	3,170	3,566
7,950	8,000	420	2,712	3,190	3,589	457	2,712	3,190	3,589
8,000	8,050	416	2,729	3,210	3,611	457	2,729	3,210	3,611
8,050	8,100	412	2,746	3,230	3,634	457	2,746	3,230	3,634
8,100	8,150	408	2,763	3,250	3,656	457	2,763	3,250	3,656
8,150	8,200	404	2,780	3,270	3,679	457	2,780	3,270	3,679
8,200	8,250	400	2,797	3,290	3,701	457	2,797	3,290	3,701
8,250	8,300	397	2,814	3,310	3,724	457	2,814	3,310	3,724
8,300	8,350	393	2,831	3,330	3,746	457	2,831	3,330	3,746
8,350	8,400	389	2,848	3,350	3,769	457	2,848	3,350	3,769
8,400	8,450	385	2,865	3,370	3,791	457	2,865	3,370	3,791
8,450	8,500	381	2,882	3,390	3,814	457	2,882	3,390	3,814

(Continued on next page)

**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
8,500	8,550	378	2,899	3,410	3,836	457	2,899	3,410	3,836
8,550	8,600	374	2,916	3,430	3,859	457	2,916	3,430	3,859
8,600	8,650	370	2,933	3,450	3,881	457	2,933	3,450	3,881
8,650	8,700	366	2,950	3,470	3,904	457	2,950	3,470	3,904
8,700	8,750	362	2,967	3,490	3,926	457	2,967	3,490	3,926
8,750	8,800	358	2,984	3,510	3,949	457	2,984	3,510	3,949
8,800	8,850	355	3,001	3,530	3,971	457	3,001	3,530	3,971
8,850	8,900	351	3,018	3,550	3,994	457	3,018	3,550	3,994
8,900	8,950	347	3,035	3,570	4,016	457	3,035	3,570	4,016
8,950	9,000	343	3,050	3,590	4,039	457	3,050	3,590	4,039
9,000	9,050	339	3,050	3,610	4,061	457	3,050	3,610	4,061
9,050	9,100	335	3,050	3,630	4,084	457	3,050	3,630	4,084
9,100	9,150	332	3,050	3,650	4,106	457	3,050	3,650	4,106
9,150	9,200	328	3,050	3,670	4,129	457	3,050	3,670	4,129
9,200	9,250	324	3,050	3,690	4,151	457	3,050	3,690	4,151
9,250	9,300	320	3,050	3,710	4,174	457	3,050	3,710	4,174
9,300	9,350	316	3,050	3,730	4,196	457	3,050	3,730	4,196
9,350	9,400	313	3,050	3,750	4,219	457	3,050	3,750	4,219
9,400	9,450	309	3,050	3,770	4,241	457	3,050	3,770	4,241
9,450	9,500	305	3,050	3,790	4,264	457	3,050	3,790	4,264
9,500	9,550	301	3,050	3,810	4,286	457	3,050	3,810	4,286
9,550	9,600	297	3,050	3,830	4,309	457	3,050	3,830	4,309
9,600	9,650	293	3,050	3,850	4,331	457	3,050	3,850	4,331
9,650	9,700	290	3,050	3,870	4,354	457	3,050	3,870	4,354
9,700	9,750	286	3,050	3,890	4,376	457	3,050	3,890	4,376
9,750	9,800	282	3,050	3,910	4,399	457	3,050	3,910	4,399
9,800	9,850	278	3,050	3,930	4,421	457	3,050	3,930	4,421
9,850	9,900	274	3,050	3,950	4,444	457	3,050	3,950	4,444
9,900	9,950	270	3,050	3,970	4,466	457	3,050	3,970	4,466
9,950	10,000	267	3,050	3,990	4,489	457	3,050	3,990	4,489
10,000	10,050	263	3,050	4,010	4,511	457	3,050	4,010	4,511
10,050	10,100	259	3,050	4,030	4,534	457	3,050	4,030	4,534
10,100	10,150	255	3,050	4,050	4,556	457	3,050	4,050	4,556
10,150	10,200	251	3,050	4,070	4,579	457	3,050	4,070	4,579
10,200	10,250	247	3,050	4,090	4,601	457	3,050	4,090	4,601
10,250	10,300	244	3,050	4,110	4,624	457	3,050	4,110	4,624
10,300	10,350	240	3,050	4,130	4,646	457	3,050	4,130	4,646
10,350	10,400	236	3,050	4,150	4,669	457	3,050	4,150	4,669
10,400	10,450	232	3,050	4,170	4,691	457	3,050	4,170	4,691
10,450	10,500	228	3,050	4,190	4,714	457	3,050	4,190	4,714
10,500	10,550	225	3,050	4,210	4,736	457	3,050	4,210	4,736
10,550	10,600	221	3,050	4,230	4,759	457	3,050	4,230	4,759
10,600	10,650	217	3,050	4,250	4,781	457	3,050	4,250	4,781
10,650	10,700	213	3,050	4,270	4,804	457	3,050	4,270	4,804
10,700	10,750	209	3,050	4,290	4,826	457	3,050	4,290	4,826
10,750	10,800	205	3,050	4,310	4,849	457	3,050	4,310	4,849
10,800	10,850	202	3,050	4,330	4,871	457	3,050	4,330	4,871
10,850	10,900	198	3,050	4,350	4,894	457	3,050	4,350	4,894
10,900	10,950	194	3,050	4,370	4,916	457	3,050	4,370	4,916
10,950	11,000	190	3,050	4,390	4,939	457	3,050	4,390	4,939
11,000	11,050	186	3,050	4,410	4,961	457	3,050	4,410	4,961
11,050	11,100	182	3,050	4,430	4,984	457	3,050	4,430	4,984
11,100	11,150	179	3,050	4,450	5,006	457	3,050	4,450	5,006
11,150	11,200	175	3,050	4,470	5,029	457	3,050	4,470	5,029
11,200	11,250	171	3,050	4,490	5,051	457	3,050	4,490	5,051
11,250	11,300	167	3,050	4,510	5,074	457	3,050	4,510	5,074
11,300	11,350	163	3,050	4,530	5,096	457	3,050	4,530	5,096
11,350	11,400	160	3,050	4,550	5,119	457	3,050	4,550	5,119
11,400	11,450	156	3,050	4,570	5,141	457	3,050	4,570	5,141
11,450	11,500	152	3,050	4,590	5,164	457	3,050	4,590	5,164

(Continued on next page)

**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
11,500	11,550	148	3,050	4,610	5,186	457	3,050	4,610	5,186
11,550	11,600	144	3,050	4,630	5,209	457	3,050	4,630	5,209
11,600	11,650	140	3,050	4,650	5,231	457	3,050	4,650	5,231
11,650	11,700	137	3,050	4,670	5,254	457	3,050	4,670	5,254
11,700	11,750	133	3,050	4,690	5,276	457	3,050	4,690	5,276
11,750	11,800	129	3,050	4,710	5,299	457	3,050	4,710	5,299
11,800	11,850	125	3,050	4,730	5,321	457	3,050	4,730	5,321
11,850	11,900	121	3,050	4,750	5,344	457	3,050	4,750	5,344
11,900	11,950	117	3,050	4,770	5,366	457	3,050	4,770	5,366
11,950	12,000	114	3,050	4,790	5,389	457	3,050	4,790	5,389
12,000	12,050	110	3,050	4,810	5,411	457	3,050	4,810	5,411
12,050	12,100	106	3,050	4,830	5,434	457	3,050	4,830	5,434
12,100	12,150	102	3,050	4,850	5,456	457	3,050	4,850	5,456
12,150	12,200	98	3,050	4,870	5,479	457	3,050	4,870	5,479
12,200	12,250	94	3,050	4,890	5,501	457	3,050	4,890	5,501
12,250	12,300	91	3,050	4,910	5,524	457	3,050	4,910	5,524
12,300	12,350	87	3,050	4,930	5,546	457	3,050	4,930	5,546
12,350	12,400	83	3,050	4,950	5,569	457	3,050	4,950	5,569
12,400	12,450	79	3,050	4,970	5,591	457	3,050	4,970	5,591
12,450	12,500	75	3,050	4,990	5,614	457	3,050	4,990	5,614
12,500	12,550	72	3,050	5,010	5,636	455	3,050	5,010	5,636
12,550	12,600	68	3,050	5,036	5,666	451	3,050	5,036	5,666
12,600	12,650	64	3,050	5,036	5,666	447	3,050	5,036	5,666
12,650	12,700	60	3,050	5,036	5,666	443	3,050	5,036	5,666
12,700	12,750	56	3,050	5,036	5,666	439	3,050	5,036	5,666
12,750	12,800	52	3,050	5,036	5,666	436	3,050	5,036	5,666
12,800	12,850	49	3,050	5,036	5,666	432	3,050	5,036	5,666
12,850	12,900	45	3,050	5,036	5,666	428	3,050	5,036	5,666
12,900	12,950	41	3,050	5,036	5,666	424	3,050	5,036	5,666
12,950	13,000	37	3,050	5,036	5,666	420	3,050	5,036	5,666
13,000	13,050	33	3,050	5,036	5,666	417	3,050	5,036	5,666
13,050	13,100	29	3,050	5,036	5,666	413	3,050	5,036	5,666
13,100	13,150	26	3,050	5,036	5,666	409	3,050	5,036	5,666
13,150	13,200	22	3,050	5,036	5,666	405	3,050	5,036	5,666
13,200	13,250	18	3,050	5,036	5,666	401	3,050	5,036	5,666
13,250	13,300	14	3,050	5,036	5,666	397	3,050	5,036	5,666
13,300	13,350	10	3,050	5,036	5,666	394	3,050	5,036	5,666
13,350	13,400	7	3,050	5,036	5,666	390	3,050	5,036	5,666
13,400	13,450	3	3,050	5,036	5,666	386	3,050	5,036	5,666
13,450	13,500	0	3,050	5,036	5,666	382	3,050	5,036	5,666
13,500	13,550	0	3,050	5,036	5,666	378	3,050	5,036	5,666
13,550	13,600	0	3,050	5,036	5,666	374	3,050	5,036	5,666
13,600	13,650	0	3,050	5,036	5,666	371	3,050	5,036	5,666
13,650	13,700	0	3,050	5,036	5,666	367	3,050	5,036	5,666
13,700	13,750	0	3,050	5,036	5,666	363	3,050	5,036	5,666
13,750	13,800	0	3,050	5,036	5,666	359	3,050	5,036	5,666
13,800	13,850	0	3,050	5,036	5,666	355	3,050	5,036	5,666
13,850	13,900	0	3,050	5,036	5,666	352	3,050	5,036	5,666
13,900	13,950	0	3,050	5,036	5,666	348	3,050	5,036	5,666
13,950	14,000	0	3,050	5,036	5,666	344	3,050	5,036	5,666
14,000	14,050	0	3,050	5,036	5,666	340	3,050	5,036	5,666
14,050	14,100	0	3,050	5,036	5,666	336	3,050	5,036	5,666
14,100	14,150	0	3,050	5,036	5,666	332	3,050	5,036	5,666
14,150	14,200	0	3,050	5,036	5,666	329	3,050	5,036	5,666
14,200	14,250	0	3,050	5,036	5,666	325	3,050	5,036	5,666
14,250	14,300	0	3,050	5,036	5,666	321	3,050	5,036	5,666
14,300	14,350	0	3,050	5,036	5,666	317	3,050	5,036	5,666
14,350	14,400	0	3,050	5,036	5,666	313	3,050	5,036	5,666
14,400	14,450	0	3,050	5,036	5,666	309	3,050	5,036	5,666
14,450	14,500	0	3,050	5,036	5,666	306	3,050	5,036	5,666

(Continued on next page)



**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
14,500	14,550	0	3,050	5,036	5,666	302	3,050	5,036	5,666
14,550	14,600	0	3,050	5,036	5,666	298	3,050	5,036	5,666
14,600	14,650	0	3,050	5,036	5,666	294	3,050	5,036	5,666
14,650	14,700	0	3,050	5,036	5,666	290	3,050	5,036	5,666
14,700	14,750	0	3,050	5,036	5,666	286	3,050	5,036	5,666
14,750	14,800	0	3,050	5,036	5,666	283	3,050	5,036	5,666
14,800	14,850	0	3,050	5,036	5,666	279	3,050	5,036	5,666
14,850	14,900	0	3,050	5,036	5,666	275	3,050	5,036	5,666
14,900	14,950	0	3,050	5,036	5,666	271	3,050	5,036	5,666
14,950	15,000	0	3,050	5,036	5,666	267	3,050	5,036	5,666
15,000	15,050	0	3,050	5,036	5,666	264	3,050	5,036	5,666
15,050	15,100	0	3,050	5,036	5,666	260	3,050	5,036	5,666
15,100	15,150	0	3,050	5,036	5,666	256	3,050	5,036	5,666
15,150	15,200	0	3,050	5,036	5,666	252	3,050	5,036	5,666
15,200	15,250	0	3,050	5,036	5,666	248	3,050	5,036	5,666
15,250	15,300	0	3,050	5,036	5,666	244	3,050	5,036	5,666
15,300	15,350	0	3,050	5,036	5,666	241	3,050	5,036	5,666
15,350	15,400	0	3,050	5,036	5,666	237	3,050	5,036	5,666
15,400	15,450	0	3,050	5,036	5,666	233	3,050	5,036	5,666
15,450	15,500	0	3,050	5,036	5,666	229	3,050	5,036	5,666
15,500	15,550	0	3,050	5,036	5,666	225	3,050	5,036	5,666
15,550	15,600	0	3,050	5,036	5,666	221	3,050	5,036	5,666
15,600	15,650	0	3,050	5,036	5,666	218	3,050	5,036	5,666
15,650	15,700	0	3,050	5,036	5,666	214	3,050	5,036	5,666
15,700	15,750	0	3,050	5,036	5,666	210	3,050	5,036	5,666
15,750	15,800	0	3,050	5,036	5,666	206	3,050	5,036	5,666
15,800	15,850	0	3,050	5,036	5,666	202	3,050	5,036	5,666
15,850	15,900	0	3,050	5,036	5,666	199	3,050	5,036	5,666
15,900	15,950	0	3,050	5,036	5,666	195	3,050	5,036	5,666
15,950	16,000	0	3,050	5,036	5,666	191	3,050	5,036	5,666
16,000	16,050	0	3,050	5,036	5,666	187	3,050	5,036	5,666
16,050	16,100	0	3,050	5,036	5,666	183	3,050	5,036	5,666
16,100	16,150	0	3,050	5,036	5,666	179	3,050	5,036	5,666
16,150	16,200	0	3,050	5,036	5,666	176	3,050	5,036	5,666
16,200	16,250	0	3,050	5,036	5,666	172	3,050	5,036	5,666
16,250	16,300	0	3,050	5,036	5,666	168	3,050	5,036	5,666
16,300	16,350	0	3,050	5,036	5,666	164	3,050	5,036	5,666
16,350	16,400	0	3,050	5,036	5,666	160	3,050	5,036	5,666
16,400	16,450	0	3,050	5,036	5,666	156	3,050	5,036	5,666
16,450	16,500	0	3,046	5,031	5,660	153	3,050	5,036	5,666
16,500	16,550	0	3,038	5,020	5,650	149	3,050	5,036	5,666
16,550	16,600	0	3,030	5,010	5,639	145	3,050	5,036	5,666
16,600	16,650	0	3,022	4,999	5,629	141	3,050	5,036	5,666
16,650	16,700	0	3,014	4,989	5,618	137	3,050	5,036	5,666
16,700	16,750	0	3,006	4,978	5,608	133	3,050	5,036	5,666
16,750	16,800	0	2,998	4,968	5,597	130	3,050	5,036	5,666
16,800	16,850	0	2,990	4,957	5,587	126	3,050	5,036	5,666
16,850	16,900	0	2,982	4,946	5,576	122	3,050	5,036	5,666
16,900	16,950	0	2,974	4,936	5,565	118	3,050	5,036	5,666
16,950	17,000	0	2,966	4,925	5,555	114	3,050	5,036	5,666
17,000	17,050	0	2,958	4,915	5,544	111	3,050	5,036	5,666
17,050	17,100	0	2,950	4,904	5,534	107	3,050	5,036	5,666
17,100	17,150	0	2,942	4,894	5,523	103	3,050	5,036	5,666
17,150	17,200	0	2,934	4,883	5,513	99	3,050	5,036	5,666
17,200	17,250	0	2,926	4,873	5,502	95	3,050	5,036	5,666
17,250	17,300	0	2,918	4,862	5,492	91	3,050	5,036	5,666
17,300	17,350	0	2,910	4,852	5,481	88	3,050	5,036	5,666
17,350	17,400	0	2,902	4,841	5,471	84	3,050	5,036	5,666
17,400	17,450	0	2,894	4,831	5,460	80	3,050	5,036	5,666
17,450	17,500	0	2,886	4,820	5,450	76	3,050	5,036	5,666

(Continued on next page)

**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
17,500	17,550	0	2,878	4,810	5,439	72	3,050	5,036	5,666
17,550	17,600	0	2,870	4,799	5,429	68	3,050	5,036	5,666
17,600	17,650	0	2,862	4,789	5,418	65	3,050	5,036	5,666
17,650	17,700	0	2,854	4,778	5,408	61	3,050	5,036	5,666
17,700	17,750	0	2,846	4,767	5,397	57	3,050	5,036	5,666
17,750	17,800	0	2,838	4,757	5,386	53	3,050	5,036	5,666
17,800	17,850	0	2,830	4,746	5,376	49	3,050	5,036	5,666
17,850	17,900	0	2,822	4,736	5,365	46	3,050	5,036	5,666
17,900	17,950	0	2,814	4,725	5,355	42	3,050	5,036	5,666
17,950	18,000	0	2,806	4,715	5,344	38	3,050	5,036	5,666
18,000	18,050	0	2,798	4,704	5,334	34	3,050	5,036	5,666
18,050	18,100	0	2,790	4,694	5,323	30	3,050	5,036	5,666
18,100	18,150	0	2,782	4,683	5,313	26	3,050	5,036	5,666
18,150	18,200	0	2,774	4,673	5,302	23	3,050	5,036	5,666
18,200	18,250	0	2,766	4,662	5,292	19	3,050	5,036	5,666
18,250	18,300	0	2,758	4,652	5,281	15	3,050	5,036	5,666
18,300	18,350	0	2,750	4,641	5,271	11	3,050	5,036	5,666
18,350	18,400	0	2,742	4,631	5,260	7	3,050	5,036	5,666
18,400	18,450	0	2,734	4,620	5,250	3	3,050	5,036	5,666
18,450	18,500	0	2,726	4,610	5,239	*	3,050	5,036	5,666
18,500	18,550	0	2,718	4,599	5,229	0	3,050	5,036	5,666
18,550	18,600	0	2,710	4,588	5,218	0	3,050	5,036	5,666
18,600	18,650	0	2,702	4,578	5,207	0	3,050	5,036	5,666
18,650	18,700	0	2,694	4,567	5,197	0	3,050	5,036	5,666
18,700	18,750	0	2,686	4,557	5,186	0	3,050	5,036	5,666
18,750	18,800	0	2,678	4,546	5,176	0	3,050	5,036	5,666
18,800	18,850	0	2,670	4,536	5,165	0	3,050	5,036	5,666
18,850	18,900	0	2,662	4,525	5,155	0	3,050	5,036	5,666
18,900	18,950	0	2,654	4,515	5,144	0	3,050	5,036	5,666
18,950	19,000	0	2,646	4,504	5,134	0	3,050	5,036	5,666
19,000	19,050	0	2,638	4,494	5,123	0	3,050	5,036	5,666
19,050	19,100	0	2,630	4,483	5,113	0	3,050	5,036	5,666
19,100	19,150	0	2,622	4,473	5,102	0	3,050	5,036	5,666
19,150	19,200	0	2,614	4,462	5,092	0	3,050	5,036	5,666
19,200	19,250	0	2,606	4,452	5,081	0	3,050	5,036	5,666
19,250	19,300	0	2,598	4,441	5,071	0	3,050	5,036	5,666
19,300	19,350	0	2,590	4,431	5,060	0	3,050	5,036	5,666
19,350	19,400	0	2,582	4,420	5,049	0	3,050	5,036	5,666
19,400	19,450	0	2,574	4,409	5,039	0	3,050	5,036	5,666
19,450	19,500	0	2,566	4,399	5,028	0	3,050	5,036	5,666
19,500	19,550	0	2,558	4,388	5,018	0	3,050	5,036	5,666
19,550	19,600	0	2,550	4,378	5,007	0	3,050	5,036	5,666
19,600	19,650	0	2,542	4,367	4,997	0	3,050	5,036	5,666
19,650	19,700	0	2,534	4,357	4,986	0	3,050	5,036	5,666
19,700	19,750	0	2,526	4,346	4,976	0	3,050	5,036	5,666
19,750	19,800	0	2,518	4,336	4,965	0	3,050	5,036	5,666
19,800	19,850	0	2,510	4,325	4,955	0	3,050	5,036	5,666
19,850	19,900	0	2,502	4,315	4,944	0	3,050	5,036	5,666
19,900	19,950	0	2,494	4,304	4,934	0	3,050	5,036	5,666
19,950	20,000	0	2,487	4,294	4,923	0	3,050	5,036	5,666
20,000	20,050	0	2,479	4,283	4,913	0	3,050	5,036	5,666
20,050	20,100	0	2,471	4,273	4,902	0	3,050	5,036	5,666
20,100	20,150	0	2,463	4,262	4,892	0	3,050	5,036	5,666
20,150	20,200	0	2,455	4,252	4,881	0	3,050	5,036	5,666
20,200	20,250	0	2,447	4,241	4,870	0	3,050	5,036	5,666

\*If the amount you are looking up from the worksheet is at least \$18,450 but less than \$18,470, your credit is \$1. Otherwise, you cannot take the credit.

(Continued on next page)

**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
20,250	20,300	0	2,439	4,230	4,860	0	3,050	5,036	5,666
20,300	20,350	0	2,431	4,220	4,849	0	3,050	5,036	5,666
20,350	20,400	0	2,423	4,209	4,839	0	3,050	5,036	5,666
20,400	20,450	0	2,415	4,199	4,828	0	3,050	5,036	5,666
20,450	20,500	0	2,407	4,188	4,818	0	3,050	5,036	5,666
20,500	20,550	0	2,399	4,178	4,807	0	3,050	5,036	5,666
20,550	20,600	0	2,391	4,167	4,797	0	3,050	5,036	5,666
20,600	20,650	0	2,383	4,157	4,786	0	3,050	5,036	5,666
20,650	20,700	0	2,375	4,146	4,776	0	3,050	5,036	5,666
20,700	20,750	0	2,367	4,136	4,765	0	3,050	5,036	5,666
20,750	20,800	0	2,359	4,125	4,755	0	3,050	5,036	5,666
20,800	20,850	0	2,351	4,115	4,744	0	3,050	5,036	5,666
20,850	20,900	0	2,343	4,104	4,734	0	3,050	5,036	5,666
20,900	20,950	0	2,335	4,094	4,723	0	3,050	5,036	5,666
20,950	21,000	0	2,327	4,083	4,713	0	3,050	5,036	5,666
21,000	21,050	0	2,319	4,073	4,702	0	3,050	5,036	5,666
21,050	21,100	0	2,311	4,062	4,691	0	3,050	5,036	5,666
21,100	21,150	0	2,303	4,051	4,681	0	3,050	5,036	5,666
21,150	21,200	0	2,295	4,041	4,670	0	3,050	5,036	5,666
21,200	21,250	0	2,287	4,030	4,660	0	3,050	5,036	5,666
21,250	21,300	0	2,279	4,020	4,649	0	3,050	5,036	5,666
21,300	21,350	0	2,271	4,009	4,639	0	3,050	5,036	5,666
21,350	21,400	0	2,263	3,999	4,628	0	3,050	5,036	5,666
21,400	21,450	0	2,255	3,988	4,618	0	3,050	5,036	5,666
21,450	21,500	0	2,247	3,978	4,607	0	3,050	5,036	5,666
21,500	21,550	0	2,239	3,967	4,597	0	3,039	5,022	5,652
21,550	21,600	0	2,231	3,957	4,586	0	3,031	5,012	5,641
21,600	21,650	0	2,223	3,946	4,576	0	3,023	5,001	5,631
21,650	21,700	0	2,215	3,936	4,565	0	3,015	4,991	5,620
21,700	21,750	0	2,207	3,925	4,555	0	3,007	4,980	5,610
21,750	21,800	0	2,199	3,915	4,544	0	2,999	4,970	5,599
21,800	21,850	0	2,191	3,904	4,534	0	2,991	4,959	5,589
21,850	21,900	0	2,183	3,893	4,523	0	2,983	4,949	5,578
21,900	21,950	0	2,175	3,883	4,512	0	2,975	4,938	5,568
21,950	22,000	0	2,167	3,872	4,502	0	2,968	4,928	5,557
22,000	22,050	0	2,159	3,862	4,491	0	2,960	4,917	5,547
22,050	22,100	0	2,151	3,851	4,481	0	2,952	4,906	5,536
22,100	22,150	0	2,143	3,841	4,470	0	2,944	4,896	5,525
22,150	22,200	0	2,135	3,830	4,460	0	2,936	4,885	5,515
22,200	22,250	0	2,127	3,820	4,449	0	2,928	4,875	5,504
22,250	22,300	0	2,119	3,809	4,439	0	2,920	4,864	5,494
22,300	22,350	0	2,111	3,799	4,428	0	2,912	4,854	5,483
22,350	22,400	0	2,103	3,788	4,418	0	2,904	4,843	5,473
22,400	22,450	0	2,095	3,778	4,407	0	2,896	4,833	5,462
22,450	22,500	0	2,087	3,767	4,397	0	2,888	4,822	5,452
22,500	22,550	0	2,079	3,757	4,386	0	2,880	4,812	5,441
22,550	22,600	0	2,071	3,746	4,376	0	2,872	4,801	5,431
22,600	22,650	0	2,063	3,736	4,365	0	2,864	4,791	5,420
22,650	22,700	0	2,055	3,725	4,355	0	2,856	4,780	5,410
22,700	22,750	0	2,047	3,714	4,344	0	2,848	4,770	5,399
22,750	22,800	0	2,039	3,704	4,333	0	2,840	4,759	5,389
22,800	22,850	0	2,031	3,693	4,323	0	2,832	4,749	5,378
22,850	22,900	0	2,023	3,683	4,312	0	2,824	4,738	5,368
22,900	22,950	0	2,015	3,672	4,302	0	2,816	4,727	5,357
22,950	23,000	0	2,007	3,662	4,291	0	2,808	4,717	5,346
23,000	23,050	0	1,999	3,651	4,281	0	2,800	4,706	5,336
23,050	23,100	0	1,991	3,641	4,270	0	2,792	4,696	5,325
23,100	23,150	0	1,983	3,630	4,260	0	2,784	4,685	5,315
23,150	23,200	0	1,975	3,620	4,249	0	2,776	4,675	5,304
23,200	23,250	0	1,967	3,609	4,239	0	2,768	4,664	5,294

(Continued on next page)

**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
23,250	23,300	0	1,959	3,599	4,228	0	2,760	4,654	5,283
23,300	23,350	0	1,951	3,588	4,218	0	2,752	4,643	5,273
23,350	23,400	0	1,943	3,578	4,207	0	2,744	4,633	5,262
23,400	23,450	0	1,935	3,567	4,197	0	2,736	4,622	5,252
23,450	23,500	0	1,927	3,557	4,186	0	2,728	4,612	5,241
23,500	23,550	0	1,919	3,546	4,176	0	2,720	4,601	5,231
23,550	23,600	0	1,911	3,535	4,165	0	2,712	4,591	5,220
23,600	23,650	0	1,903	3,525	4,154	0	2,704	4,580	5,210
23,650	23,700	0	1,895	3,514	4,144	0	2,696	4,570	5,199
23,700	23,750	0	1,887	3,504	4,133	0	2,688	4,559	5,188
23,750	23,800	0	1,879	3,493	4,123	0	2,680	4,548	5,178
23,800	23,850	0	1,871	3,483	4,112	0	2,672	4,538	5,167
23,850	23,900	0	1,863	3,472	4,102	0	2,664	4,527	5,157
23,900	23,950	0	1,855	3,462	4,091	0	2,656	4,517	5,146
23,950	24,000	0	1,847	3,451	4,081	0	2,648	4,506	5,136
24,000	24,050	0	1,839	3,441	4,070	0	2,640	4,496	5,125
24,050	24,100	0	1,831	3,430	4,060	0	2,632	4,485	5,115
24,100	24,150	0	1,823	3,420	4,049	0	2,624	4,475	5,104
24,150	24,200	0	1,815	3,409	4,039	0	2,616	4,464	5,094
24,200	24,250	0	1,807	3,399	4,028	0	2,608	4,454	5,083
24,250	24,300	0	1,799	3,388	4,018	0	2,600	4,443	5,073
24,300	24,350	0	1,791	3,378	4,007	0	2,592	4,433	5,062
24,350	24,400	0	1,783	3,367	3,996	0	2,584	4,422	5,052
24,400	24,450	0	1,775	3,356	3,986	0	2,576	4,412	5,041
24,450	24,500	0	1,767	3,346	3,975	0	2,568	4,401	5,031
24,500	24,550	0	1,759	3,335	3,965	0	2,560	4,391	5,020
24,550	24,600	0	1,751	3,325	3,954	0	2,552	4,380	5,009
24,600	24,650	0	1,743	3,314	3,944	0	2,544	4,369	4,999
24,650	24,700	0	1,735	3,304	3,933	0	2,536	4,359	4,988
24,700	24,750	0	1,727	3,293	3,923	0	2,528	4,348	4,978
24,750	24,800	0	1,719	3,283	3,912	0	2,520	4,338	4,967
24,800	24,850	0	1,711	3,272	3,902	0	2,512	4,327	4,957
24,850	24,900	0	1,703	3,262	3,891	0	2,504	4,317	4,946
24,900	24,950	0	1,695	3,251	3,881	0	2,496	4,306	4,936
24,950	25,000	0	1,688	3,241	3,870	0	2,488	4,296	4,925
25,000	25,050	0	1,680	3,230	3,860	0	2,480	4,285	4,915
25,050	25,100	0	1,672	3,220	3,849	0	2,472	4,275	4,904
25,100	25,150	0	1,664	3,209	3,839	0	2,464	4,264	4,894
25,150	25,200	0	1,656	3,199	3,828	0	2,456	4,254	4,883
25,200	25,250	0	1,648	3,188	3,817	0	2,448	4,243	4,873
25,250	25,300	0	1,640	3,177	3,807	0	2,440	4,233	4,862
25,300	25,350	0	1,632	3,167	3,796	0	2,432	4,222	4,852
25,350	25,400	0	1,624	3,156	3,786	0	2,424	4,212	4,841
25,400	25,450	0	1,616	3,146	3,775	0	2,416	4,201	4,830
25,450	25,500	0	1,608	3,135	3,765	0	2,408	4,190	4,820
25,500	25,550	0	1,600	3,125	3,754	0	2,400	4,180	4,809
25,550	25,600	0	1,592	3,114	3,744	0	2,392	4,169	4,799
25,600	25,650	0	1,584	3,104	3,733	0	2,384	4,159	4,788
25,650	25,700	0	1,576	3,093	3,723	0	2,376	4,148	4,778
25,700	25,750	0	1,568	3,083	3,712	0	2,368	4,138	4,767
25,750	25,800	0	1,560	3,072	3,702	0	2,360	4,127	4,757
25,800	25,850	0	1,552	3,062	3,691	0	2,352	4,117	4,746
25,850	25,900	0	1,544	3,051	3,681	0	2,344	4,106	4,736
25,900	25,950	0	1,536	3,041	3,670	0	2,336	4,096	4,725
25,950	26,000	0	1,528	3,030	3,660	0	2,328	4,085	4,715
26,000	26,050	0	1,520	3,020	3,649	0	2,320	4,075	4,704
26,050	26,100	0	1,512	3,009	3,638	0	2,312	4,064	4,694
26,100	26,150	0	1,504	2,998	3,628	0	2,304	4,054	4,683
26,150	26,200	0	1,496	2,988	3,617	0	2,296	4,043	4,673
26,200	26,250	0	1,488	2,977	3,607	0	2,288	4,032	4,662

(Continued on next page)

**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
26,250	26,300	0	1,480	2,967	3,596	0	2,280	4,022	4,651
26,300	26,350	0	1,472	2,956	3,586	0	2,272	4,011	4,641
26,350	26,400	0	1,464	2,946	3,575	0	2,264	4,001	4,630
26,400	26,450	0	1,456	2,935	3,565	0	2,256	3,990	4,620
26,450	26,500	0	1,448	2,925	3,554	0	2,248	3,980	4,609
26,500	26,550	0	1,440	2,914	3,544	0	2,240	3,969	4,599
26,550	26,600	0	1,432	2,904	3,533	0	2,232	3,959	4,588
26,600	26,650	0	1,424	2,893	3,523	0	2,224	3,948	4,578
26,650	26,700	0	1,416	2,883	3,512	0	2,216	3,938	4,567
26,700	26,750	0	1,408	2,872	3,502	0	2,208	3,927	4,557
26,750	26,800	0	1,400	2,862	3,491	0	2,200	3,917	4,546
26,800	26,850	0	1,392	2,851	3,481	0	2,192	3,906	4,536
26,850	26,900	0	1,384	2,840	3,470	0	2,184	3,896	4,525
26,900	26,950	0	1,376	2,830	3,459	0	2,176	3,885	4,515
26,950	27,000	0	1,368	2,819	3,449	0	2,169	3,875	4,504
27,000	27,050	0	1,360	2,809	3,438	0	2,161	3,864	4,494
27,050	27,100	0	1,352	2,798	3,428	0	2,153	3,853	4,483
27,100	27,150	0	1,344	2,788	3,417	0	2,145	3,843	4,472
27,150	27,200	0	1,336	2,777	3,407	0	2,137	3,832	4,462
27,200	27,250	0	1,328	2,767	3,396	0	2,129	3,822	4,451
27,250	27,300	0	1,320	2,756	3,386	0	2,121	3,811	4,441
27,300	27,350	0	1,312	2,746	3,375	0	2,113	3,801	4,430
27,350	27,400	0	1,304	2,735	3,365	0	2,105	3,790	4,420
27,400	27,450	0	1,296	2,725	3,354	0	2,097	3,780	4,409
27,450	27,500	0	1,288	2,714	3,344	0	2,089	3,769	4,399
27,500	27,550	0	1,280	2,704	3,333	0	2,081	3,759	4,388
27,550	27,600	0	1,272	2,693	3,323	0	2,073	3,748	4,378
27,600	27,650	0	1,264	2,683	3,312	0	2,065	3,738	4,367
27,650	27,700	0	1,256	2,672	3,302	0	2,057	3,727	4,357
27,700	27,750	0	1,248	2,661	3,291	0	2,049	3,717	4,346
27,750	27,800	0	1,240	2,651	3,280	0	2,041	3,706	4,336
27,800	27,850	0	1,232	2,640	3,270	0	2,033	3,696	4,325
27,850	27,900	0	1,224	2,630	3,259	0	2,025	3,685	4,315
27,900	27,950	0	1,216	2,619	3,249	0	2,017	3,674	4,304
27,950	28,000	0	1,208	2,609	3,238	0	2,009	3,664	4,293
28,000	28,050	0	1,200	2,598	3,228	0	2,001	3,653	4,283
28,050	28,100	0	1,192	2,588	3,217	0	1,993	3,643	4,272
28,100	28,150	0	1,184	2,577	3,207	0	1,985	3,632	4,262
28,150	28,200	0	1,176	2,567	3,196	0	1,977	3,622	4,251
28,200	28,250	0	1,168	2,556	3,186	0	1,969	3,611	4,241
28,250	28,300	0	1,160	2,546	3,175	0	1,961	3,601	4,230
28,300	28,350	0	1,152	2,535	3,165	0	1,953	3,590	4,220
28,350	28,400	0	1,144	2,525	3,154	0	1,945	3,580	4,209
28,400	28,450	0	1,136	2,514	3,144	0	1,937	3,569	4,199
28,450	28,500	0	1,128	2,504	3,133	0	1,929	3,559	4,188
28,500	28,550	0	1,120	2,493	3,123	0	1,921	3,548	4,178
28,550	28,600	0	1,112	2,482	3,112	0	1,913	3,538	4,167
28,600	28,650	0	1,104	2,472	3,101	0	1,905	3,527	4,157
28,650	28,700	0	1,096	2,461	3,091	0	1,897	3,517	4,146
28,700	28,750	0	1,088	2,451	3,080	0	1,889	3,506	4,135
28,750	28,800	0	1,080	2,440	3,070	0	1,881	3,495	4,125
28,800	28,850	0	1,072	2,430	3,059	0	1,873	3,485	4,114
28,850	28,900	0	1,064	2,419	3,049	0	1,865	3,474	4,104
28,900	28,950	0	1,056	2,409	3,038	0	1,857	3,464	4,093
28,950	29,000	0	1,048	2,398	3,028	0	1,849	3,453	4,083
29,000	29,050	0	1,040	2,388	3,017	0	1,841	3,443	4,072
29,050	29,100	0	1,032	2,377	3,007	0	1,833	3,432	4,062
29,100	29,150	0	1,024	2,367	2,996	0	1,825	3,422	4,051
29,150	29,200	0	1,016	2,356	2,986	0	1,817	3,411	4,041
29,200	29,250	0	1,008	2,346	2,975	0	1,809	3,401	4,030

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**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
29,250	29,300	0	1,000	2,335	2,965	0	1,801	3,390	4,020
29,300	29,350	0	992	2,325	2,954	0	1,793	3,380	4,009
29,350	29,400	0	984	2,314	2,943	0	1,785	3,369	3,999
29,400	29,450	0	976	2,303	2,933	0	1,777	3,359	3,988
29,450	29,500	0	968	2,293	2,922	0	1,769	3,348	3,978
29,500	29,550	0	960	2,282	2,912	0	1,761	3,338	3,967
29,550	29,600	0	952	2,272	2,901	0	1,753	3,327	3,956
29,600	29,650	0	944	2,261	2,891	0	1,745	3,316	3,946
29,650	29,700	0	936	2,251	2,880	0	1,737	3,306	3,935
29,700	29,750	0	928	2,240	2,870	0	1,729	3,295	3,925
29,750	29,800	0	920	2,230	2,859	0	1,721	3,285	3,914
29,800	29,850	0	912	2,219	2,849	0	1,713	3,274	3,904
29,850	29,900	0	904	2,209	2,838	0	1,705	3,264	3,893
29,900	29,950	0	896	2,198	2,828	0	1,697	3,253	3,883
29,950	30,000	0	889	2,188	2,817	0	1,689	3,243	3,872
30,000	30,050	0	881	2,177	2,807	0	1,681	3,232	3,862
30,050	30,100	0	873	2,167	2,796	0	1,673	3,222	3,851
30,100	30,150	0	865	2,156	2,786	0	1,665	3,211	3,841
30,150	30,200	0	857	2,146	2,775	0	1,657	3,201	3,830
30,200	30,250	0	849	2,135	2,764	0	1,649	3,190	3,820
30,250	30,300	0	841	2,124	2,754	0	1,641	3,180	3,809
30,300	30,350	0	833	2,114	2,743	0	1,633	3,169	3,799
30,350	30,400	0	825	2,103	2,733	0	1,625	3,159	3,788
30,400	30,450	0	817	2,093	2,722	0	1,617	3,148	3,777
30,450	30,500	0	809	2,082	2,712	0	1,609	3,137	3,767
30,500	30,550	0	801	2,072	2,701	0	1,601	3,127	3,756
30,550	30,600	0	793	2,061	2,691	0	1,593	3,116	3,746
30,600	30,650	0	785	2,051	2,680	0	1,585	3,106	3,735
30,650	30,700	0	777	2,040	2,670	0	1,577	3,095	3,725
30,700	30,750	0	769	2,030	2,659	0	1,569	3,085	3,714
30,750	30,800	0	761	2,019	2,649	0	1,561	3,074	3,704
30,800	30,850	0	753	2,009	2,638	0	1,553	3,064	3,693
30,850	30,900	0	745	1,998	2,628	0	1,545	3,053	3,683
30,900	30,950	0	737	1,988	2,617	0	1,537	3,043	3,672
30,950	31,000	0	729	1,977	2,607	0	1,529	3,032	3,662
31,000	31,050	0	721	1,967	2,596	0	1,521	3,022	3,651
31,050	31,100	0	713	1,956	2,585	0	1,513	3,011	3,641
31,100	31,150	0	705	1,945	2,575	0	1,505	3,001	3,630
31,150	31,200	0	697	1,935	2,564	0	1,497	2,990	3,620
31,200	31,250	0	689	1,924	2,554	0	1,489	2,979	3,609
31,250	31,300	0	681	1,914	2,543	0	1,481	2,969	3,598
31,300	31,350	0	673	1,903	2,533	0	1,473	2,958	3,588
31,350	31,400	0	665	1,893	2,522	0	1,465	2,948	3,577
31,400	31,450	0	657	1,882	2,512	0	1,457	2,937	3,567
31,450	31,500	0	649	1,872	2,501	0	1,449	2,927	3,556
31,500	31,550	0	641	1,861	2,491	0	1,441	2,916	3,546
31,550	31,600	0	633	1,851	2,480	0	1,433	2,906	3,535
31,600	31,650	0	625	1,840	2,470	0	1,425	2,895	3,525
31,650	31,700	0	617	1,830	2,459	0	1,417	2,885	3,514
31,700	31,750	0	609	1,819	2,449	0	1,409	2,874	3,504
31,750	31,800	0	601	1,809	2,438	0	1,401	2,864	3,493
31,800	31,850	0	593	1,798	2,428	0	1,393	2,853	3,483
31,850	31,900	0	585	1,787	2,417	0	1,385	2,843	3,472
31,900	31,950	0	577	1,777	2,406	0	1,377	2,832	3,462
31,950	32,000	0	569	1,766	2,396	0	1,370	2,822	3,451
32,000	32,050	0	561	1,756	2,385	0	1,362	2,811	3,441
32,050	32,100	0	553	1,745	2,375	0	1,354	2,800	3,430
32,100	32,150	0	545	1,735	2,364	0	1,346	2,790	3,419
32,150	32,200	0	537	1,724	2,354	0	1,338	2,779	3,409
32,200	32,250	0	529	1,714	2,343	0	1,330	2,769	3,398

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**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
32,250	32,300	0	521	1,703	2,333	0	1,322	2,758	3,388
32,300	32,350	0	513	1,693	2,322	0	1,314	2,748	3,377
32,350	32,400	0	505	1,682	2,312	0	1,306	2,737	3,367
32,400	32,450	0	497	1,672	2,301	0	1,298	2,727	3,356
32,450	32,500	0	489	1,661	2,291	0	1,290	2,716	3,346
32,500	32,550	0	481	1,651	2,280	0	1,282	2,706	3,335
32,550	32,600	0	473	1,640	2,270	0	1,274	2,695	3,325
32,600	32,650	0	465	1,630	2,259	0	1,266	2,685	3,314
32,650	32,700	0	457	1,619	2,249	0	1,258	2,674	3,304
32,700	32,750	0	449	1,608	2,238	0	1,250	2,664	3,293
32,750	32,800	0	441	1,598	2,227	0	1,242	2,653	3,283
32,800	32,850	0	433	1,587	2,217	0	1,234	2,643	3,272
32,850	32,900	0	425	1,577	2,206	0	1,226	2,632	3,262
32,900	32,950	0	417	1,566	2,196	0	1,218	2,621	3,251
32,950	33,000	0	409	1,556	2,185	0	1,210	2,611	3,240
33,000	33,050	0	401	1,545	2,175	0	1,202	2,600	3,230
33,050	33,100	0	393	1,535	2,164	0	1,194	2,590	3,219
33,100	33,150	0	385	1,524	2,154	0	1,186	2,579	3,209
33,150	33,200	0	377	1,514	2,143	0	1,178	2,569	3,198
33,200	33,250	0	369	1,503	2,133	0	1,170	2,558	3,188
33,250	33,300	0	361	1,493	2,122	0	1,162	2,548	3,177
33,300	33,350	0	353	1,482	2,112	0	1,154	2,537	3,167
33,350	33,400	0	345	1,472	2,101	0	1,146	2,527	3,156
33,400	33,450	0	337	1,461	2,091	0	1,138	2,516	3,146
33,450	33,500	0	329	1,451	2,080	0	1,130	2,506	3,135
33,500	33,550	0	321	1,440	2,070	0	1,122	2,495	3,125
33,550	33,600	0	313	1,429	2,059	0	1,114	2,485	3,114
33,600	33,650	0	305	1,419	2,048	0	1,106	2,474	3,104
33,650	33,700	0	297	1,408	2,038	0	1,098	2,464	3,093
33,700	33,750	0	289	1,398	2,027	0	1,090	2,453	3,082
33,750	33,800	0	281	1,387	2,017	0	1,082	2,442	3,072
33,800	33,850	0	273	1,377	2,006	0	1,074	2,432	3,061
33,850	33,900	0	265	1,366	1,996	0	1,066	2,421	3,051
33,900	33,950	0	257	1,356	1,985	0	1,058	2,411	3,040
33,950	34,000	0	249	1,345	1,975	0	1,050	2,400	3,030
34,000	34,050	0	241	1,335	1,964	0	1,042	2,390	3,019
34,050	34,100	0	233	1,324	1,954	0	1,034	2,379	3,009
34,100	34,150	0	225	1,314	1,943	0	1,026	2,369	2,998
34,150	34,200	0	217	1,303	1,933	0	1,018	2,358	2,988
34,200	34,250	0	209	1,293	1,922	0	1,010	2,348	2,977
34,250	34,300	0	201	1,282	1,912	0	1,002	2,337	2,967
34,300	34,350	0	193	1,272	1,901	0	994	2,327	2,956
34,350	34,400	0	185	1,261	1,890	0	986	2,316	2,946
34,400	34,450	0	177	1,250	1,880	0	978	2,306	2,935
34,450	34,500	0	169	1,240	1,869	0	970	2,295	2,925
34,500	34,550	0	161	1,229	1,859	0	962	2,285	2,914
34,550	34,600	0	153	1,219	1,848	0	954	2,274	2,903
34,600	34,650	0	145	1,208	1,838	0	946	2,263	2,893
34,650	34,700	0	137	1,198	1,827	0	938	2,253	2,882
34,700	34,750	0	129	1,187	1,817	0	930	2,242	2,872
34,750	34,800	0	121	1,177	1,806	0	922	2,232	2,861
34,800	34,850	0	113	1,166	1,796	0	914	2,221	2,851
34,850	34,900	0	105	1,156	1,785	0	906	2,211	2,840
34,900	34,950	0	97	1,145	1,775	0	898	2,200	2,830
34,950	35,000	0	90	1,135	1,764	0	890	2,190	2,819
35,000	35,050	0	82	1,124	1,754	0	882	2,179	2,809
35,050	35,100	0	74	1,114	1,743	0	874	2,169	2,798
35,100	35,150	0	66	1,103	1,733	0	866	2,158	2,788
35,150	35,200	0	58	1,093	1,722	0	858	2,148	2,777
35,200	35,250	0	50	1,082	1,711	0	850	2,137	2,767

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**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
35,250	35,300	0	42	1,071	1,701	0	842	2,127	2,756
35,300	35,350	0	34	1,061	1,690	0	834	2,116	2,746
35,350	35,400	0	26	1,050	1,680	0	826	2,106	2,735
35,400	35,450	0	18	1,040	1,669	0	818	2,095	2,724
35,450	35,500	0	10	1,029	1,659	0	810	2,084	2,714
35,500	35,550	0	*	1,019	1,648	0	802	2,074	2,703
35,550	35,600	0	0	1,008	1,638	0	794	2,063	2,693
35,600	35,650	0	0	998	1,627	0	786	2,053	2,682
35,650	35,700	0	0	987	1,617	0	778	2,042	2,672
35,700	35,750	0	0	977	1,606	0	770	2,032	2,661
35,750	35,800	0	0	966	1,596	0	762	2,021	2,651
35,800	35,850	0	0	956	1,585	0	754	2,011	2,640
35,850	35,900	0	0	945	1,575	0	746	2,000	2,630
35,900	35,950	0	0	935	1,564	0	738	1,990	2,619
35,950	36,000	0	0	924	1,554	0	730	1,979	2,609
36,000	36,050	0	0	914	1,543	0	722	1,969	2,598
36,050	36,100	0	0	903	1,532	0	714	1,958	2,588
36,100	36,150	0	0	892	1,522	0	706	1,948	2,577
36,150	36,200	0	0	882	1,511	0	698	1,937	2,567
36,200	36,250	0	0	871	1,501	0	690	1,926	2,556
36,250	36,300	0	0	861	1,490	0	682	1,916	2,545
36,300	36,350	0	0	850	1,480	0	674	1,905	2,535
36,350	36,400	0	0	840	1,469	0	666	1,895	2,524
36,400	36,450	0	0	829	1,459	0	658	1,884	2,514
36,450	36,500	0	0	819	1,448	0	650	1,874	2,503
36,500	36,550	0	0	808	1,438	0	642	1,863	2,493
36,550	36,600	0	0	798	1,427	0	634	1,853	2,482
36,600	36,650	0	0	787	1,417	0	626	1,842	2,472
36,650	36,700	0	0	777	1,406	0	618	1,832	2,461
36,700	36,750	0	0	766	1,396	0	610	1,821	2,451
36,750	36,800	0	0	756	1,385	0	602	1,811	2,440
36,800	36,850	0	0	745	1,375	0	594	1,800	2,430
36,850	36,900	0	0	734	1,364	0	586	1,790	2,419
36,900	36,950	0	0	724	1,353	0	578	1,779	2,409
36,950	37,000	0	0	713	1,343	0	571	1,769	2,398
37,000	37,050	0	0	703	1,332	0	563	1,758	2,388
37,050	37,100	0	0	692	1,322	0	555	1,747	2,377
37,100	37,150	0	0	682	1,311	0	547	1,737	2,366
37,150	37,200	0	0	671	1,301	0	539	1,726	2,356
37,200	37,250	0	0	661	1,290	0	531	1,716	2,345
37,250	37,300	0	0	650	1,280	0	523	1,705	2,335
37,300	37,350	0	0	640	1,269	0	515	1,695	2,324
37,350	37,400	0	0	629	1,259	0	507	1,684	2,314
37,400	37,450	0	0	619	1,248	0	499	1,674	2,303
37,450	37,500	0	0	608	1,238	0	491	1,663	2,293
37,500	37,550	0	0	598	1,227	0	483	1,653	2,282
37,550	37,600	0	0	587	1,217	0	475	1,642	2,272
37,600	37,650	0	0	577	1,206	0	467	1,632	2,261
37,650	37,700	0	0	566	1,196	0	459	1,621	2,251
37,700	37,750	0	0	555	1,185	0	451	1,611	2,240
37,750	37,800	0	0	545	1,174	0	443	1,600	2,230
37,800	37,850	0	0	534	1,164	0	435	1,590	2,219
37,850	37,900	0	0	524	1,153	0	427	1,579	2,209
37,900	37,950	0	0	513	1,143	0	419	1,568	2,198
37,950	38,000	0	0	503	1,132	0	411	1,558	2,187

\*If the amount you are looking up from the worksheet is at least \$35,500 but less than \$35,535, your credit is \$3. Otherwise, you cannot take the credit.

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**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
38,000	38,050	0	0	492	1,122	0	403	1,547	2,177
38,050	38,100	0	0	482	1,111	0	395	1,537	2,166
38,100	38,150	0	0	471	1,101	0	387	1,526	2,156
38,150	38,200	0	0	461	1,090	0	379	1,516	2,145
38,200	38,250	0	0	450	1,080	0	371	1,505	2,135
38,250	38,300	0	0	440	1,069	0	363	1,495	2,124
38,300	38,350	0	0	429	1,059	0	355	1,484	2,114
38,350	38,400	0	0	419	1,048	0	347	1,474	2,103
38,400	38,450	0	0	408	1,038	0	339	1,463	2,093
38,450	38,500	0	0	398	1,027	0	331	1,453	2,082
38,500	38,550	0	0	387	1,017	0	323	1,442	2,072
38,550	38,600	0	0	376	1,006	0	315	1,432	2,061
38,600	38,650	0	0	366	995	0	307	1,421	2,051
38,650	38,700	0	0	355	985	0	299	1,411	2,040
38,700	38,750	0	0	345	974	0	291	1,400	2,029
38,750	38,800	0	0	334	964	0	283	1,389	2,019
38,800	38,850	0	0	324	953	0	275	1,379	2,008
38,850	38,900	0	0	313	943	0	267	1,368	1,998
38,900	38,950	0	0	303	932	0	259	1,358	1,987
38,950	39,000	0	0	292	922	0	251	1,347	1,977
39,000	39,050	0	0	282	911	0	243	1,337	1,966
39,050	39,100	0	0	271	901	0	235	1,326	1,956
39,100	39,150	0	0	261	890	0	227	1,316	1,945
39,150	39,200	0	0	250	880	0	219	1,305	1,935
39,200	39,250	0	0	240	869	0	211	1,295	1,924
39,250	39,300	0	0	229	859	0	203	1,284	1,914
39,300	39,350	0	0	219	848	0	195	1,274	1,903
39,350	39,400	0	0	208	837	0	187	1,263	1,893
39,400	39,450	0	0	197	827	0	179	1,253	1,882
39,450	39,500	0	0	187	816	0	171	1,242	1,872
39,500	39,550	0	0	176	806	0	163	1,232	1,861
39,550	39,600	0	0	166	795	0	155	1,221	1,850
39,600	39,650	0	0	155	785	0	147	1,210	1,840
39,650	39,700	0	0	145	774	0	139	1,200	1,829
39,700	39,750	0	0	134	764	0	131	1,189	1,819
39,750	39,800	0	0	124	753	0	123	1,179	1,808
39,800	39,850	0	0	113	743	0	115	1,168	1,798
39,850	39,900	0	0	103	732	0	107	1,158	1,787
39,900	39,950	0	0	92	722	0	99	1,147	1,777
39,950	40,000	0	0	82	711	0	91	1,137	1,766
40,000	40,050	0	0	71	701	0	83	1,126	1,756
40,050	40,100	0	0	61	690	0	75	1,116	1,745
40,100	40,150	0	0	50	680	0	67	1,105	1,735
40,150	40,200	0	0	40	669	0	59	1,095	1,724
40,200	40,250	0	0	29	658	0	51	1,084	1,714
40,250	40,300	0	0	18	648	0	43	1,074	1,703
40,300	40,350	0	0	8	637	0	35	1,063	1,693
40,350	40,400	0	0	*	627	0	27	1,053	1,682
40,400	40,450	0	0	0	616	0	19	1,042	1,671
40,450	40,500	0	0	0	606	0	11	1,031	1,661
40,500	40,550	0	0	0	595	0	**	1,021	1,650
40,550	40,600	0	0	0	585	0	0	1,010	1,640
40,600	40,650	0	0	0	574	0	0	1,000	1,629
40,650	40,700	0	0	0	564	0	0	989	1,619
40,700	40,750	0	0	0	553	0	0	979	1,608

\*If the amount you are looking up from the worksheet is at least \$40,350 but less than \$40,363, your credit is \$1. Otherwise, you cannot take the credit.

\*\*If the amount you are looking up from the worksheet is at least \$40,500 but less than \$40,545, your credit is \$4. Otherwise, you cannot take the credit.

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**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
40,750	40,800	0	0	0	543	0	0	968	1,598
40,800	40,850	0	0	0	532	0	0	958	1,587
40,850	40,900	0	0	0	522	0	0	947	1,577
40,900	40,950	0	0	0	511	0	0	937	1,566
40,950	41,000	0	0	0	501	0	0	926	1,556
41,000	41,050	0	0	0	490	0	0	916	1,545
41,050	41,100	0	0	0	479	0	0	905	1,535
41,100	41,150	0	0	0	469	0	0	895	1,524
41,150	41,200	0	0	0	458	0	0	884	1,514
41,200	41,250	0	0	0	448	0	0	873	1,503
41,250	41,300	0	0	0	437	0	0	863	1,492
41,300	41,350	0	0	0	427	0	0	852	1,482
41,350	41,400	0	0	0	416	0	0	842	1,471
41,400	41,450	0	0	0	406	0	0	831	1,461
41,450	41,500	0	0	0	395	0	0	821	1,450
41,500	41,550	0	0	0	385	0	0	810	1,440
41,550	41,600	0	0	0	374	0	0	800	1,429
41,600	41,650	0	0	0	364	0	0	789	1,419
41,650	41,700	0	0	0	353	0	0	779	1,408
41,700	41,750	0	0	0	343	0	0	768	1,398
41,750	41,800	0	0	0	332	0	0	758	1,387
41,800	41,850	0	0	0	322	0	0	747	1,377
41,850	41,900	0	0	0	311	0	0	737	1,366
41,900	41,950	0	0	0	300	0	0	726	1,356
41,950	42,000	0	0	0	290	0	0	716	1,345
42,000	42,050	0	0	0	279	0	0	705	1,335
42,050	42,100	0	0	0	269	0	0	694	1,324
42,100	42,150	0	0	0	258	0	0	684	1,313
42,150	42,200	0	0	0	248	0	0	673	1,303
42,200	42,250	0	0	0	237	0	0	663	1,292
42,250	42,300	0	0	0	227	0	0	652	1,282
42,300	42,350	0	0	0	216	0	0	642	1,271
42,350	42,400	0	0	0	206	0	0	631	1,261
42,400	42,450	0	0	0	195	0	0	621	1,250
42,450	42,500	0	0	0	185	0	0	610	1,240
42,500	42,550	0	0	0	174	0	0	600	1,229
42,550	42,600	0	0	0	164	0	0	589	1,219
42,600	42,650	0	0	0	153	0	0	579	1,208
42,650	42,700	0	0	0	143	0	0	568	1,198
42,700	42,750	0	0	0	132	0	0	558	1,187
42,750	42,800	0	0	0	121	0	0	547	1,177
42,800	42,850	0	0	0	111	0	0	537	1,166
42,850	42,900	0	0	0	100	0	0	526	1,156
42,900	42,950	0	0	0	90	0	0	515	1,145
42,950	43,000	0	0	0	79	0	0	505	1,134
43,000	43,050	0	0	0	69	0	0	494	1,124
43,050	43,100	0	0	0	58	0	0	484	1,113
43,100	43,150	0	0	0	48	0	0	473	1,103
43,150	43,200	0	0	0	37	0	0	463	1,092
43,200	43,250	0	0	0	27	0	0	452	1,082
43,250	43,300	0	0	0	16	0	0	442	1,071
43,300	43,350	0	0	0	6	0	0	431	1,061
43,350	43,400	0	0	0	0	0	0	421	1,050
43,400	43,450	0	0	0	0	0	0	410	1,040
43,450	43,500	0	0	0	0	0	0	400	1,029
43,500	43,550	0	0	0	0	0	0	389	1,019
43,550	43,600	0	0	0	0	0	0	379	1,008
43,600	43,650	0	0	0	0	0	0	368	998
43,650	43,700	0	0	0	0	0	0	358	987
43,700	43,750	0	0	0	0	0	0	347	976

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**2010 Earned Income Credit (EIC) Table—Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is—		And your filing status is—							
		Single, head of household, or qualifying widow(er) and you have—				Married filing jointly and you have—			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is—				Your credit is—			
43,750	43,800	0	0	0	0	0	0	336	966
43,800	43,850	0	0	0	0	0	0	326	955
43,850	43,900	0	0	0	0	0	0	315	945
43,900	43,950	0	0	0	0	0	0	305	934
43,950	44,000	0	0	0	0	0	0	294	924
44,000	44,050	0	0	0	0	0	0	284	913
44,050	44,100	0	0	0	0	0	0	273	903
44,100	44,150	0	0	0	0	0	0	263	892
44,150	44,200	0	0	0	0	0	0	252	882
44,200	44,250	0	0	0	0	0	0	242	871
44,250	44,300	0	0	0	0	0	0	231	861
44,300	44,350	0	0	0	0	0	0	221	850
44,350	44,400	0	0	0	0	0	0	210	840
44,400	44,450	0	0	0	0	0	0	200	829
44,450	44,500	0	0	0	0	0	0	189	819
44,500	44,550	0	0	0	0	0	0	179	808
44,550	44,600	0	0	0	0	0	0	168	797
44,600	44,650	0	0	0	0	0	0	157	787
44,650	44,700	0	0	0	0	0	0	147	776
44,700	44,750	0	0	0	0	0	0	136	766
44,750	44,800	0	0	0	0	0	0	126	755
44,800	44,850	0	0	0	0	0	0	115	745
44,850	44,900	0	0	0	0	0	0	105	734
44,900	44,950	0	0	0	0	0	0	94	724
44,950	45,000	0	0	0	0	0	0	84	713
45,000	45,050	0	0	0	0	0	0	73	703
45,050	45,100	0	0	0	0	0	0	63	692
45,100	45,150	0	0	0	0	0	0	52	682
45,150	45,200	0	0	0	0	0	0	42	671
45,200	45,250	0	0	0	0	0	0	31	661
45,250	45,300	0	0	0	0	0	0	21	650
45,300	45,350	0	0	0	0	0	0	10	640
45,350	45,400	0	0	0	0	0	0	*	629
45,400	45,450	0	0	0	0	0	0	0	618
45,450	45,500	0	0	0	0	0	0	0	608
45,500	45,550	0	0	0	0	0	0	0	597
45,550	45,600	0	0	0	0	0	0	0	587
45,600	45,650	0	0	0	0	0	0	0	576
45,650	45,700	0	0	0	0	0	0	0	566
45,700	45,750	0	0	0	0	0	0	0	555
45,750	45,800	0	0	0	0	0	0	0	545
45,800	45,850	0	0	0	0	0	0	0	534
45,850	45,900	0	0	0	0	0	0	0	524
45,900	45,950	0	0	0	0	0	0	0	513
45,950	46,000	0	0	0	0	0	0	0	503
46,000	46,050	0	0	0	0	0	0	0	492
46,050	46,100	0	0	0	0	0	0	0	482
46,100	46,150	0	0	0	0	0	0	0	471
46,150	46,200	0	0	0	0	0	0	0	461
46,200	46,250	0	0	0	0	0	0	0	450
46,250	46,300	0	0	0	0	0	0	0	439
46,300	46,350	0	0	0	0	0	0	0	429
46,350	46,400	0	0	0	0	0	0	0	418
46,400	46,450	0	0	0	0	0	0	0	408
46,450	46,500	0	0	0	0	0	0	0	397

\*If the amount you are looking up from the worksheet is at least \$45,350 but less than \$45,373, your credit is \$2. Otherwise, you cannot take the credit.

(Continued on next page)

**2010 Earned Income Credit (EIC) Table--Continued**

**(Caution. This is not a tax table.)**

If the amount you are looking up from the worksheet is--		And your filing status is--							
		Single, head of household, or qualifying widow(er) and you have--				Married filing jointly and you have--			
		No Children	One Child	Two Children	Three Children	No Children	One Child	Two Children	Three Children
At least	But less than	Your credit is--				Your credit is--			
46,500	46,550	0	0	0	0	0	0	0	387
46,550	46,600	0	0	0	0	0	0	0	376
46,600	46,650	0	0	0	0	0	0	0	366
46,650	46,700	0	0	0	0	0	0	0	355
46,700	46,750	0	0	0	0	0	0	0	345
46,750	46,800	0	0	0	0	0	0	0	334
46,800	46,850	0	0	0	0	0	0	0	324
46,850	46,900	0	0	0	0	0	0	0	313
46,900	46,950	0	0	0	0	0	0	0	303
46,950	47,000	0	0	0	0	0	0	0	292
47,000	47,050	0	0	0	0	0	0	0	282
47,050	47,100	0	0	0	0	0	0	0	271
47,100	47,150	0	0	0	0	0	0	0	260
47,150	47,200	0	0	0	0	0	0	0	250
47,200	47,250	0	0	0	0	0	0	0	239
47,250	47,300	0	0	0	0	0	0	0	229
47,300	47,350	0	0	0	0	0	0	0	218
47,350	47,400	0	0	0	0	0	0	0	208
47,400	47,450	0	0	0	0	0	0	0	197
47,450	47,500	0	0	0	0	0	0	0	187
47,500	47,550	0	0	0	0	0	0	0	176
47,550	47,600	0	0	0	0	0	0	0	166
47,600	47,650	0	0	0	0	0	0	0	155
47,650	47,700	0	0	0	0	0	0	0	145
47,700	47,750	0	0	0	0	0	0	0	134
47,750	47,800	0	0	0	0	0	0	0	124
47,800	47,850	0	0	0	0	0	0	0	113
47,850	47,900	0	0	0	0	0	0	0	103
47,900	47,950	0	0	0	0	0	0	0	92
47,950	48,000	0	0	0	0	0	0	0	81
48,000	48,050	0	0	0	0	0	0	0	71
48,050	48,100	0	0	0	0	0	0	0	60
48,100	48,150	0	0	0	0	0	0	0	50
48,150	48,200	0	0	0	0	0	0	0	39
48,200	48,250	0	0	0	0	0	0	0	29
48,250	48,300	0	0	0	0	0	0	0	18
48,300	48,350	0	0	0	0	0	0	0	8
48,350	48,362	0	0	0	0	0	0	0	1

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**Line 65****Additional Child Tax Credit****What Is the Additional Child Tax Credit?**

This credit is for certain people who have at least one qualifying child as defined in the instructions for line 6c on page 15. The additional child tax credit may give you a refund even if you do not owe any tax.

**Two Steps To Take the Additional Child Tax Credit!**

**Step 1.** Be sure you figured the amount, if any, of your child tax credit. See the instructions for line 51 that begin on page 39.

**Step 2.** Read the TIP at the end of your Child Tax Credit Worksheet. Use Form 8812 to see if you can take the additional child tax credit, but only if you meet the condition given in that TIP.

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**Line 66****American Opportunity Credit**

If you meet the requirements to claim an education credit (see the instructions for line 49 on page 38), enter on line 66 the amount, if any, from Form 8863, line 14.

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**Line 67****First-Time Homebuyer Credit**

You may be able to take this credit if:

1. You bought a main home in the United States in 2010 before May 1, and
2. You (and your spouse if married) did not own any other main home during the 3-year period ending on the date you bought the home.

The credit generally is 10% of the purchase price of the home but is limited to \$8,000 (\$4,000 if married filing separately).

You also may be able to take the credit, but it is limited to \$6,500 (\$3,250 if married filing separately), if:

1. You bought a main home in the United States in 2010 before May 1, and
2. You (and your spouse if married) owned and used the same home as your main home for any period of 5 consecutive years during the 8-year period ending on the date you bought the new main home in 2010.

In either case, you also may be able to claim the credit if you entered into a written binding contract before May 1, 2010, to buy the home before July 1, 2010, and actually bought the home before October 1, 2010. Also, members of the uniformed services or Foreign Service and employees of the intelligence community on qualified

official extended duty outside the United States may have additional time to buy a home.

If you constructed your main home, you are treated as having bought it on the date you first occupied it.

You generally must repay the credit if:

- You dispose of the home within 36 months after buying it, or
- You stop using the home as your main home during that 36-month period.

See Form 5405 and its instructions for more details.

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**Line 68****Amount Paid With Request for Extension To File**

If you filed Form 4868 to get an automatic extension of time to file Form 1040, enter any amount you paid with that form or by electronic funds withdrawal or credit or debit card. If you paid by credit or debit card, do not include on line 68 the convenience fee you were charged. Also, include any amounts paid with Form 2350.



*You may be able to deduct any credit or debit card convenience fees on your 2011 Schedule A.*

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**Line 69****Excess Social Security and Tier 1 RRTA Tax Withheld**

If you, or your spouse if filing a joint return, had more than one employer for 2010 and total wages of more than \$106,800, too much social security or tier 1 railroad retirement (RRTA) tax may have been withheld. You can take a credit on this line for the amount withheld in excess of \$6,621.60. But if any one employer withheld more than \$6,621.60, you cannot claim the excess on your return. The employer should adjust the tax for you. If the employer does not adjust the overcollection, you can file a claim for refund using Form 843. Figure this amount separately for you and your spouse.

You cannot claim a refund for excess tier 2 RRTA tax on Form 1040. Instead, use Form 843.

For more details, see Pub. 505.

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**Line 70****Credit for Federal Tax on Fuels**

Enter any credit for federal excise taxes paid on fuels that are ultimately used for a nontaxable purpose (for example, an

off-highway business use). Attach Form 4136.

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**Line 71**

Check the box(es) on line 71 to report any credit from Form 2439, 8839, 8801 (line 27), or 8885.

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**Refund**

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**Line 73****Amount Overpaid**

If line 73 is under \$1, we will send a refund only on written request.



*If the amount you overpaid is large, you may want to decrease the amount of income tax withheld from your pay by filing a new Form W-4. See Income Tax Withholding and Estimated Tax Payments for 2011 on page 87.*

**Refund Offset**

If you owe past-due federal tax, state income tax, child support, spousal support, or certain federal nontax debts, such as student loans, all or part of the overpayment on line 73 may be used (offset) to pay the past-due amount. Offsets for federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). For federal tax offsets, you will receive a notice from the IRS. For all other offsets, you will receive a notice from FMS. To find out if you may have an offset or if you have any questions about it, contact the agency to which you owe the debt.

**Injured Spouse**

If you file a joint return and your spouse has not paid past-due federal tax, state income tax, child support, spousal support, or a federal nontax debt, such as a student loan, part or all of the overpayment on line 73 may be used (offset) to pay the past-due amount. But your part of the overpayment may be refunded to you if certain conditions apply and you complete Form 8379. For details, use TeleTax topic 203 (see page 90) or see Form 8379.

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**Lines 74a Through 74d****Amount Refunded to You**

If you want to check the status of your refund, see page 90. Before checking the status of your refund, please wait at least 72 hours after IRS acknowledges receipt of your e-filed return (3 to 4 weeks after you mail a paper return). But if you filed Form 5405, 8379, or 8839 with your return, allow 14 weeks (11 weeks if you filed electronically).

**DIRECT DEPOSIT**

*Simple. Safe. Secure.*

**Fast Refunds!** Choose direct deposit—a fast, simple, safe, secure way to have your refund deposited automatically to your checking or savings account, including an individual retirement arrangement (IRA). See the information about IRAs on this page.

If you want us to directly deposit the amount shown on line 74a to your checking or savings account, including an IRA, at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) in the United States:

- Complete lines 74b through 74d (if you want your refund deposited to only one account), or
- Check the box on line 74a and attach Form 8888 if you want to split the direct deposit of your refund into more than one account or use all or part of your refund to buy paper series I savings bonds.

If you do not want your refund directly deposited to your account, do not check the box on line 74a. Draw a line through the boxes on lines 74b and 74d. We will send you a check instead.

**Why Use Direct Deposit?**

- You get your refund faster by direct deposit than you do by check.
- Payment is more secure. There is no check that can get lost or stolen.
- It is more convenient. You do not have to make a trip to the bank to deposit your check.
- It saves tax dollars. It costs the government less to refund by direct deposit.



*If you file a joint return and check the box on line 74a and attach Form 8888 or fill in lines 74b through 74d, your spouse may get at least part of the refund.*

**IRA.** You can have your refund (or part of it) directly deposited to a traditional IRA, Roth IRA, or SEP-IRA, but not a SIMPLE IRA. You must establish the IRA at a bank or other financial institution before you request direct deposit. Make sure your direct deposit will be accepted. You must also notify the trustee or custodian of your account of the year to which the deposit is to be applied (unless the trustee or custodian will not accept a deposit for 2010). If you do not, the trustee or custodian can assume the deposit is for the year during which you are filing the return. For example, if you file your 2010 return during 2011 and do not notify the trustee or custodian in advance, the trustee or custodian can assume the deposit to your IRA is for 2011. If you designate your deposit to be for 2010, you must verify that the deposit was actually made to the account by the due date of the return (without regard to extensions). If the deposit is not made by that date, the deposit

is not an IRA contribution for 2010. In that case, you must file an amended 2010 return and reduce any IRA deduction and any retirement savings contributions credit you claimed.



*You and your spouse, if filing jointly, each may be able to contribute up to \$5,000 (\$6,000 if age 50 or older at the end of 2010) to a traditional IRA or Roth IRA for 2010. The limit for 2011 is also \$5,000 (\$6,000 if age 50 or older at the end of 2011). You may owe a penalty if your contributions exceed these limits.*

For more information on IRAs, see Pub. 590.

**TreasuryDirect®.** You can request a deposit of your refund (or part of it) to a TreasuryDirect® online account to buy U.S. Treasury marketable securities and savings bonds. For more information, go to [www.treasurydirect.gov](http://www.treasurydirect.gov).

**Form 8888.** You can have your refund directly deposited into more than one account or use it to buy up to \$5,000 in paper series I savings bonds. You do not need a TreasuryDirect® account to do this. For more information, see the Form 8888 instructions.

**Line 74a**

You cannot file Form 8888 to split your refund into more than one account or buy paper series I savings bonds if Form 8379 is filed with your return.

**Line 74b**

The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. On the sample check below, the routing number is 250250025. Tony and Jennifer Maple would use that routing number unless their financial institution instructed them to use a different routing number for direct deposits.

Ask your financial institution for the correct routing number to enter on line 74b if:

- The routing number on a deposit slip is different from the routing number on your checks,
- Your deposit is to a savings account that does not allow you to write checks, or
- Your checks state they are payable through a financial institution different from the one at which you have your checking account.

**Line 74c**

Check the appropriate box for the type of account. Do not check more than one box. If the deposit is to an account such as an IRA, health savings account, brokerage account, or other similar account, ask your financial institution whether you should check the “Checking” or “Savings” box. You must check the correct box to ensure your deposit is accepted. For a TreasuryDirect® online account, check the “Savings” box.

**Line 74d**

The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. On the sample check below, the account number is 20202086. Do not include the check number.

If the direct deposit to your account(s) is different from the amount you expected, you will receive an explanation in the mail about 2 weeks after your refund is deposited.

**Reasons Your Direct Deposit Request May Be Rejected**

If any of the following apply, your direct deposit request will be rejected and a check will be sent instead.

- Any numbers or letters on lines 74b through 74d are crossed out or whited out.

**Sample Check—Lines 74b Through 74d**

TONY MAPLE  
JENNIFER MAPLE  
123 Pear Lane  
Anyplace, GA 00000

PAY TO THE ORDER OF \_\_\_\_\_ \$ \_\_\_\_\_  
DOLLARS

ANYPLACE BANK  
Anyplace, GA 00000

For \_\_\_\_\_

① (250250025) ② 20202086 ③ 1234

1234  
15-00007000

Do not include the check number.



*The routing and account numbers may be in different places on your check.*

- Your financial institution(s) will not allow a joint refund to be deposited to an individual account. The IRS is not responsible if a financial institution rejects a direct deposit.

- You request a deposit of your refund to an account that is not in your name (such as your tax preparer's own account).

- You file your 2010 return after December 31, 2011.



*The IRS is not responsible for a lost refund if you enter the wrong account information. Check with your financial institution to get the correct routing and account numbers and to make sure your direct deposit will be accepted.*

## Line 75

### Applied to Your 2011 Estimated Tax

Enter on line 75 the amount, if any, of the overpayment on line 73 you want applied to your 2011 estimated tax. We will apply this amount to your account unless you include a statement requesting us to apply it to your spouse's account. Include your spouse's social security number in the statement.



*This election to apply part or all of the amount overpaid to your 2011 estimated tax cannot be changed later.*

## Amount You Owe

**IRS e-file** IRS e-file offers you the electronic payment option of electronic funds withdrawal (EFW). EFW can be used to pay your current year balance due and can be used to make up to four estimated tax payments. If you are filing early, you can schedule your payment for withdrawal from your account on a future date, up to and including April 18, 2011. If you file your return after April 18, 2011, you can include interest and penalty in your payment. Visit [www.irs.gov/e-pay](http://www.irs.gov/e-pay) for details.

You can also pay using EFTPS, a free tax payment system that allows you to make payments online or by phone. For more information or details on enrolling, visit [www.irs.gov/e-pay](http://www.irs.gov/e-pay) or [www.eftps.gov](http://www.eftps.gov) or call EFTPS' Customer Service at 1-800-316-6541. TTY/TDD help is available by calling 1-800-733-4829.

## Line 76

### Amount You Owe



*To save interest and penalties, pay your taxes in full by April 18, 2011. You do not have to pay if line 76 is under \$1.*

Include any estimated tax penalty from line 77 in the amount you enter on line 76.

You can pay by check, money order, or credit or debit card. Do not include any estimated tax payment for 2011 in this payment. Instead, make the estimated tax payment separately.

**To pay by check or money order.** Make your check or money order payable to the "United States Treasury" for the full amount due. Do not send cash. Do not attach the payment to your return. Write "2010 Form 1040" and your name, address, daytime phone number, and social security number (SSN) on your payment. If you are filing a joint return, enter the SSN shown first on your tax return.

To help process your payment, enter the amount on the right side of the check like this: \$ XXX.XX. Do not use dashes or lines (for example, do not enter "\$ XXX-" or "\$ XXX<sup>xx</sup>/<sub>100</sub>").

Then, complete Form 1040-V following the instructions on that form and enclose it in the envelope with your tax return and payment. Although you do not have to use Form 1040-V, doing so allows us to process your payment more accurately and efficiently.

**To pay by credit or debit card.** For information on paying your taxes with a credit or debit card, go to [www.irs.gov/e-pay](http://www.irs.gov/e-pay).



*You may need to (a) increase the amount of income tax withheld from your pay by filing a new Form W-4, (b) increase the tax withheld from other income by filing Form W-4P or W-4V, or (c) make estimated tax payments for 2011. See Income Tax Withholding and Estimated Tax Payments for 2011 on page 87.*

### What If You Cannot Pay?

If you cannot pay the full amount shown on line 76 when you file, you can ask for:

- An installment agreement, or
- An extension of time to pay.

**Installment agreement.** Under an installment agreement, you can pay all or part of the tax you owe in monthly installments. Generally, you can have up to 60 months to pay. However, even if your request to pay in installments is granted, you will be charged interest and may be charged a late payment penalty on the tax not paid by April 18, 2011. You must also pay a fee. To limit the interest and penalty charges, pay as much of the tax as possible when you file. But before requesting an installment agreement, you should consider other less costly alternatives, such as a bank loan or credit card payment.

To ask for an installment agreement, you can apply online or use Form 9465. To apply online, go to [IRS.gov](http://IRS.gov), click on "I Need To" and select "Set Up a Payment Agreement." If you use Form 9465, you should receive a response to your request to make installment payments within 30 days. But if you file your return after March 31, it may take us longer to reply.

**Extension of time to pay.** If paying the tax when it is due would cause you an undue hardship, you can ask for an extension of time to pay by filing Form 1127 by April 18, 2011. An extension generally will not be granted for more than 6 months. If you pay after April 18, 2011, you will be charged interest on the tax not paid by April 15, 2011. You must pay the tax before the extension runs out. If you do not, penalties may be imposed.

## Line 77

### Estimated Tax Penalty

You may owe this penalty if:

- Line 76 is at least \$1,000 and it is more than 10% of the tax shown on your return, or
- You did not pay enough estimated tax by any of the due dates. This is true even if you are due a refund.

For most people, the "tax shown on your return" is the amount on your 2010 Form 1040, line 60, minus the total of any amounts shown on lines 63, 64a, 65, 66, 67, and 70 and Forms 8828, 4137, 5329 (Parts III through VIII only), 8801 (line 27 only), 8839, 8885, and 8919. Also subtract from line 60 any tax on an excess parachute payment, any excise tax on insider stock compensation of an expatriated corporation, any uncollected social security and Medicare or RRTA tax on tips or group-term life insurance, any look-back interest due under section 167(g) or 460(b), and any write-in tax included on line 60 from Form 8885. When figuring the amount on line 60, include household employment taxes only if line 61 is more than zero or you would owe the penalty even if you did not include those taxes. But if you entered an amount on Schedule H, line 7, include the total of that amount plus the household employment taxes on Form 1040, line 59.

**Exception.** You will not owe the penalty if your 2009 tax return was for a tax year of 12 full months and either of the following applies.

1. You had no tax shown on your 2009 return and you were a U.S. citizen or resident for all of 2009.

2. The total of lines 61, 62, and 69 on your 2010 return is at least 100% of the tax shown on your 2009 return (110% of that amount if you are not a farmer or fisherman, and your adjusted gross income (AGI) shown on your 2009 return was more than \$150,000 (more than \$75,000 if married filing separately for 2010)). Your estimated tax payments for 2010 must have

been made on time and for the required amount.

For most people, the “tax shown on your 2009 return” is the amount on your 2009 Form 1040, line 60, minus the total of any amounts shown on lines 63, 64a, 65, 66, and 67 and Forms 8828, 4137, 4136, 5329 (Parts III through VIII only), 8801 (line 29 only), 8885, and 8919. Also subtract from line 60 any tax on an excess parachute payment, any excise tax on insider stock compensation of an expatriated corporation, any uncollected social security and Medicare or RRTA tax on tips or group-term life insurance, any look-back interest due under section 167(g) or 460(b), and any write-in tax included on line 60 from Form 8885. When figuring the amount on line 60, include household employment taxes only if line 61 is more than zero or you would have owed the estimated tax penalty for 2009 even if you did not include those taxes. But if you entered an amount on your 2009 Schedule H, line 7, include the total of that amount plus the household employment taxes on your 2009 Form 1040, line 59.

### Figuring the Penalty

If the *Exception* on page 71 does not apply and you choose to figure the penalty yourself, see Form 2210 (or 2210-F for farmers and fishermen) to find out if you owe the penalty. If you do, you can use the form to figure the amount.

Enter any penalty on line 77. Add the penalty to any tax due and enter the total on line 76.

However, if you have an overpayment on line 73, subtract the penalty from the amount you would otherwise enter on line 74a or line 75. Lines 74a, 75, and 77 must equal line 73.

If the penalty is more than the overpayment on line 73, enter -0- on lines 74a and 75. Then subtract line 73 from line 77 and enter the result on line 76.

Do not file Form 2210 with your return unless Form 2210 indicates that you must do so. Instead, keep it for your records.

**TIP** *Because Form 2210 is complicated, you can leave line 77 blank and the IRS will figure the penalty and send you a bill. We will not charge you interest on the penalty if you pay by the date specified on the bill. If your income varied during the year, the annualized income installment method may reduce the amount of your penalty. But you must file Form 2210 because the IRS cannot figure your penalty under this method. See the Instructions for Form 2210 for other situations in which you may be able to lower your penalty by filing Form 2210.*

## Third Party Designee

If you want to allow your preparer, a friend, a family member, or any other person you choose to discuss your 2010 tax return with

the IRS, check the “Yes” box in the “Third Party Designee” area of your return. Also, enter the designee’s name, phone number, and any five digits the designee chooses as his or her personal identification number (PIN).

If you check the “Yes” box, you, and your spouse if filing a joint return, are authorizing the IRS to call the designee to answer any questions that may arise during the processing of your return. You are also authorizing the designee to:

- Give the IRS any information that is missing from your return,
- Call the IRS for information about the processing of your return or the status of your refund or payment(s),
- Receive copies of notices or transcripts related to your return, upon request, and
- Respond to certain IRS notices about math errors, offsets, and return preparation.

You are not authorizing the designee to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the IRS. If you want to expand the designee’s authorization, see Pub. 947.

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2011 tax return. This is April 17, 2012, for most people. If you wish to revoke the authorization before it ends, see Pub. 947.

## Sign Your Return

Form 1040 is not considered a valid return unless you sign it. If you are filing a joint return, your spouse must also sign. If your spouse cannot sign the return, see Pub. 501. Be sure to date your return and enter your occupation(s). If you have someone prepare your return, you are still responsible for the correctness of the return. If your return is signed by a representative for you, you must have a power of attorney attached that specifically authorizes the representative to sign your return. To do this, you can use Form 2848. If you are filing a joint return as a surviving spouse, see *Death of a Taxpayer* on page 88.

## Child’s Return

If your child cannot sign the return, either parent can sign the child’s name in the space provided. Then, enter “By (your signature), parent for minor child.”

## Daytime Phone Number

Providing your daytime phone number may help speed the processing of your return. We may have questions about items on your return, such as the earned income credit, credit for child and dependent care expenses, etc. If you answer our questions over the phone, we may be able to continue processing your return without mailing you a letter. If you are filing a joint return, you

can enter either your or your spouse’s daytime phone number.

## Paid Preparer Must Sign Your Return

Generally, anyone you pay to prepare your return must sign it and include their Preparer Tax Identification Number (PTIN) in the space provided. The preparer must give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return.



## Electronic Return Signatures!

To file your return electronically, you must sign the return electronically using a personal identification number (PIN). If you are filing online using software, you must use a Self-Select PIN. If you are filing electronically using a tax practitioner, you can use a Self-Select PIN or a Practitioner PIN.

**Self-Select PIN.** The Self-Select PIN method allows you to create your own PIN. If you are married filing jointly, you and your spouse will each need to create a PIN and enter these PINs as your electronic signatures.

A PIN is any combination of five digits you choose except five zeros. If you use a PIN, there is nothing to sign and nothing to mail—not even your Forms W-2.

To verify your identity, you will be prompted to enter your adjusted gross income (AGI) from your originally filed 2009 federal income tax return, if applicable. Do not use your AGI from an amended return (Form 1040X) or a math error correction made by IRS. AGI is the amount shown on your 2009 Form 1040, line 38; Form 1040A, line 22; or Form 1040EZ, line 4. If you do not have your 2009 income tax return, call the IRS at 1-800-908-9946 to get a free transcript of your return. (If you filed electronically last year, you may use your prior year PIN to verify your identity instead of your prior year AGI. The prior year PIN is the five digit PIN you used to electronically sign your 2009 return.) You will also be prompted to enter your date of birth (DOB). Make sure your DOB is accurate and matches the information on record with the Social Security Administration by checking your annual social security statement.



*You cannot use the Self-Select PIN method if you are a first-time filer under age 16 at the end of 2010.*



*If you cannot locate your prior year AGI or prior year PIN, use the Electronic Filing PIN Request. This can be found at IRS.gov. Click on “Electronic Filing PIN Request” under “Online Services.” Or you can call 1-866-704-7388.*



**Practitioner PIN.** The Practitioner PIN method allows you to authorize your tax practitioner to enter or generate your PIN. The practitioner can provide you with details.

**Form 8453.** You must send in a paper Form 8453 if you have to attach certain forms or other documents that cannot be electronically filed. For details, see Form 8453.

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## Assemble Your Return

Assemble any schedules and forms behind Form 1040 in order of the "Attachment Sequence No." shown in the upper right corner of the schedule or form. If you have supporting statements, arrange them in the same order as the schedules or forms they support and attach them last. Do not attach

correspondence or other items unless required to do so. Attach a copy of Forms W-2 and 2439 to the front of Form 1040. If you received a Form W-2c (a corrected Form W-2), attach a copy of your original Forms W-2 and any Forms W-2c. Also attach Forms W-2G and 1099-R to the front of Form 1040 if tax was withheld.

# 2010 Tax Table



See the instructions for line 44 on page 35 to see if you must use the Tax Table below to figure your tax.

**Example.** Mr. and Mrs. Brown are filing a joint return. Their taxable income on Form 1040, line 43, is \$25,300. First, they find the \$25,300—25,350 taxable income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the taxable income line and filing status column meet is \$2,961. This is the tax amount they should enter on Form 1040, line 44.

**Sample Table**

At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
<b>Your tax is—</b>					
<b>25,200</b>	<b>25,250</b>	3,365	2,946	3,365	3,186
<b>25,250</b>	<b>25,300</b>	3,373	2,954	3,373	3,194
<b>25,300</b>	<b>25,350</b>	3,380	<u>2,961</u>	3,380	3,201
<b>25,350</b>	<b>25,400</b>	3,388	2,969	3,388	3,209

If line 43 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
<b>Your tax is—</b>					
0	5	0	0	0	0
5	15	1	1	1	1
15	25	2	2	2	2
25	50	4	4	4	4
50	75	6	6	6	6
75	100	9	9	9	9
100	125	11	11	11	11
125	150	14	14	14	14
150	175	16	16	16	16
175	200	19	19	19	19
200	225	21	21	21	21
225	250	24	24	24	24
250	275	26	26	26	26
275	300	29	29	29	29
300	325	31	31	31	31
325	350	34	34	34	34
350	375	36	36	36	36
375	400	39	39	39	39
400	425	41	41	41	41
425	450	44	44	44	44
450	475	46	46	46	46
475	500	49	49	49	49
500	525	51	51	51	51
525	550	54	54	54	54
550	575	56	56	56	56
575	600	59	59	59	59
600	625	61	61	61	61
625	650	64	64	64	64
650	675	66	66	66	66
675	700	69	69	69	69
700	725	71	71	71	71
725	750	74	74	74	74
750	775	76	76	76	76
775	800	79	79	79	79
800	825	81	81	81	81
825	850	84	84	84	84
850	875	86	86	86	86
875	900	89	89	89	89
900	925	91	91	91	91
925	950	94	94	94	94
950	975	96	96	96	96
975	1,000	99	99	99	99
<b>1,000</b>					
1,000	1,025	101	101	101	101
1,025	1,050	104	104	104	104
1,050	1,075	106	106	106	106
1,075	1,100	109	109	109	109
1,100	1,125	111	111	111	111
1,125	1,150	114	114	114	114
1,150	1,175	116	116	116	116
1,175	1,200	119	119	119	119
1,200	1,225	121	121	121	121
1,225	1,250	124	124	124	124
1,250	1,275	126	126	126	126
1,275	1,300	129	129	129	129

If line 43 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
<b>Your tax is—</b>					
1,300	1,325	131	131	131	131
1,325	1,350	134	134	134	134
1,350	1,375	136	136	136	136
1,375	1,400	139	139	139	139
1,400	1,425	141	141	141	141
1,425	1,450	144	144	144	144
1,450	1,475	146	146	146	146
1,475	1,500	149	149	149	149
1,500	1,525	151	151	151	151
1,525	1,550	154	154	154	154
1,550	1,575	156	156	156	156
1,575	1,600	159	159	159	159
1,600	1,625	161	161	161	161
1,625	1,650	164	164	164	164
1,650	1,675	166	166	166	166
1,675	1,700	169	169	169	169
1,700	1,725	171	171	171	171
1,725	1,750	174	174	174	174
1,750	1,775	176	176	176	176
1,775	1,800	179	179	179	179
1,800	1,825	181	181	181	181
1,825	1,850	184	184	184	184
1,850	1,875	186	186	186	186
1,875	1,900	189	189	189	189
1,900	1,925	191	191	191	191
1,925	1,950	194	194	194	194
1,950	1,975	196	196	196	196
1,975	2,000	199	199	199	199
<b>2,000</b>					
2,000	2,025	201	201	201	201
2,025	2,050	204	204	204	204
2,050	2,075	206	206	206	206
2,075	2,100	209	209	209	209
2,100	2,125	211	211	211	211
2,125	2,150	214	214	214	214
2,150	2,175	216	216	216	216
2,175	2,200	219	219	219	219
2,200	2,225	221	221	221	221
2,225	2,250	224	224	224	224
2,250	2,275	226	226	226	226
2,275	2,300	229	229	229	229
2,300	2,325	231	231	231	231
2,325	2,350	234	234	234	234
2,350	2,375	236	236	236	236
2,375	2,400	239	239	239	239
2,400	2,425	241	241	241	241
2,425	2,450	244	244	244	244
2,450	2,475	246	246	246	246
2,475	2,500	249	249	249	249
2,500	2,525	251	251	251	251
2,525	2,550	254	254	254	254
2,550	2,575	256	256	256	256
2,575	2,600	259	259	259	259
2,600	2,625	261	261	261	261
2,625	2,650	264	264	264	264
2,650	2,675	266	266	266	266
2,675	2,700	269	269	269	269

If line 43 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
<b>Your tax is—</b>					
2,700	2,725	271	271	271	271
2,725	2,750	274	274	274	274
2,750	2,775	276	276	276	276
2,775	2,800	279	279	279	279
2,800	2,825	281	281	281	281
2,825	2,850	284	284	284	284
2,850	2,875	286	286	286	286
2,875	2,900	289	289	289	289
2,900	2,925	291	291	291	291
2,925	2,950	294	294	294	294
2,950	2,975	296	296	296	296
2,975	3,000	299	299	299	299
<b>3,000</b>					
3,000	3,050	303	303	303	303
3,050	3,100	308	308	308	308
3,100	3,150	313	313	313	313
3,150	3,200	318	318	318	318
3,200	3,250	323	323	323	323
3,250	3,300	328	328	328	328
3,300	3,350	333	333	333	333
3,350	3,400	338	338	338	338
3,400	3,450	343	343	343	343
3,450	3,500	348	348	348	348
3,500	3,550	353	353	353	353
3,550	3,600	358	358	358	358
3,600	3,650	363	363	363	363
3,650	3,700	368	368	368	368
3,700	3,750	373	373	373	373
3,750	3,800	378	378	378	378
3,800	3,850	383	383	383	383
3,850	3,900	388	388	388	388
3,900	3,950	393	393	393	393
3,950	4,000	398	398	398	398
<b>4,000</b>					
4,000	4,050	403	403	403	403
4,050	4,100	408	408	408	408
4,100	4,150	413	413	413	413
4,150	4,200	418	418	418	418
4,200	4,250	423	423	423	423
4,250	4,300	428	428	428	428
4,300	4,350	433	433	433	433
4,350	4,400	438	438	438	438
4,400	4,450	443	443	443	443
4,450	4,500	448	448	448	448
4,500	4,550	453	453	453	453
4,550	4,600	458	458	458	458
4,600	4,650	463	463	463	463
4,650	4,700	468	468	468	468
4,700	4,750	473	473	473	473
4,750	4,800	478	478	478	478
4,800	4,850	483	483	483	483
4,850	4,900	488	488	488	488
4,900	4,950	493	493	493	493
4,950	5,000	498	498	498	498

\* This column must also be used by a qualifying widow(er).

(Continued on next page)

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
<b>5,000</b>					
5,000	5,050	503	503	503	503
5,050	5,100	508	508	508	508
5,100	5,150	513	513	513	513
5,150	5,200	518	518	518	518
5,200	5,250	523	523	523	523
5,250	5,300	528	528	528	528
5,300	5,350	533	533	533	533
5,350	5,400	538	538	538	538
5,400	5,450	543	543	543	543
5,450	5,500	548	548	548	548
5,500	5,550	553	553	553	553
5,550	5,600	558	558	558	558
5,600	5,650	563	563	563	563
5,650	5,700	568	568	568	568
5,700	5,750	573	573	573	573
5,750	5,800	578	578	578	578
5,800	5,850	583	583	583	583
5,850	5,900	588	588	588	588
5,900	5,950	593	593	593	593
5,950	6,000	598	598	598	598
<b>6,000</b>					
6,000	6,050	603	603	603	603
6,050	6,100	608	608	608	608
6,100	6,150	613	613	613	613
6,150	6,200	618	618	618	618
6,200	6,250	623	623	623	623
6,250	6,300	628	628	628	628
6,300	6,350	633	633	633	633
6,350	6,400	638	638	638	638
6,400	6,450	643	643	643	643
6,450	6,500	648	648	648	648
6,500	6,550	653	653	653	653
6,550	6,600	658	658	658	658
6,600	6,650	663	663	663	663
6,650	6,700	668	668	668	668
6,700	6,750	673	673	673	673
6,750	6,800	678	678	678	678
6,800	6,850	683	683	683	683
6,850	6,900	688	688	688	688
6,900	6,950	693	693	693	693
6,950	7,000	698	698	698	698
<b>7,000</b>					
7,000	7,050	703	703	703	703
7,050	7,100	708	708	708	708
7,100	7,150	713	713	713	713
7,150	7,200	718	718	718	718
7,200	7,250	723	723	723	723
7,250	7,300	728	728	728	728
7,300	7,350	733	733	733	733
7,350	7,400	738	738	738	738
7,400	7,450	743	743	743	743
7,450	7,500	748	748	748	748
7,500	7,550	753	753	753	753
7,550	7,600	758	758	758	758
7,600	7,650	763	763	763	763
7,650	7,700	768	768	768	768
7,700	7,750	773	773	773	773
7,750	7,800	778	778	778	778
7,800	7,850	783	783	783	783
7,850	7,900	788	788	788	788
7,900	7,950	793	793	793	793
7,950	8,000	798	798	798	798

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
<b>8,000</b>					
8,000	8,050	803	803	803	803
8,050	8,100	808	808	808	808
8,100	8,150	813	813	813	813
8,150	8,200	818	818	818	818
8,200	8,250	823	823	823	823
8,250	8,300	828	828	828	828
8,300	8,350	833	833	833	833
8,350	8,400	838	838	838	838
8,400	8,450	843	843	843	843
8,450	8,500	848	848	848	848
8,500	8,550	853	853	853	853
8,550	8,600	858	858	858	858
8,600	8,650	863	863	863	863
8,650	8,700	868	868	868	868
8,700	8,750	873	873	873	873
8,750	8,800	878	878	878	878
8,800	8,850	883	883	883	883
8,850	8,900	888	888	888	888
8,900	8,950	893	893	893	893
8,950	9,000	898	898	898	898
<b>9,000</b>					
9,000	9,050	903	903	903	903
9,050	9,100	908	908	908	908
9,100	9,150	913	913	913	913
9,150	9,200	918	918	918	918
9,200	9,250	923	923	923	923
9,250	9,300	928	928	928	928
9,300	9,350	933	933	933	933
9,350	9,400	938	938	938	938
9,400	9,450	943	943	943	943
9,450	9,500	948	948	948	948
9,500	9,550	953	953	953	953
9,550	9,600	958	958	958	958
9,600	9,650	963	963	963	963
9,650	9,700	968	968	968	968
9,700	9,750	973	973	973	973
9,750	9,800	978	978	978	978
9,800	9,850	983	983	983	983
9,850	9,900	988	988	988	988
9,900	9,950	993	993	993	993
9,950	10,000	998	998	998	998
<b>10,000</b>					
10,000	10,050	1,003	1,003	1,003	1,003
10,050	10,100	1,008	1,008	1,008	1,008
10,100	10,150	1,013	1,013	1,013	1,013
10,150	10,200	1,018	1,018	1,018	1,018
10,200	10,250	1,023	1,023	1,023	1,023
10,250	10,300	1,028	1,028	1,028	1,028
10,300	10,350	1,033	1,033	1,033	1,033
10,350	10,400	1,038	1,038	1,038	1,038
10,400	10,450	1,043	1,043	1,043	1,043
10,450	10,500	1,048	1,048	1,048	1,048
10,500	10,550	1,053	1,053	1,053	1,053
10,550	10,600	1,058	1,058	1,058	1,058
10,600	10,650	1,063	1,063	1,063	1,063
10,650	10,700	1,068	1,068	1,068	1,068
10,700	10,750	1,073	1,073	1,073	1,073
10,750	10,800	1,078	1,078	1,078	1,078
10,800	10,850	1,083	1,083	1,083	1,083
10,850	10,900	1,088	1,088	1,088	1,088
10,900	10,950	1,093	1,093	1,093	1,093
10,950	11,000	1,098	1,098	1,098	1,098

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
<b>11,000</b>					
11,000	11,050	1,235	1,103	1,235	1,103
11,050	11,100	1,240	1,108	1,240	1,108
11,100	11,150	1,245	1,113	1,245	1,113
11,150	11,200	1,250	1,118	1,250	1,118
11,200	11,250	1,255	1,123	1,255	1,123
11,250	11,300	1,260	1,128	1,260	1,128
11,300	11,350	1,265	1,133	1,265	1,133
11,350	11,400	1,270	1,138	1,270	1,138
11,400	11,450	1,275	1,143	1,275	1,143
11,450	11,500	1,280	1,148	1,280	1,148
11,500	11,550	1,285	1,153	1,285	1,153
11,550	11,600	1,290	1,158	1,290	1,158
11,600	11,650	1,295	1,163	1,295	1,163
11,650	11,700	1,300	1,168	1,300	1,168
11,700	11,750	1,305	1,173	1,305	1,173
11,750	11,800	1,310	1,178	1,310	1,178
11,800	11,850	1,315	1,183	1,315	1,183
11,850	11,900	1,320	1,188	1,320	1,188
11,900	11,950	1,325	1,193	1,325	1,193
11,950	12,000	1,330	1,198	1,330	1,198
<b>12,000</b>					
12,000	12,050	1,335	1,203	1,335	1,203
12,050	12,100	1,340	1,208	1,340	1,208
12,100	12,150	1,345	1,213	1,345	1,213
12,150	12,200	1,350	1,218	1,350	1,218
12,200	12,250	1,355	1,223	1,355	1,223
12,250	12,300	1,360	1,228	1,360	1,228
12,300	12,350	1,365	1,233	1,365	1,233
12,350	12,400	1,370	1,238	1,370	1,238
12,400	12,450	1,375	1,243	1,375	1,243
12,450	12,500	1,380	1,248	1,380	1,248
12,500	12,550	1,385	1,253	1,385	1,253
12,550	12,600	1,390	1,258	1,390	1,258
12,600	12,650	1,395	1,263	1,395	1,263
12,650	12,700	1,400	1,268	1,400	1,268
12,700	12,750	1,405	1,273	1,405	1,273
12,750	12,800	1,410	1,278	1,410	1,278
12,800	12,850	1,415	1,283	1,415	1,283
12,850	12,900	1,420	1,288	1,420	1,288
12,900	12,950	1,425	1,293	1,425	1,293
12,950	13,000	1,430	1,298	1,430	1,298
<b>13,000</b>					
13,000	13,050	1,435	1,303	1,435	1,303
13,050	13,100	1,440	1,308	1,440	1,308
13,100	13,150	1,445	1,313	1,445	1,313
13,150	13,200	1,450	1,318	1,450	1,318
13,200	13,250	1,455	1,323	1,455	1,323
13,250	13,300	1,460	1,328	1,460	1,328
13,300	13,350	1,465	1,333	1,465	1,333
13,350	13,400	1,470	1,338	1,470	1,338
13,400	13,450	1,475	1,343	1,475	1,343
13,450	13,500	1,480	1,348	1,480	1,348
13,500	13,550	1,485	1,353	1,485	1,353
13,550	13,600	1,490	1,358	1,490	1,358
13,600	13,650	1,495	1,363	1,495	1,363
13,650	13,700	1,500	1,368	1,500	1,368
13,700	13,750	1,505	1,373	1,505	1,373
13,750	13,800	1,510	1,378	1,510	1,378
13,800	13,850	1,515	1,383	1,515	1,383
13,850	13,900	1,520	1,388	1,520	1,388
13,900	13,950	1,525	1,393	1,525	1,393
13,950	14,000	1,530	1,398	1,530	1,398

\* This column must also be used by a qualifying widow(er).

2010 Tax Table—Continued

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>14,000</b>					
14,000	14,050	1,685	1,403	1,685	1,506
14,050	14,100	1,693	1,408	1,693	1,514
14,100	14,150	1,700	1,413	1,700	1,521
14,150	14,200	1,708	1,418	1,708	1,529
14,200	14,250	1,715	1,423	1,715	1,536
14,250	14,300	1,723	1,428	1,723	1,544
14,300	14,350	1,730	1,433	1,730	1,551
14,350	14,400	1,738	1,438	1,738	1,559
14,400	14,450	1,745	1,443	1,745	1,566
14,450	14,500	1,753	1,448	1,753	1,574
14,500	14,550	1,760	1,453	1,760	1,581
14,550	14,600	1,768	1,458	1,768	1,589
14,600	14,650	1,775	1,463	1,775	1,596
14,650	14,700	1,783	1,468	1,783	1,604
14,700	14,750	1,790	1,473	1,790	1,611
14,750	14,800	1,798	1,478	1,798	1,619
14,800	14,850	1,805	1,483	1,805	1,626
14,850	14,900	1,813	1,488	1,813	1,634
14,900	14,950	1,820	1,493	1,820	1,641
14,950	15,000	1,828	1,498	1,828	1,649
<b>15,000</b>					
15,000	15,050	1,835	1,503	1,835	1,656
15,050	15,100	1,843	1,508	1,843	1,664
15,100	15,150	1,850	1,513	1,850	1,671
15,150	15,200	1,858	1,518	1,858	1,679
15,200	15,250	1,865	1,523	1,865	1,686
15,250	15,300	1,873	1,528	1,873	1,694
15,300	15,350	1,880	1,533	1,880	1,701
15,350	15,400	1,888	1,538	1,888	1,709
15,400	15,450	1,895	1,543	1,895	1,716
15,450	15,500	1,903	1,548	1,903	1,724
15,500	15,550	1,910	1,553	1,910	1,731
15,550	15,600	1,918	1,558	1,918	1,739
15,600	15,650	1,925	1,563	1,925	1,746
15,650	15,700	1,933	1,568	1,933	1,754
15,700	15,750	1,940	1,573	1,940	1,761
15,750	15,800	1,948	1,578	1,948	1,769
15,800	15,850	1,955	1,583	1,955	1,776
15,850	15,900	1,963	1,588	1,963	1,784
15,900	15,950	1,970	1,593	1,970	1,791
15,950	16,000	1,978	1,598	1,978	1,799
<b>16,000</b>					
16,000	16,050	1,985	1,603	1,985	1,806
16,050	16,100	1,993	1,608	1,993	1,814
16,100	16,150	2,000	1,613	2,000	1,821
16,150	16,200	2,008	1,618	2,008	1,829
16,200	16,250	2,015	1,623	2,015	1,836
16,250	16,300	2,023	1,628	2,023	1,844
16,300	16,350	2,030	1,633	2,030	1,851
16,350	16,400	2,038	1,638	2,038	1,859
16,400	16,450	2,045	1,643	2,045	1,866
16,450	16,500	2,053	1,648	2,053	1,874
16,500	16,550	2,060	1,653	2,060	1,881
16,550	16,600	2,068	1,658	2,068	1,889
16,600	16,650	2,075	1,663	2,075	1,896
16,650	16,700	2,083	1,668	2,083	1,904
16,700	16,750	2,090	1,673	2,090	1,911
16,750	16,800	2,098	1,679	2,098	1,919
16,800	16,850	2,105	1,686	2,105	1,926
16,850	16,900	2,113	1,694	2,113	1,934
16,900	16,950	2,120	1,701	2,120	1,941
16,950	17,000	2,128	1,709	2,128	1,949

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>17,000</b>					
17,000	17,050	2,135	1,716	2,135	1,956
17,050	17,100	2,143	1,724	2,143	1,964
17,100	17,150	2,150	1,731	2,150	1,971
17,150	17,200	2,158	1,739	2,158	1,979
17,200	17,250	2,165	1,746	2,165	1,986
17,250	17,300	2,173	1,754	2,173	1,994
17,300	17,350	2,180	1,761	2,180	2,001
17,350	17,400	2,188	1,769	2,188	2,009
17,400	17,450	2,195	1,776	2,195	2,016
17,450	17,500	2,203	1,784	2,203	2,024
17,500	17,550	2,210	1,791	2,210	2,031
17,550	17,600	2,218	1,799	2,218	2,039
17,600	17,650	2,225	1,806	2,225	2,046
17,650	17,700	2,233	1,814	2,233	2,054
17,700	17,750	2,240	1,821	2,240	2,061
17,750	17,800	2,248	1,829	2,248	2,069
17,800	17,850	2,255	1,836	2,255	2,076
17,850	17,900	2,263	1,844	2,263	2,084
17,900	17,950	2,270	1,851	2,270	2,091
17,950	18,000	2,278	1,859	2,278	2,099
<b>18,000</b>					
18,000	18,050	2,285	1,866	2,285	2,106
18,050	18,100	2,293	1,874	2,293	2,114
18,100	18,150	2,300	1,881	2,300	2,121
18,150	18,200	2,308	1,889	2,308	2,129
18,200	18,250	2,315	1,896	2,315	2,136
18,250	18,300	2,323	1,904	2,323	2,144
18,300	18,350	2,330	1,911	2,330	2,151
18,350	18,400	2,338	1,919	2,338	2,159
18,400	18,450	2,345	1,926	2,345	2,166
18,450	18,500	2,353	1,934	2,353	2,174
18,500	18,550	2,360	1,941	2,360	2,181
18,550	18,600	2,368	1,949	2,368	2,189
18,600	18,650	2,375	1,956	2,375	2,196
18,650	18,700	2,383	1,964	2,383	2,204
18,700	18,750	2,390	1,971	2,390	2,211
18,750	18,800	2,398	1,979	2,398	2,219
18,800	18,850	2,405	1,986	2,405	2,226
18,850	18,900	2,413	1,994	2,413	2,234
18,900	18,950	2,420	2,001	2,420	2,241
18,950	19,000	2,428	2,009	2,428	2,249
<b>19,000</b>					
19,000	19,050	2,435	2,016	2,435	2,256
19,050	19,100	2,443	2,024	2,443	2,264
19,100	19,150	2,450	2,031	2,450	2,271
19,150	19,200	2,458	2,039	2,458	2,279
19,200	19,250	2,465	2,046	2,465	2,286
19,250	19,300	2,473	2,054	2,473	2,294
19,300	19,350	2,480	2,061	2,480	2,301
19,350	19,400	2,488	2,069	2,488	2,309
19,400	19,450	2,495	2,076	2,495	2,316
19,450	19,500	2,503	2,084	2,503	2,324
19,500	19,550	2,510	2,091	2,510	2,331
19,550	19,600	2,518	2,099	2,518	2,339
19,600	19,650	2,525	2,106	2,525	2,346
19,650	19,700	2,533	2,114	2,533	2,354
19,700	19,750	2,540	2,121	2,540	2,361
19,750	19,800	2,548	2,129	2,548	2,369
19,800	19,850	2,555	2,136	2,555	2,376
19,850	19,900	2,563	2,144	2,563	2,384
19,900	19,950	2,570	2,151	2,570	2,391
19,950	20,000	2,578	2,159	2,578	2,399

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>20,000</b>					
20,000	20,050	2,585	2,166	2,585	2,406
20,050	20,100	2,593	2,174	2,593	2,414
20,100	20,150	2,600	2,181	2,600	2,421
20,150	20,200	2,608	2,189	2,608	2,429
20,200	20,250	2,615	2,196	2,615	2,436
20,250	20,300	2,623	2,204	2,623	2,444
20,300	20,350	2,630	2,211	2,630	2,451
20,350	20,400	2,638	2,219	2,638	2,459
20,400	20,450	2,645	2,226	2,645	2,466
20,450	20,500	2,653	2,234	2,653	2,474
20,500	20,550	2,660	2,241	2,660	2,481
20,550	20,600	2,668	2,249	2,668	2,489
20,600	20,650	2,675	2,256	2,675	2,496
20,650	20,700	2,683	2,264	2,683	2,504
20,700	20,750	2,690	2,271	2,690	2,511
20,750	20,800	2,698	2,279	2,698	2,519
20,800	20,850	2,705	2,286	2,705	2,526
20,850	20,900	2,713	2,294	2,713	2,534
20,900	20,950	2,720	2,301	2,720	2,541
20,950	21,000	2,728	2,309	2,728	2,549
<b>21,000</b>					
21,000	21,050	2,735	2,316	2,735	2,556
21,050	21,100	2,743	2,324	2,743	2,564
21,100	21,150	2,750	2,331	2,750	2,571
21,150	21,200	2,758	2,339	2,758	2,579
21,200	21,250	2,765	2,346	2,765	2,586
21,250	21,300	2,773	2,354	2,773	2,594
21,300	21,350	2,780	2,361	2,780	2,601
21,350	21,400	2,788	2,369	2,788	2,609
21,400	21,450	2,795	2,376	2,795	2,616
21,450	21,500	2,803	2,384	2,803	2,624
21,500	21,550	2,810	2,391	2,810	2,631
21,550	21,600	2,818	2,399	2,818	2,639
21,600	21,650	2,825	2,406	2,825	2,646
21,650	21,700	2,833	2,414	2,833	2,654
21,700	21,750	2,840	2,421	2,840	2,661
21,750	21,800	2,848	2,429	2,848	2,669
21,800	21,850	2,855	2,436	2,855	2,676
21,850	21,900	2,863	2,444	2,863	2,684
21,900	21,950	2,870	2,451	2,870	2,691
21,950	22,000	2,878	2,459	2,878	2,699
<b>22,000</b>					
22,000	22,050	2,885	2,466	2,885	2,706
22,050	22,100	2,893	2,474	2,893	2,714
22,100	22,150	2,900	2,481	2,900	2,721
22,150	22,200	2,908	2,489	2,908	2,729
22,200	22,250	2,915	2,496	2,915	2,736
22,250	22,300	2,923	2,504	2,923	2,744
22,300	22,350	2,930	2,511	2,930	2,751
22,350	22,400	2,938	2,519	2,938	2,759
22,400	22,450	2,945	2,526	2,945	2,766
22,450	22,500	2,953	2,534	2,953	2,774
22,500	22,550	2,960	2,541	2,960	2,781
22,550	22,600	2,968	2,549	2,968	2,789
22,600	22,650	2,975	2,556	2,97	

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>23,000</b>					
23,000	23,050	3,035	2,616	3,035	2,856
23,050	23,100	3,043	2,624	3,043	2,864
23,100	23,150	3,050	2,631	3,050	2,871
23,150	23,200	3,058	2,639	3,058	2,879
23,200	23,250	3,065	2,646	3,065	2,886
23,250	23,300	3,073	2,654	3,073	2,894
23,300	23,350	3,080	2,661	3,080	2,901
23,350	23,400	3,088	2,669	3,088	2,909
23,400	23,450	3,095	2,676	3,095	2,916
23,450	23,500	3,103	2,684	3,103	2,924
23,500	23,550	3,110	2,691	3,110	2,931
23,550	23,600	3,118	2,699	3,118	2,939
23,600	23,650	3,125	2,706	3,125	2,946
23,650	23,700	3,133	2,714	3,133	2,954
23,700	23,750	3,140	2,721	3,140	2,961
23,750	23,800	3,148	2,729	3,148	2,969
23,800	23,850	3,155	2,736	3,155	2,976
23,850	23,900	3,163	2,744	3,163	2,984
23,900	23,950	3,170	2,751	3,170	2,991
23,950	24,000	3,178	2,759	3,178	2,999
<b>24,000</b>					
24,000	24,050	3,185	2,766	3,185	3,006
24,050	24,100	3,193	2,774	3,193	3,014
24,100	24,150	3,200	2,781	3,200	3,021
24,150	24,200	3,208	2,789	3,208	3,029
24,200	24,250	3,215	2,796	3,215	3,036
24,250	24,300	3,223	2,804	3,223	3,044
24,300	24,350	3,230	2,811	3,230	3,051
24,350	24,400	3,238	2,819	3,238	3,059
24,400	24,450	3,245	2,826	3,245	3,066
24,450	24,500	3,253	2,834	3,253	3,074
24,500	24,550	3,260	2,841	3,260	3,081
24,550	24,600	3,268	2,849	3,268	3,089
24,600	24,650	3,275	2,856	3,275	3,096
24,650	24,700	3,283	2,864	3,283	3,104
24,700	24,750	3,290	2,871	3,290	3,111
24,750	24,800	3,298	2,879	3,298	3,119
24,800	24,850	3,305	2,886	3,305	3,126
24,850	24,900	3,313	2,894	3,313	3,134
24,900	24,950	3,320	2,901	3,320	3,141
24,950	25,000	3,328	2,909	3,328	3,149
<b>25,000</b>					
25,000	25,050	3,335	2,916	3,335	3,156
25,050	25,100	3,343	2,924	3,343	3,164
25,100	25,150	3,350	2,931	3,350	3,171
25,150	25,200	3,358	2,939	3,358	3,179
25,200	25,250	3,365	2,946	3,365	3,186
25,250	25,300	3,373	2,954	3,373	3,194
25,300	25,350	3,380	2,961	3,380	3,201
25,350	25,400	3,388	2,969	3,388	3,209
25,400	25,450	3,395	2,976	3,395	3,216
25,450	25,500	3,403	2,984	3,403	3,224
25,500	25,550	3,410	2,991	3,410	3,231
25,550	25,600	3,418	2,999	3,418	3,239
25,600	25,650	3,425	3,006	3,425	3,246
25,650	25,700	3,433	3,014	3,433	3,254
25,700	25,750	3,440	3,021	3,440	3,261
25,750	25,800	3,448	3,029	3,448	3,269
25,800	25,850	3,455	3,036	3,455	3,276
25,850	25,900	3,463	3,044	3,463	3,284
25,900	25,950	3,470	3,051	3,470	3,291
25,950	26,000	3,478	3,059	3,478	3,299

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>26,000</b>					
26,000	26,050	3,485	3,066	3,485	3,306
26,050	26,100	3,493	3,074	3,493	3,314
26,100	26,150	3,500	3,081	3,500	3,321
26,150	26,200	3,508	3,089	3,508	3,329
26,200	26,250	3,515	3,096	3,515	3,336
26,250	26,300	3,523	3,104	3,523	3,344
26,300	26,350	3,530	3,111	3,530	3,351
26,350	26,400	3,538	3,119	3,538	3,359
26,400	26,450	3,545	3,126	3,545	3,366
26,450	26,500	3,553	3,134	3,553	3,374
26,500	26,550	3,560	3,141	3,560	3,381
26,550	26,600	3,568	3,149	3,568	3,389
26,600	26,650	3,575	3,156	3,575	3,396
26,650	26,700	3,583	3,164	3,583	3,404
26,700	26,750	3,590	3,171	3,590	3,411
26,750	26,800	3,598	3,179	3,598	3,419
26,800	26,850	3,605	3,186	3,605	3,426
26,850	26,900	3,613	3,194	3,613	3,434
26,900	26,950	3,620	3,201	3,620	3,441
26,950	27,000	3,628	3,209	3,628	3,449
<b>27,000</b>					
27,000	27,050	3,635	3,216	3,635	3,456
27,050	27,100	3,643	3,224	3,643	3,464
27,100	27,150	3,650	3,231	3,650	3,471
27,150	27,200	3,658	3,239	3,658	3,479
27,200	27,250	3,665	3,246	3,665	3,486
27,250	27,300	3,673	3,254	3,673	3,494
27,300	27,350	3,680	3,261	3,680	3,501
27,350	27,400	3,688	3,269	3,688	3,509
27,400	27,450	3,695	3,276	3,695	3,516
27,450	27,500	3,703	3,284	3,703	3,524
27,500	27,550	3,710	3,291	3,710	3,531
27,550	27,600	3,718	3,299	3,718	3,539
27,600	27,650	3,725	3,306	3,725	3,546
27,650	27,700	3,733	3,314	3,733	3,554
27,700	27,750	3,740	3,321	3,740	3,561
27,750	27,800	3,748	3,329	3,748	3,569
27,800	27,850	3,755	3,336	3,755	3,576
27,850	27,900	3,763	3,344	3,763	3,584
27,900	27,950	3,770	3,351	3,770	3,591
27,950	28,000	3,778	3,359	3,778	3,599
<b>28,000</b>					
28,000	28,050	3,785	3,366	3,785	3,606
28,050	28,100	3,793	3,374	3,793	3,614
28,100	28,150	3,800	3,381	3,800	3,621
28,150	28,200	3,808	3,389	3,808	3,629
28,200	28,250	3,815	3,396	3,815	3,636
28,250	28,300	3,823	3,404	3,823	3,644
28,300	28,350	3,830	3,411	3,830	3,651
28,350	28,400	3,838	3,419	3,838	3,659
28,400	28,450	3,845	3,426	3,845	3,666
28,450	28,500	3,853	3,434	3,853	3,674
28,500	28,550	3,860	3,441	3,860	3,681
28,550	28,600	3,868	3,449	3,868	3,689
28,600	28,650	3,875	3,456	3,875	3,696
28,650	28,700	3,883	3,464	3,883	3,704
28,700	28,750	3,890	3,471	3,890	3,711
28,750	28,800	3,898	3,479	3,898	3,719
28,800	28,850	3,905	3,486	3,905	3,726
28,850	28,900	3,913	3,494	3,913	3,734
28,900	28,950	3,920	3,501	3,920	3,741
28,950	29,000	3,928	3,509	3,928	3,749

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>29,000</b>					
29,000	29,050	3,935	3,516	3,935	3,756
29,050	29,100	3,943	3,524	3,943	3,764
29,100	29,150	3,950	3,531	3,950	3,771
29,150	29,200	3,958	3,539	3,958	3,779
29,200	29,250	3,965	3,546	3,965	3,786
29,250	29,300	3,973	3,554	3,973	3,794
29,300	29,350	3,980	3,561	3,980	3,801
29,350	29,400	3,988	3,569	3,988	3,809
29,400	29,450	3,995	3,576	3,995	3,816
29,450	29,500	4,003	3,584	4,003	3,824
29,500	29,550	4,010	3,591	4,010	3,831
29,550	29,600	4,018	3,599	4,018	3,839
29,600	29,650	4,025	3,606	4,025	3,846
29,650	29,700	4,033	3,614	4,033	3,854
29,700	29,750	4,040	3,621	4,040	3,861
29,750	29,800	4,048	3,629	4,048	3,869
29,800	29,850	4,055	3,636	4,055	3,876
29,850	29,900	4,063	3,644	4,063	3,884
29,900	29,950	4,070	3,651	4,070	3,891
29,950	30,000	4,078	3,659	4,078	3,899
<b>30,000</b>					
30,000	30,050	4,085	3,666	4,085	3,906
30,050	30,100	4,093	3,674	4,093	3,914
30,100	30,150	4,100	3,681	4,100	3,921
30,150	30,200	4,108	3,689	4,108	3,929
30,200	30,250	4,115	3,696	4,115	3,936
30,250	30,300	4,123	3,704	4,123	3,944
30,300	30,350	4,130	3,711	4,130	3,951
30,350	30,400	4,138	3,719	4,138	3,959
30,400	30,450	4,145	3,726	4,145	3,966
30,450	30,500	4,153	3,734	4,153	3,974
30,500	30,550	4,160	3,741	4,160	3,981
30,550	30,600	4,168	3,749	4,168	3,989
30,600	30,650	4,175	3,756	4,175	3,996
30,650	30,700	4,183	3,764	4,183	4,004
30,700	30,750	4,190	3,771	4,190	4,011
30,750	30,800	4,198	3,779	4,198	4,019
30,800	30,850	4,205	3,786	4,205	4,026
30,850	30,900	4,213	3,794	4,213	4,034
30,900	30,950	4,220	3,801	4,220	4,041
30,950	31,000	4,228	3,809	4,228	4,049
<b>31,000</b>					
31,000	31,050	4,235	3,816	4,235	4,056
31,050	31,100	4,243	3,824	4,243	4,064
31,100	31,150	4,250	3,831	4,250	4,071
31,150	31,200	4,258	3,839	4,258	4,079
31,200	31,250	4,265	3,846	4,265	4,086
31,250	31,300	4,273	3,854	4,273	4,094
31,300	31,350	4,280	3,861	4,280	4,101
31,350	31,400	4,288	3,869	4,288	4,109
31,400	31,450	4,295	3,876	4,295	4,116
31,450	31,500	4,303	3,884	4,303	4,124
31,500	31,550	4,310	3,891	4,310	4,131
31,550	31,600	4,318	3,899	4,318	4,139
31,600	31,650	4,325	3,906	4,3	

2010 Tax Table—Continued

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
<b>32,000</b>					
32,000	32,050	4,385	3,966	4,385	4,206
32,050	32,100	4,393	3,974	4,393	4,214
32,100	32,150	4,400	3,981	4,400	4,221
32,150	32,200	4,408	3,989	4,408	4,229
32,200	32,250	4,415	3,996	4,415	4,236
32,250	32,300	4,423	4,004	4,423	4,244
32,300	32,350	4,430	4,011	4,430	4,251
32,350	32,400	4,438	4,019	4,438	4,259
32,400	32,450	4,445	4,026	4,445	4,266
32,450	32,500	4,453	4,034	4,453	4,274
32,500	32,550	4,460	4,041	4,460	4,281
32,550	32,600	4,468	4,049	4,468	4,289
32,600	32,650	4,475	4,056	4,475	4,296
32,650	32,700	4,483	4,064	4,483	4,304
32,700	32,750	4,490	4,071	4,490	4,311
32,750	32,800	4,498	4,079	4,498	4,319
32,800	32,850	4,505	4,086	4,505	4,326
32,850	32,900	4,513	4,094	4,513	4,334
32,900	32,950	4,520	4,101	4,520	4,341
32,950	33,000	4,528	4,109	4,528	4,349
<b>33,000</b>					
33,000	33,050	4,535	4,116	4,535	4,356
33,050	33,100	4,543	4,124	4,543	4,364
33,100	33,150	4,550	4,131	4,550	4,371
33,150	33,200	4,558	4,139	4,558	4,379
33,200	33,250	4,565	4,146	4,565	4,386
33,250	33,300	4,573	4,154	4,573	4,394
33,300	33,350	4,580	4,161	4,580	4,401
33,350	33,400	4,588	4,169	4,588	4,409
33,400	33,450	4,595	4,176	4,595	4,416
33,450	33,500	4,603	4,184	4,603	4,424
33,500	33,550	4,610	4,191	4,610	4,431
33,550	33,600	4,618	4,199	4,618	4,439
33,600	33,650	4,625	4,206	4,625	4,446
33,650	33,700	4,633	4,214	4,633	4,454
33,700	33,750	4,640	4,221	4,640	4,461
33,750	33,800	4,648	4,229	4,648	4,469
33,800	33,850	4,655	4,236	4,655	4,476
33,850	33,900	4,663	4,244	4,663	4,484
33,900	33,950	4,670	4,251	4,670	4,491
33,950	34,000	4,678	4,259	4,678	4,499
<b>34,000</b>					
34,000	34,050	4,688	4,266	4,688	4,506
34,050	34,100	4,700	4,274	4,700	4,514
34,100	34,150	4,713	4,281	4,713	4,521
34,150	34,200	4,725	4,289	4,725	4,529
34,200	34,250	4,738	4,296	4,738	4,536
34,250	34,300	4,750	4,304	4,750	4,544
34,300	34,350	4,763	4,311	4,763	4,551
34,350	34,400	4,775	4,319	4,775	4,559
34,400	34,450	4,788	4,326	4,788	4,566
34,450	34,500	4,800	4,334	4,800	4,574
34,500	34,550	4,813	4,341	4,813	4,581
34,550	34,600	4,825	4,349	4,825	4,589
34,600	34,650	4,838	4,356	4,838	4,596
34,650	34,700	4,850	4,364	4,850	4,604
34,700	34,750	4,863	4,371	4,863	4,611
34,750	34,800	4,875	4,379	4,875	4,619
34,800	34,850	4,888	4,386	4,888	4,626
34,850	34,900	4,900	4,394	4,900	4,634
34,900	34,950	4,913	4,401	4,913	4,641
34,950	35,000	4,925	4,409	4,925	4,649

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
<b>35,000</b>					
35,000	35,050	4,938	4,416	4,938	4,656
35,050	35,100	4,950	4,424	4,950	4,664
35,100	35,150	4,963	4,431	4,963	4,671
35,150	35,200	4,975	4,439	4,975	4,679
35,200	35,250	4,988	4,446	4,988	4,686
35,250	35,300	5,000	4,454	5,000	4,694
35,300	35,350	5,013	4,461	5,013	4,701
35,350	35,400	5,025	4,469	5,025	4,709
35,400	35,450	5,038	4,476	5,038	4,716
35,450	35,500	5,050	4,484	5,050	4,724
35,500	35,550	5,063	4,491	5,063	4,731
35,550	35,600	5,075	4,499	5,075	4,739
35,600	35,650	5,088	4,506	5,088	4,746
35,650	35,700	5,100	4,514	5,100	4,754
35,700	35,750	5,113	4,521	5,113	4,761
35,750	35,800	5,125	4,529	5,125	4,769
35,800	35,850	5,138	4,536	5,138	4,776
35,850	35,900	5,150	4,544	5,150	4,784
35,900	35,950	5,163	4,551	5,163	4,791
35,950	36,000	5,175	4,559	5,175	4,799
<b>36,000</b>					
36,000	36,050	5,188	4,566	5,188	4,806
36,050	36,100	5,200	4,574	5,200	4,814
36,100	36,150	5,213	4,581	5,213	4,821
36,150	36,200	5,225	4,589	5,225	4,829
36,200	36,250	5,238	4,596	5,238	4,836
36,250	36,300	5,250	4,604	5,250	4,844
36,300	36,350	5,263	4,611	5,263	4,851
36,350	36,400	5,275	4,619	5,275	4,859
36,400	36,450	5,288	4,626	5,288	4,866
36,450	36,500	5,300	4,634	5,300	4,874
36,500	36,550	5,313	4,641	5,313	4,881
36,550	36,600	5,325	4,649	5,325	4,889
36,600	36,650	5,338	4,656	5,338	4,896
36,650	36,700	5,350	4,664	5,350	4,904
36,700	36,750	5,363	4,671	5,363	4,911
36,750	36,800	5,375	4,679	5,375	4,919
36,800	36,850	5,388	4,686	5,388	4,926
36,850	36,900	5,400	4,694	5,400	4,934
36,900	36,950	5,413	4,701	5,413	4,941
36,950	37,000	5,425	4,709	5,425	4,949
<b>37,000</b>					
37,000	37,050	5,438	4,716	5,438	4,956
37,050	37,100	5,450	4,724	5,450	4,964
37,100	37,150	5,463	4,731	5,463	4,971
37,150	37,200	5,475	4,739	5,475	4,979
37,200	37,250	5,488	4,746	5,488	4,986
37,250	37,300	5,500	4,754	5,500	4,994
37,300	37,350	5,513	4,761	5,513	5,001
37,350	37,400	5,525	4,769	5,525	5,009
37,400	37,450	5,538	4,776	5,538	5,016
37,450	37,500	5,550	4,784	5,550	5,024
37,500	37,550	5,563	4,791	5,563	5,031
37,550	37,600	5,575	4,799	5,575	5,039
37,600	37,650	5,588	4,806	5,588	5,046
37,650	37,700	5,600	4,814	5,600	5,054
37,700	37,750	5,613	4,821	5,613	5,061
37,750	37,800	5,625	4,829	5,625	5,069
37,800	37,850	5,638	4,836	5,638	5,076
37,850	37,900	5,650	4,844	5,650	5,084
37,900	37,950	5,663	4,851	5,663	5,091
37,950	38,000	5,675	4,859	5,675	5,099

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
<b>38,000</b>					
38,000	38,050	5,688	4,866	5,688	5,106
38,050	38,100	5,700	4,874	5,700	5,114
38,100	38,150	5,713	4,881	5,713	5,121
38,150	38,200	5,725	4,889	5,725	5,129
38,200	38,250	5,738	4,896	5,738	5,136
38,250	38,300	5,750	4,904	5,750	5,144
38,300	38,350	5,763	4,911	5,763	5,151
38,350	38,400	5,775	4,919	5,775	5,159
38,400	38,450	5,788	4,926	5,788	5,166
38,450	38,500	5,800	4,934	5,800	5,174
38,500	38,550	5,813	4,941	5,813	5,181
38,550	38,600	5,825	4,949	5,825	5,189
38,600	38,650	5,838	4,956	5,838	5,196
38,650	38,700	5,850	4,964	5,850	5,204
38,700	38,750	5,863	4,971	5,863	5,211
38,750	38,800	5,875	4,979	5,875	5,219
38,800	38,850	5,888	4,986	5,888	5,226
38,850	38,900	5,900	4,994	5,900	5,234
38,900	38,950	5,913	5,001	5,913	5,241
38,950	39,000	5,925	5,009	5,925	5,249
<b>39,000</b>					
39,000	39,050	5,938	5,016	5,938	5,256
39,050	39,100	5,950	5,024	5,950	5,264
39,100	39,150	5,963	5,031	5,963	5,271
39,150	39,200	5,975	5,039	5,975	5,279
39,200	39,250	5,988	5,046	5,988	5,286
39,250	39,300	6,000	5,054	6,000	5,294
39,300	39,350	6,013	5,061	6,013	5,301
39,350	39,400	6,025	5,069	6,025	5,309
39,400	39,450	6,038	5,076	6,038	5,316
39,450	39,500	6,050	5,084	6,050	5,324
39,500	39,550	6,063	5,091	6,063	5,331
39,550	39,600	6,075	5,099	6,075	5,339
39,600	39,650	6,088	5,106	6,088	5,346
39,650	39,700	6,100	5,114	6,100	5,354
39,700	39,750	6,113	5,121	6,113	5,361
39,750	39,800	6,125	5,129	6,125	5,369
39,800	39,850	6,138	5,136	6,138	5,376
39,850	39,900	6,150	5,144	6,150	5,384
39,900	39,950	6,163	5,151	6,163	5,391
39,950	40,000	6,175	5,159	6,175	5,399
<b>40,000</b>					
40,000	40,050	6,188	5,166	6,188	5,406
40,050	40,100	6,200	5,174	6,200	5,414
40,100	40,150	6,213	5,181	6,213	5,421
40,150	40,200	6,225	5,189	6,225	5,429
40,200	40,250	6,238	5,196	6,238	5,436
40,250	40,300	6,250	5,204	6,250	5,444
40,300	40,350	6,263	5,211	6,263	5,451
40,350	40,400	6,275	5,219	6,275	5,459
40,400	40,450	6,288	5,226	6,288	5,466
40,450	40,500	6,300	5,234	6,300	5,474
40,500	40,550	6,313	5,241	6,313	5,481
40,550	40,600	6,325	5,249	6,325	5,489
40,600	40,650	6,338	5,256	6,338	5,496
40,650					

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>41,000</b>					
41,000	41,050	6,438	5,316	6,438	5,556
41,050	41,100	6,450	5,324	6,450	5,564
41,100	41,150	6,463	5,331	6,463	5,571
41,150	41,200	6,475	5,339	6,475	5,579
41,200	41,250	6,488	5,346	6,488	5,586
41,250	41,300	6,500	5,354	6,500	5,594
41,300	41,350	6,513	5,361	6,513	5,601
41,350	41,400	6,525	5,369	6,525	5,609
41,400	41,450	6,538	5,376	6,538	5,616
41,450	41,500	6,550	5,384	6,550	5,624
41,500	41,550	6,563	5,391	6,563	5,631
41,550	41,600	6,575	5,399	6,575	5,639
41,600	41,650	6,588	5,406	6,588	5,646
41,650	41,700	6,600	5,414	6,600	5,654
41,700	41,750	6,613	5,421	6,613	5,661
41,750	41,800	6,625	5,429	6,625	5,669
41,800	41,850	6,638	5,436	6,638	5,676
41,850	41,900	6,650	5,444	6,650	5,684
41,900	41,950	6,663	5,451	6,663	5,691
41,950	42,000	6,675	5,459	6,675	5,699
<b>42,000</b>					
42,000	42,050	6,688	5,466	6,688	5,706
42,050	42,100	6,700	5,474	6,700	5,714
42,100	42,150	6,713	5,481	6,713	5,721
42,150	42,200	6,725	5,489	6,725	5,729
42,200	42,250	6,738	5,496	6,738	5,736
42,250	42,300	6,750	5,504	6,750	5,744
42,300	42,350	6,763	5,511	6,763	5,751
42,350	42,400	6,775	5,519	6,775	5,759
42,400	42,450	6,788	5,526	6,788	5,766
42,450	42,500	6,800	5,534	6,800	5,774
42,500	42,550	6,813	5,541	6,813	5,781
42,550	42,600	6,825	5,549	6,825	5,789
42,600	42,650	6,838	5,556	6,838	5,796
42,650	42,700	6,850	5,564	6,850	5,804
42,700	42,750	6,863	5,571	6,863	5,811
42,750	42,800	6,875	5,579	6,875	5,819
42,800	42,850	6,888	5,586	6,888	5,826
42,850	42,900	6,900	5,594	6,900	5,834
42,900	42,950	6,913	5,601	6,913	5,841
42,950	43,000	6,925	5,609	6,925	5,849
<b>43,000</b>					
43,000	43,050	6,938	5,616	6,938	5,856
43,050	43,100	6,950	5,624	6,950	5,864
43,100	43,150	6,963	5,631	6,963	5,871
43,150	43,200	6,975	5,639	6,975	5,879
43,200	43,250	6,988	5,646	6,988	5,886
43,250	43,300	7,000	5,654	7,000	5,894
43,300	43,350	7,013	5,661	7,013	5,901
43,350	43,400	7,025	5,669	7,025	5,909
43,400	43,450	7,038	5,676	7,038	5,916
43,450	43,500	7,050	5,684	7,050	5,924
43,500	43,550	7,063	5,691	7,063	5,931
43,550	43,600	7,075	5,699	7,075	5,939
43,600	43,650	7,088	5,706	7,088	5,946
43,650	43,700	7,100	5,714	7,100	5,954
43,700	43,750	7,113	5,721	7,113	5,961
43,750	43,800	7,125	5,729	7,125	5,969
43,800	43,850	7,138	5,736	7,138	5,976
43,850	43,900	7,150	5,744	7,150	5,984
43,900	43,950	7,163	5,751	7,163	5,991
43,950	44,000	7,175	5,759	7,175	5,999

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>44,000</b>					
44,000	44,050	7,188	5,766	7,188	6,006
44,050	44,100	7,200	5,774	7,200	6,014
44,100	44,150	7,213	5,781	7,213	6,021
44,150	44,200	7,225	5,789	7,225	6,029
44,200	44,250	7,238	5,796	7,238	6,036
44,250	44,300	7,250	5,804	7,250	6,044
44,300	44,350	7,263	5,811	7,263	6,051
44,350	44,400	7,275	5,819	7,275	6,059
44,400	44,450	7,288	5,826	7,288	6,066
44,450	44,500	7,300	5,834	7,300	6,074
44,500	44,550	7,313	5,841	7,313	6,081
44,550	44,600	7,325	5,849	7,325	6,089
44,600	44,650	7,338	5,856	7,338	6,096
44,650	44,700	7,350	5,864	7,350	6,104
44,700	44,750	7,363	5,871	7,363	6,111
44,750	44,800	7,375	5,879	7,375	6,119
44,800	44,850	7,388	5,886	7,388	6,126
44,850	44,900	7,400	5,894	7,400	6,134
44,900	44,950	7,413	5,901	7,413	6,141
44,950	45,000	7,425	5,909	7,425	6,149
<b>45,000</b>					
45,000	45,050	7,438	5,916	7,438	6,156
45,050	45,100	7,450	5,924	7,450	6,164
45,100	45,150	7,463	5,931	7,463	6,171
45,150	45,200	7,475	5,939	7,475	6,179
45,200	45,250	7,488	5,946	7,488	6,186
45,250	45,300	7,500	5,954	7,500	6,194
45,300	45,350	7,513	5,961	7,513	6,201
45,350	45,400	7,525	5,969	7,525	6,209
45,400	45,450	7,538	5,976	7,538	6,216
45,450	45,500	7,550	5,984	7,550	6,224
45,500	45,550	7,563	5,991	7,563	6,231
45,550	45,600	7,575	5,999	7,575	6,241
45,600	45,650	7,588	6,006	7,588	6,254
45,650	45,700	7,600	6,014	7,600	6,266
45,700	45,750	7,613	6,021	7,613	6,279
45,750	45,800	7,625	6,029	7,625	6,291
45,800	45,850	7,638	6,036	7,638	6,304
45,850	45,900	7,650	6,044	7,650	6,316
45,900	45,950	7,663	6,051	7,663	6,329
45,950	46,000	7,675	6,059	7,675	6,341
<b>46,000</b>					
46,000	46,050	7,688	6,066	7,688	6,354
46,050	46,100	7,700	6,074	7,700	6,366
46,100	46,150	7,713	6,081	7,713	6,379
46,150	46,200	7,725	6,089	7,725	6,391
46,200	46,250	7,738	6,096	7,738	6,404
46,250	46,300	7,750	6,104	7,750	6,416
46,300	46,350	7,763	6,111	7,763	6,429
46,350	46,400	7,775	6,119	7,775	6,441
46,400	46,450	7,788	6,126	7,788	6,454
46,450	46,500	7,800	6,134	7,800	6,466
46,500	46,550	7,813	6,141	7,813	6,479
46,550	46,600	7,825	6,149	7,825	6,491
46,600	46,650	7,838	6,156	7,838	6,504
46,650	46,700	7,850	6,164	7,850	6,516
46,700	46,750	7,863	6,171	7,863	6,529
46,750	46,800	7,875	6,179	7,875	6,541
46,800	46,850	7,888	6,186	7,888	6,554
46,850	46,900	7,900	6,194	7,900	6,566
46,900	46,950	7,913	6,201	7,913	6,579
46,950	47,000	7,925	6,209	7,925	6,591

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>47,000</b>					
47,000	47,050	7,938	6,216	7,938	6,604
47,050	47,100	7,950	6,224	7,950	6,616
47,100	47,150	7,963	6,231	7,963	6,629
47,150	47,200	7,975	6,239	7,975	6,641
47,200	47,250	7,988	6,246	7,988	6,654
47,250	47,300	8,000	6,254	8,000	6,666
47,300	47,350	8,013	6,261	8,013	6,679
47,350	47,400	8,025	6,269	8,025	6,691
47,400	47,450	8,038	6,276	8,038	6,704
47,450	47,500	8,050	6,284	8,050	6,716
47,500	47,550	8,063	6,291	8,063	6,729
47,550	47,600	8,075	6,299	8,075	6,741
47,600	47,650	8,088	6,306	8,088	6,754
47,650	47,700	8,100	6,314	8,100	6,766
47,700	47,750	8,113	6,321	8,113	6,779
47,750	47,800	8,125	6,329	8,125	6,791
47,800	47,850	8,138	6,336	8,138	6,804
47,850	47,900	8,150	6,344	8,150	6,816
47,900	47,950	8,163	6,351	8,163	6,829
47,950	48,000	8,175	6,359	8,175	6,841
<b>48,000</b>					
48,000	48,050	8,188	6,366	8,188	6,854
48,050	48,100	8,200	6,374	8,200	6,866
48,100	48,150	8,213	6,381	8,213	6,879
48,150	48,200	8,225	6,389	8,225	6,891
48,200	48,250	8,238	6,396	8,238	6,904
48,250	48,300	8,250	6,404	8,250	6,916
48,300	48,350	8,263	6,411	8,263	6,929
48,350	48,400	8,275	6,419	8,275	6,941
48,400	48,450	8,288	6,426	8,288	6,954
48,450	48,500	8,300	6,434	8,300	6,966
48,500	48,550	8,313	6,441	8,313	6,979
48,550	48,600	8,325	6,449	8,325	6,991
48,600	48,650	8,338	6,456	8,338	7,004
48,650	48,700	8,350	6,464	8,350	7,016
48,700	48,750	8,363	6,471	8,363	7,029
48,750	48,800	8,375	6,479	8,375	7,041
48,800	48,850	8,388	6,486	8,388	7,054
48,850	48,900	8,400	6,494	8,400	7,066
48,900	48,950	8,413	6,501	8,413	7,079
48,950	49,000	8,425	6,509	8,425	7,091
<b>49,000</b>					
49,000	49,050	8,438	6,516	8,438	7,104
49,050	49,100	8,450	6,524	8,450	7,116
49,100	49,150	8,463	6,531	8,463	7,129
49,150	49,200	8,475	6,539	8,475	7,141
49,200	49,250	8,488	6,546	8,488	7,154
49,250	49,300	8,500	6,554	8,500	7,166
49,300	49,350	8,513	6,561	8,513	7,179
49,350	49,400	8,525	6,569	8,525	7,191
49,400	49,450	8,538	6,576	8,538	7,204
49,450	49,500	8,550	6,584	8,550	7,216
49,500	49,550	8,563	6,591	8,563	7,229
49,550	49,600	8,575	6,599	8,575	7,241
49,600	49,650	8,588	6,606	8,5	

2010 Tax Table—Continued

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>50,000</b>					
50,000	50,050	8,688	6,666	8,688	7,354
50,050	50,100	8,700	6,674	8,700	7,366
50,100	50,150	8,713	6,681	8,713	7,379
50,150	50,200	8,725	6,689	8,725	7,391
50,200	50,250	8,738	6,696	8,738	7,404
50,250	50,300	8,750	6,704	8,750	7,416
50,300	50,350	8,763	6,711	8,763	7,429
50,350	50,400	8,775	6,719	8,775	7,441
50,400	50,450	8,788	6,726	8,788	7,454
50,450	50,500	8,800	6,734	8,800	7,466
50,500	50,550	8,813	6,741	8,813	7,479
50,550	50,600	8,825	6,749	8,825	7,491
50,600	50,650	8,838	6,756	8,838	7,504
50,650	50,700	8,850	6,764	8,850	7,516
50,700	50,750	8,863	6,771	8,863	7,529
50,750	50,800	8,875	6,779	8,875	7,541
50,800	50,850	8,888	6,786	8,888	7,554
50,850	50,900	8,900	6,794	8,900	7,566
50,900	50,950	8,913	6,801	8,913	7,579
50,950	51,000	8,925	6,809	8,925	7,591
<b>51,000</b>					
51,000	51,050	8,938	6,816	8,938	7,604
51,050	51,100	8,950	6,824	8,950	7,616
51,100	51,150	8,963	6,831	8,963	7,629
51,150	51,200	8,975	6,839	8,975	7,641
51,200	51,250	8,988	6,846	8,988	7,654
51,250	51,300	9,000	6,854	9,000	7,666
51,300	51,350	9,013	6,861	9,013	7,679
51,350	51,400	9,025	6,869	9,025	7,691
51,400	51,450	9,038	6,876	9,038	7,704
51,450	51,500	9,050	6,884	9,050	7,716
51,500	51,550	9,063	6,891	9,063	7,729
51,550	51,600	9,075	6,899	9,075	7,741
51,600	51,650	9,088	6,906	9,088	7,754
51,650	51,700	9,100	6,914	9,100	7,766
51,700	51,750	9,113	6,921	9,113	7,779
51,750	51,800	9,125	6,929	9,125	7,791
51,800	51,850	9,138	6,936	9,138	7,804
51,850	51,900	9,150	6,944	9,150	7,816
51,900	51,950	9,163	6,951	9,163	7,829
51,950	52,000	9,175	6,959	9,175	7,841
<b>52,000</b>					
52,000	52,050	9,188	6,966	9,188	7,854
52,050	52,100	9,200	6,974	9,200	7,866
52,100	52,150	9,213	6,981	9,213	7,879
52,150	52,200	9,225	6,989	9,225	7,891
52,200	52,250	9,238	6,996	9,238	7,904
52,250	52,300	9,250	7,004	9,250	7,916
52,300	52,350	9,263	7,011	9,263	7,929
52,350	52,400	9,275	7,019	9,275	7,941
52,400	52,450	9,288	7,026	9,288	7,954
52,450	52,500	9,300	7,034	9,300	7,966
52,500	52,550	9,313	7,041	9,313	7,979
52,550	52,600	9,325	7,049	9,325	7,991
52,600	52,650	9,338	7,056	9,338	8,004
52,650	52,700	9,350	7,064	9,350	8,016
52,700	52,750	9,363	7,071	9,363	8,029
52,750	52,800	9,375	7,079	9,375	8,041
52,800	52,850	9,388	7,086	9,388	8,054
52,850	52,900	9,400	7,094	9,400	8,066
52,900	52,950	9,413	7,101	9,413	8,079
52,950	53,000	9,425	7,109	9,425	8,091

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>53,000</b>					
53,000	53,050	9,438	7,116	9,438	8,104
53,050	53,100	9,450	7,124	9,450	8,116
53,100	53,150	9,463	7,131	9,463	8,129
53,150	53,200	9,475	7,139	9,475	8,141
53,200	53,250	9,488	7,146	9,488	8,154
53,250	53,300	9,500	7,154	9,500	8,166
53,300	53,350	9,513	7,161	9,513	8,179
53,350	53,400	9,525	7,169	9,525	8,191
53,400	53,450	9,538	7,176	9,538	8,204
53,450	53,500	9,550	7,184	9,550	8,216
53,500	53,550	9,563	7,191	9,563	8,229
53,550	53,600	9,575	7,199	9,575	8,241
53,600	53,650	9,588	7,206	9,588	8,254
53,650	53,700	9,600	7,214	9,600	8,266
53,700	53,750	9,613	7,221	9,613	8,279
53,750	53,800	9,625	7,229	9,625	8,291
53,800	53,850	9,638	7,236	9,638	8,304
53,850	53,900	9,650	7,244	9,650	8,316
53,900	53,950	9,663	7,251	9,663	8,329
53,950	54,000	9,675	7,259	9,675	8,341
<b>54,000</b>					
54,000	54,050	9,688	7,266	9,688	8,354
54,050	54,100	9,700	7,274	9,700	8,366
54,100	54,150	9,713	7,281	9,713	8,379
54,150	54,200	9,725	7,289	9,725	8,391
54,200	54,250	9,738	7,296	9,738	8,404
54,250	54,300	9,750	7,304	9,750	8,416
54,300	54,350	9,763	7,311	9,763	8,429
54,350	54,400	9,775	7,319	9,775	8,441
54,400	54,450	9,788	7,326	9,788	8,454
54,450	54,500	9,800	7,334	9,800	8,466
54,500	54,550	9,813	7,341	9,813	8,479
54,550	54,600	9,825	7,349	9,825	8,491
54,600	54,650	9,838	7,356	9,838	8,504
54,650	54,700	9,850	7,364	9,850	8,516
54,700	54,750	9,863	7,371	9,863	8,529
54,750	54,800	9,875	7,379	9,875	8,541
54,800	54,850	9,888	7,386	9,888	8,554
54,850	54,900	9,900	7,394	9,900	8,566
54,900	54,950	9,913	7,401	9,913	8,579
54,950	55,000	9,925	7,409	9,925	8,591
<b>55,000</b>					
55,000	55,050	9,938	7,416	9,938	8,604
55,050	55,100	9,950	7,424	9,950	8,616
55,100	55,150	9,963	7,431	9,963	8,629
55,150	55,200	9,975	7,439	9,975	8,641
55,200	55,250	9,988	7,446	9,988	8,654
55,250	55,300	10,000	7,454	10,000	8,666
55,300	55,350	10,013	7,461	10,013	8,679
55,350	55,400	10,025	7,469	10,025	8,691
55,400	55,450	10,038	7,476	10,038	8,704
55,450	55,500	10,050	7,484	10,050	8,716
55,500	55,550	10,063	7,491	10,063	8,729
55,550	55,600	10,075	7,499	10,075	8,741
55,600	55,650	10,088	7,506	10,088	8,754
55,650	55,700	10,100	7,514	10,100	8,766
55,700	55,750	10,113	7,521	10,113	8,779
55,750	55,800	10,125	7,529	10,125	8,791
55,800	55,850	10,138	7,536	10,138	8,804
55,850	55,900	10,150	7,544	10,150	8,816
55,900	55,950	10,163	7,551	10,163	8,829
55,950	56,000	10,175	7,559	10,175	8,841

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>56,000</b>					
56,000	56,050	10,188	7,566	10,188	8,854
56,050	56,100	10,200	7,574	10,200	8,866
56,100	56,150	10,213	7,581	10,213	8,879
56,150	56,200	10,225	7,589	10,225	8,891
56,200	56,250	10,238	7,596	10,238	8,904
56,250	56,300	10,250	7,604	10,250	8,916
56,300	56,350	10,263	7,611	10,263	8,929
56,350	56,400	10,275	7,619	10,275	8,941
56,400	56,450	10,288	7,626	10,288	8,954
56,450	56,500	10,300	7,634	10,300	8,966
56,500	56,550	10,313	7,641	10,313	8,979
56,550	56,600	10,325	7,649	10,325	8,991
56,600	56,650	10,338	7,656	10,338	9,004
56,650	56,700	10,350	7,664	10,350	9,016
56,700	56,750	10,363	7,671	10,363	9,029
56,750	56,800	10,375	7,679	10,375	9,041
56,800	56,850	10,388	7,686	10,388	9,054
56,850	56,900	10,400	7,694	10,400	9,066
56,900	56,950	10,413	7,701	10,413	9,079
56,950	57,000	10,425	7,709	10,425	9,091
<b>57,000</b>					
57,000	57,050	10,438	7,716	10,438	9,104
57,050	57,100	10,450	7,724	10,450	9,116
57,100	57,150	10,463	7,731	10,463	9,129
57,150	57,200	10,475	7,739	10,475	9,141
57,200	57,250	10,488	7,746	10,488	9,154
57,250	57,300	10,500	7,754	10,500	9,166
57,300	57,350	10,513	7,761	10,513	9,179
57,350	57,400	10,525	7,769	10,525	9,191
57,400	57,450	10,538	7,776	10,538	9,204
57,450	57,500	10,550	7,784	10,550	9,216
57,500	57,550	10,563	7,791	10,563	9,229
57,550	57,600	10,575	7,799	10,575	9,241
57,600	57,650	10,588	7,806	10,588	9,254
57,650	57,700	10,600	7,814	10,600	9,266
57,700	57,750	10,613	7,821	10,613	9,279
57,750	57,800	10,625	7,829	10,625	9,291
57,800	57,850	10,638	7,836	10,638	9,304
57,850	57,900	10,650	7,844	10,650	9,316
57,900	57,950	10,663	7,851	10,663	9,329
57,950	58,000	10,675	7,859	10,675	9,341
<b>58,000</b>					
58,000	58,050	10,688	7,866	10,688	9,354
58,050	58,100	10,700	7,874	10,700	9,366
58,100	58,150	10,713	7,881	10,713	9,379
58,150	58,200	10,725	7,889	10,725	9,391
58,200	58,250	10,738	7,896	10,738	9,404
58,250	58,300	10,750	7,904	10,750	9,416
58,300	58,350	10,763	7,911	10,763	9,429
58,350	58,400	10,775	7,919	10,775	9,441
58,400	58,450	10,788	7,926	10,788	9,454
58,450	58,500	10,800	7,934	10,800	9,466
58,500	58,550	10,813	7,941	10,813</	



2010 Tax Table—Continued

If line 43 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
<b>59,000</b>					
59,000	59,050	10,938	8,016	10,938	9,604
59,050	59,100	10,950	8,024	10,950	9,616
59,100	59,150	10,963	8,031	10,963	9,629
59,150	59,200	10,975	8,039	10,975	9,641
59,200	59,250	10,988	8,046	10,988	9,654
59,250	59,300	11,000	8,054	11,000	9,666
59,300	59,350	11,013	8,061	11,013	9,679
59,350	59,400	11,025	8,069	11,025	9,691
59,400	59,450	11,038	8,076	11,038	9,704
59,450	59,500	11,050	8,084	11,050	9,716
59,500	59,550	11,063	8,091	11,063	9,729
59,550	59,600	11,075	8,099	11,075	9,741
59,600	59,650	11,088	8,106	11,088	9,754
59,650	59,700	11,100	8,114	11,100	9,766
59,700	59,750	11,113	8,121	11,113	9,779
59,750	59,800	11,125	8,129	11,125	9,791
59,800	59,850	11,138	8,136	11,138	9,804
59,850	59,900	11,150	8,144	11,150	9,816
59,900	59,950	11,163	8,151	11,163	9,829
59,950	60,000	11,175	8,159	11,175	9,841
<b>60,000</b>					
60,000	60,050	11,188	8,166	11,188	9,854
60,050	60,100	11,200	8,174	11,200	9,866
60,100	60,150	11,213	8,181	11,213	9,879
60,150	60,200	11,225	8,189	11,225	9,891
60,200	60,250	11,238	8,196	11,238	9,904
60,250	60,300	11,250	8,204	11,250	9,916
60,300	60,350	11,263	8,211	11,263	9,929
60,350	60,400	11,275	8,219	11,275	9,941
60,400	60,450	11,288	8,226	11,288	9,954
60,450	60,500	11,300	8,234	11,300	9,966
60,500	60,550	11,313	8,241	11,313	9,979
60,550	60,600	11,325	8,249	11,325	9,991
60,600	60,650	11,338	8,256	11,338	10,004
60,650	60,700	11,350	8,264	11,350	10,016
60,700	60,750	11,363	8,271	11,363	10,029
60,750	60,800	11,375	8,279	11,375	10,041
60,800	60,850	11,388	8,286	11,388	10,054
60,850	60,900	11,400	8,294	11,400	10,066
60,900	60,950	11,413	8,301	11,413	10,079
60,950	61,000	11,425	8,309	11,425	10,091
<b>61,000</b>					
61,000	61,050	11,438	8,316	11,438	10,104
61,050	61,100	11,450	8,324	11,450	10,116
61,100	61,150	11,463	8,331	11,463	10,129
61,150	61,200	11,475	8,339	11,475	10,141
61,200	61,250	11,488	8,346	11,488	10,154
61,250	61,300	11,500	8,354	11,500	10,166
61,300	61,350	11,513	8,361	11,513	10,179
61,350	61,400	11,525	8,369	11,525	10,191
61,400	61,450	11,538	8,376	11,538	10,204
61,450	61,500	11,550	8,384	11,550	10,216
61,500	61,550	11,563	8,391	11,563	10,229
61,550	61,600	11,575	8,399	11,575	10,241
61,600	61,650	11,588	8,406	11,588	10,254
61,650	61,700	11,600	8,414	11,600	10,266
61,700	61,750	11,613	8,421	11,613	10,279
61,750	61,800	11,625	8,429	11,625	10,291
61,800	61,850	11,638	8,436	11,638	10,304
61,850	61,900	11,650	8,444	11,650	10,316
61,900	61,950	11,663	8,451	11,663	10,329
61,950	62,000	11,675	8,459	11,675	10,341

If line 43 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
<b>62,000</b>					
62,000	62,050	11,688	8,466	11,688	10,354
62,050	62,100	11,700	8,474	11,700	10,366
62,100	62,150	11,713	8,481	11,713	10,379
62,150	62,200	11,725	8,489	11,725	10,391
62,200	62,250	11,738	8,496	11,738	10,404
62,250	62,300	11,750	8,504	11,750	10,416
62,300	62,350	11,763	8,511	11,763	10,429
62,350	62,400	11,775	8,519	11,775	10,441
62,400	62,450	11,788	8,526	11,788	10,454
62,450	62,500	11,800	8,534	11,800	10,466
62,500	62,550	11,813	8,541	11,813	10,479
62,550	62,600	11,825	8,549	11,825	10,491
62,600	62,650	11,838	8,556	11,838	10,504
62,650	62,700	11,850	8,564	11,850	10,516
62,700	62,750	11,863	8,571	11,863	10,529
62,750	62,800	11,875	8,579	11,875	10,541
62,800	62,850	11,888	8,586	11,888	10,554
62,850	62,900	11,900	8,594	11,900	10,566
62,900	62,950	11,913	8,601	11,913	10,579
62,950	63,000	11,925	8,609	11,925	10,591
<b>63,000</b>					
63,000	63,050	11,938	8,616	11,938	10,604
63,050	63,100	11,950	8,624	11,950	10,616
63,100	63,150	11,963	8,631	11,963	10,629
63,150	63,200	11,975	8,639	11,975	10,641
63,200	63,250	11,988	8,646	11,988	10,654
63,250	63,300	12,000	8,654	12,000	10,666
63,300	63,350	12,013	8,661	12,013	10,679
63,350	63,400	12,025	8,669	12,025	10,691
63,400	63,450	12,038	8,676	12,038	10,704
63,450	63,500	12,050	8,684	12,050	10,716
63,500	63,550	12,063	8,691	12,063	10,729
63,550	63,600	12,075	8,699	12,075	10,741
63,600	63,650	12,088	8,706	12,088	10,754
63,650	63,700	12,100	8,714	12,100	10,766
63,700	63,750	12,113	8,721	12,113	10,779
63,750	63,800	12,125	8,729	12,125	10,791
63,800	63,850	12,138	8,736	12,138	10,804
63,850	63,900	12,150	8,744	12,150	10,816
63,900	63,950	12,163	8,751	12,163	10,829
63,950	64,000	12,175	8,759	12,175	10,841
<b>64,000</b>					
64,000	64,050	12,188	8,766	12,188	10,854
64,050	64,100	12,200	8,774	12,200	10,866
64,100	64,150	12,213	8,781	12,213	10,879
64,150	64,200	12,225	8,789	12,225	10,891
64,200	64,250	12,238	8,796	12,238	10,904
64,250	64,300	12,250	8,804	12,250	10,916
64,300	64,350	12,263	8,811	12,263	10,929
64,350	64,400	12,275	8,819	12,275	10,941
64,400	64,450	12,288	8,826	12,288	10,954
64,450	64,500	12,300	8,834	12,300	10,966
64,500	64,550	12,313	8,841	12,313	10,979
64,550	64,600	12,325	8,849	12,325	10,991
64,600	64,650	12,338	8,856	12,338	11,004
64,650	64,700	12,350	8,864	12,350	11,016
64,700	64,750	12,363	8,871	12,363	11,029
64,750	64,800	12,375	8,879	12,375	11,041
64,800	64,850	12,388	8,886	12,388	11,054
64,850	64,900	12,400	8,894	12,400	11,066
64,900	64,950	12,413	8,901	12,413	11,079
64,950	65,000	12,425	8,909	12,425	11,091

If line 43 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
<b>65,000</b>					
65,000	65,050	12,438	8,916	12,438	11,104
65,050	65,100	12,450	8,924	12,450	11,116
65,100	65,150	12,463	8,931	12,463	11,129
65,150	65,200	12,475	8,939	12,475	11,141
65,200	65,250	12,488	8,946	12,488	11,154
65,250	65,300	12,500	8,954	12,500	11,166
65,300	65,350	12,513	8,961	12,513	11,179
65,350	65,400	12,525	8,969	12,525	11,191
65,400	65,450	12,538	8,976	12,538	11,204
65,450	65,500	12,550	8,984	12,550	11,216
65,500	65,550	12,563	8,991	12,563	11,229
65,550	65,600	12,575	8,999	12,575	11,241
65,600	65,650	12,588	9,006	12,588	11,254
65,650	65,700	12,600	9,014	12,600	11,266
65,700	65,750	12,613	9,021	12,613	11,279
65,750	65,800	12,625	9,029	12,625	11,291
65,800	65,850	12,638	9,036	12,638	11,304
65,850	65,900	12,650	9,044	12,650	11,316
65,900	65,950	12,663	9,051	12,663	11,329
65,950	66,000	12,675	9,059	12,675	11,341
<b>66,000</b>					
66,000	66,050	12,688	9,066	12,688	11,354
66,050	66,100	12,700	9,074	12,700	11,366
66,100	66,150	12,713	9,081	12,713	11,379
66,150	66,200	12,725	9,089	12,725	11,391
66,200	66,250	12,738	9,096	12,738	11,404
66,250	66,300	12,750	9,104	12,750	11,416
66,300	66,350	12,763	9,111	12,763	11,429
66,350	66,400	12,775	9,119	12,775	11,441
66,400	66,450	12,788	9,126	12,788	11,454

2010 Tax Table—Continued

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>68,000</b>					
68,000	68,050	13,188	9,369	13,188	11,854
68,050	68,100	13,200	9,381	13,200	11,866
68,100	68,150	13,213	9,394	13,213	11,879
68,150	68,200	13,225	9,406	13,225	11,891
68,200	68,250	13,238	9,419	13,238	11,904
68,250	68,300	13,250	9,431	13,250	11,916
68,300	68,350	13,263	9,444	13,263	11,929
68,350	68,400	13,275	9,456	13,275	11,941
68,400	68,450	13,288	9,469	13,288	11,954
68,450	68,500	13,300	9,481	13,300	11,966
68,500	68,550	13,313	9,494	13,313	11,979
68,550	68,600	13,325	9,506	13,325	11,991
68,600	68,650	13,338	9,519	13,338	12,004
68,650	68,700	13,350	9,531	13,351	12,016
68,700	68,750	13,363	9,544	13,365	12,029
68,750	68,800	13,375	9,556	13,379	12,041
68,800	68,850	13,388	9,569	13,393	12,054
68,850	68,900	13,400	9,581	13,407	12,066
68,900	68,950	13,413	9,594	13,421	12,079
68,950	69,000	13,425	9,606	13,435	12,091
<b>69,000</b>					
69,000	69,050	13,438	9,619	13,449	12,104
69,050	69,100	13,450	9,631	13,463	12,116
69,100	69,150	13,463	9,644	13,477	12,129
69,150	69,200	13,475	9,656	13,491	12,141
69,200	69,250	13,488	9,669	13,505	12,154
69,250	69,300	13,500	9,681	13,519	12,166
69,300	69,350	13,513	9,694	13,533	12,179
69,350	69,400	13,525	9,706	13,547	12,191
69,400	69,450	13,538	9,719	13,561	12,204
69,450	69,500	13,550	9,731	13,575	12,216
69,500	69,550	13,563	9,744	13,589	12,229
69,550	69,600	13,575	9,756	13,603	12,241
69,600	69,650	13,588	9,769	13,617	12,254
69,650	69,700	13,600	9,781	13,631	12,266
69,700	69,750	13,613	9,794	13,645	12,279
69,750	69,800	13,625	9,806	13,659	12,291
69,800	69,850	13,638	9,819	13,673	12,304
69,850	69,900	13,650	9,831	13,687	12,316
69,900	69,950	13,663	9,844	13,701	12,329
69,950	70,000	13,675	9,856	13,715	12,341
<b>70,000</b>					
70,000	70,050	13,688	9,869	13,729	12,354
70,050	70,100	13,700	9,881	13,743	12,366
70,100	70,150	13,713	9,894	13,757	12,379
70,150	70,200	13,725	9,906	13,771	12,391
70,200	70,250	13,738	9,919	13,785	12,404
70,250	70,300	13,750	9,931	13,799	12,416
70,300	70,350	13,763	9,944	13,813	12,429
70,350	70,400	13,775	9,956	13,827	12,441
70,400	70,450	13,788	9,969	13,841	12,454
70,450	70,500	13,800	9,981	13,855	12,466
70,500	70,550	13,813	9,994	13,869	12,479
70,550	70,600	13,825	10,006	13,883	12,491
70,600	70,650	13,838	10,019	13,897	12,504
70,650	70,700	13,850	10,031	13,911	12,516
70,700	70,750	13,863	10,044	13,925	12,529
70,750	70,800	13,875	10,056	13,939	12,541
70,800	70,850	13,888	10,069	13,953	12,554
70,850	70,900	13,900	10,081	13,967	12,566
70,900	70,950	13,913	10,094	13,981	12,579
70,950	71,000	13,925	10,106	13,995	12,591

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>71,000</b>					
71,000	71,050	13,938	10,119	14,009	12,604
71,050	71,100	13,950	10,131	14,023	12,616
71,100	71,150	13,963	10,144	14,037	12,629
71,150	71,200	13,975	10,156	14,051	12,641
71,200	71,250	13,988	10,169	14,065	12,654
71,250	71,300	14,000	10,181	14,079	12,666
71,300	71,350	14,013	10,194	14,093	12,679
71,350	71,400	14,025	10,206	14,107	12,691
71,400	71,450	14,038	10,219	14,121	12,704
71,450	71,500	14,050	10,231	14,135	12,716
71,500	71,550	14,063	10,244	14,149	12,729
71,550	71,600	14,075	10,256	14,163	12,741
71,600	71,650	14,088	10,269	14,177	12,754
71,650	71,700	14,100	10,281	14,191	12,766
71,700	71,750	14,113	10,294	14,205	12,779
71,750	71,800	14,125	10,306	14,219	12,791
71,800	71,850	14,138	10,319	14,233	12,804
71,850	71,900	14,150	10,331	14,247	12,816
71,900	71,950	14,163	10,344	14,261	12,829
71,950	72,000	14,175	10,356	14,275	12,841
<b>72,000</b>					
72,000	72,050	14,188	10,369	14,289	12,854
72,050	72,100	14,200	10,381	14,303	12,866
72,100	72,150	14,213	10,394	14,317	12,879
72,150	72,200	14,225	10,406	14,331	12,891
72,200	72,250	14,238	10,419	14,345	12,904
72,250	72,300	14,250	10,431	14,359	12,916
72,300	72,350	14,263	10,444	14,373	12,929
72,350	72,400	14,275	10,456	14,387	12,941
72,400	72,450	14,288	10,469	14,401	12,954
72,450	72,500	14,300	10,481	14,415	12,966
72,500	72,550	14,313	10,494	14,429	12,979
72,550	72,600	14,325	10,506	14,443	12,991
72,600	72,650	14,338	10,519	14,457	13,004
72,650	72,700	14,350	10,531	14,471	13,016
72,700	72,750	14,363	10,544	14,485	13,029
72,750	72,800	14,375	10,556	14,499	13,041
72,800	72,850	14,388	10,569	14,513	13,054
72,850	72,900	14,400	10,581	14,527	13,066
72,900	72,950	14,413	10,594	14,541	13,079
72,950	73,000	14,425	10,606	14,555	13,091
<b>73,000</b>					
73,000	73,050	14,438	10,619	14,569	13,104
73,050	73,100	14,450	10,631	14,583	13,116
73,100	73,150	14,463	10,644	14,597	13,129
73,150	73,200	14,475	10,656	14,611	13,141
73,200	73,250	14,488	10,669	14,625	13,154
73,250	73,300	14,500	10,681	14,639	13,166
73,300	73,350	14,513	10,694	14,653	13,179
73,350	73,400	14,525	10,706	14,667	13,191
73,400	73,450	14,538	10,719	14,681	13,204
73,450	73,500	14,550	10,731	14,695	13,216
73,500	73,550	14,563	10,744	14,709	13,229
73,550	73,600	14,575	10,756	14,723	13,241
73,600	73,650	14,588	10,769	14,737	13,254
73,650	73,700	14,600	10,781	14,751	13,266
73,700	73,750	14,613	10,794	14,765	13,279
73,750	73,800	14,625	10,806	14,779	13,291
73,800	73,850	14,638	10,819	14,793	13,304
73,850	73,900	14,650	10,831	14,807	13,316
73,900	73,950	14,663	10,844	14,821	13,329
73,950	74,000	14,675	10,856	14,835	13,341

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>74,000</b>					
74,000	74,050	14,688	10,869	14,849	13,354
74,050	74,100	14,700	10,881	14,863	13,366
74,100	74,150	14,713	10,894	14,877	13,379
74,150	74,200	14,725	10,906	14,891	13,391
74,200	74,250	14,738	10,919	14,905	13,404
74,250	74,300	14,750	10,931	14,919	13,416
74,300	74,350	14,763	10,944	14,933	13,429
74,350	74,400	14,775	10,956	14,947	13,441
74,400	74,450	14,788	10,969	14,961	13,454
74,450	74,500	14,800	10,981	14,975	13,466
74,500	74,550	14,813	10,994	14,989	13,479
74,550	74,600	14,825	11,006	15,003	13,491
74,600	74,650	14,838	11,019	15,017	13,504
74,650	74,700	14,850	11,031	15,031	13,516
74,700	74,750	14,863	11,044	15,045	13,529
74,750	74,800	14,875	11,056	15,059	13,541
74,800	74,850	14,888	11,069	15,073	13,554
74,850	74,900	14,900	11,081	15,087	13,566
74,900	74,950	14,913	11,094	15,101	13,579
74,950	75,000	14,925	11,106	15,115	13,591
<b>75,000</b>					
75,000	75,050	14,938	11,119	15,129	13,604
75,050	75,100	14,950	11,131	15,143	13,616
75,100	75,150	14,963	11,144	15,157	13,629
75,150	75,200	14,975	11,156	15,171	13,641
75,200	75,250	14,988	11,169	15,185	13,654
75,250	75,300	15,000	11,181	15,199	13,666
75,300	75,350	15,013	11,194	15,213	13,679
75,350	75,400	15,025			

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>77,000</b>					
77,000	77,050	15,438	11,619	15,689	14,104
77,050	77,100	15,450	11,631	15,703	14,116
77,100	77,150	15,463	11,644	15,717	14,129
77,150	77,200	15,475	11,656	15,731	14,141
77,200	77,250	15,488	11,669	15,745	14,154
77,250	77,300	15,500	11,681	15,759	14,166
77,300	77,350	15,513	11,694	15,773	14,179
77,350	77,400	15,525	11,706	15,787	14,191
77,400	77,450	15,538	11,719	15,801	14,204
77,450	77,500	15,550	11,731	15,815	14,216
77,500	77,550	15,563	11,744	15,829	14,229
77,550	77,600	15,575	11,756	15,843	14,241
77,600	77,650	15,588	11,769	15,857	14,254
77,650	77,700	15,600	11,781	15,871	14,266
77,700	77,750	15,613	11,794	15,885	14,279
77,750	77,800	15,625	11,806	15,899	14,291
77,800	77,850	15,638	11,819	15,913	14,304
77,850	77,900	15,650	11,831	15,927	14,316
77,900	77,950	15,663	11,844	15,941	14,329
77,950	78,000	15,675	11,856	15,955	14,341
<b>78,000</b>					
78,000	78,050	15,688	11,869	15,969	14,354
78,050	78,100	15,700	11,881	15,983	14,366
78,100	78,150	15,713	11,894	15,997	14,379
78,150	78,200	15,725	11,906	16,011	14,391
78,200	78,250	15,738	11,919	16,025	14,404
78,250	78,300	15,750	11,931	16,039	14,416
78,300	78,350	15,763	11,944	16,053	14,429
78,350	78,400	15,775	11,956	16,067	14,441
78,400	78,450	15,788	11,969	16,081	14,454
78,450	78,500	15,800	11,981	16,095	14,466
78,500	78,550	15,813	11,994	16,109	14,479
78,550	78,600	15,825	12,006	16,123	14,491
78,600	78,650	15,838	12,019	16,137	14,504
78,650	78,700	15,850	12,031	16,151	14,516
78,700	78,750	15,863	12,044	16,165	14,529
78,750	78,800	15,875	12,056	16,179	14,541
78,800	78,850	15,888	12,069	16,193	14,554
78,850	78,900	15,900	12,081	16,207	14,566
78,900	78,950	15,913	12,094	16,221	14,579
78,950	79,000	15,925	12,106	16,235	14,591
<b>79,000</b>					
79,000	79,050	15,938	12,119	16,249	14,604
79,050	79,100	15,950	12,131	16,263	14,616
79,100	79,150	15,963	12,144	16,277	14,629
79,150	79,200	15,975	12,156	16,291	14,641
79,200	79,250	15,988	12,169	16,305	14,654
79,250	79,300	16,000	12,181	16,319	14,666
79,300	79,350	16,013	12,194	16,333	14,679
79,350	79,400	16,025	12,206	16,347	14,691
79,400	79,450	16,038	12,219	16,361	14,704
79,450	79,500	16,050	12,231	16,375	14,716
79,500	79,550	16,063	12,244	16,389	14,729
79,550	79,600	16,075	12,256	16,403	14,741
79,600	79,650	16,088	12,269	16,417	14,754
79,650	79,700	16,100	12,281	16,431	14,766
79,700	79,750	16,113	12,294	16,445	14,779
79,750	79,800	16,125	12,306	16,459	14,791
79,800	79,850	16,138	12,319	16,473	14,804
79,850	79,900	16,150	12,331	16,487	14,816
79,900	79,950	16,163	12,344	16,501	14,829
79,950	80,000	16,175	12,356	16,515	14,841

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>80,000</b>					
80,000	80,050	16,188	12,369	16,529	14,854
80,050	80,100	16,200	12,381	16,543	14,866
80,100	80,150	16,213	12,394	16,557	14,879
80,150	80,200	16,225	12,406	16,571	14,891
80,200	80,250	16,238	12,419	16,585	14,904
80,250	80,300	16,250	12,431	16,599	14,916
80,300	80,350	16,263	12,444	16,613	14,929
80,350	80,400	16,275	12,456	16,627	14,941
80,400	80,450	16,288	12,469	16,641	14,954
80,450	80,500	16,300	12,481	16,655	14,966
80,500	80,550	16,313	12,494	16,669	14,979
80,550	80,600	16,325	12,506	16,683	14,991
80,600	80,650	16,338	12,519	16,697	15,004
80,650	80,700	16,350	12,531	16,711	15,016
80,700	80,750	16,363	12,544	16,725	15,029
80,750	80,800	16,375	12,556	16,739	15,041
80,800	80,850	16,388	12,569	16,753	15,054
80,850	80,900	16,400	12,581	16,767	15,066
80,900	80,950	16,413	12,594	16,781	15,079
80,950	81,000	16,425	12,606	16,795	15,091
<b>81,000</b>					
81,000	81,050	16,438	12,619	16,809	15,104
81,050	81,100	16,450	12,631	16,823	15,116
81,100	81,150	16,463	12,644	16,837	15,129
81,150	81,200	16,475	12,656	16,851	15,141
81,200	81,250	16,488	12,669	16,865	15,154
81,250	81,300	16,500	12,681	16,879	15,166
81,300	81,350	16,513	12,694	16,893	15,179
81,350	81,400	16,525	12,706	16,907	15,191
81,400	81,450	16,538	12,719	16,921	15,204
81,450	81,500	16,550	12,731	16,935	15,216
81,500	81,550	16,563	12,744	16,949	15,229
81,550	81,600	16,575	12,756	16,963	15,241
81,600	81,650	16,588	12,769	16,977	15,254
81,650	81,700	16,600	12,781	16,991	15,266
81,700	81,750	16,613	12,794	17,005	15,279
81,750	81,800	16,625	12,806	17,019	15,291
81,800	81,850	16,638	12,819	17,033	15,304
81,850	81,900	16,650	12,831	17,047	15,316
81,900	81,950	16,663	12,844	17,061	15,329
81,950	82,000	16,675	12,856	17,075	15,341
<b>82,000</b>					
82,000	82,050	16,688	12,869	17,089	15,354
82,050	82,100	16,700	12,881	17,103	15,366
82,100	82,150	16,713	12,894	17,117	15,379
82,150	82,200	16,725	12,906	17,131	15,391
82,200	82,250	16,738	12,919	17,145	15,404
82,250	82,300	16,750	12,931	17,159	15,416
82,300	82,350	16,763	12,944	17,173	15,429
82,350	82,400	16,775	12,956	17,187	15,441
82,400	82,450	16,788	12,969	17,201	15,454
82,450	82,500	16,800	12,981	17,215	15,466
82,500	82,550	16,816	12,994	17,229	15,479
82,550	82,600	16,830	13,006	17,243	15,491
82,600	82,650	16,844	13,019	17,257	15,504
82,650	82,700	16,858	13,031	17,271	15,516
82,700	82,750	16,872	13,044	17,285	15,529
82,750	82,800	16,886	13,056	17,299	15,541
82,800	82,850	16,900	13,069	17,313	15,554
82,850	82,900	16,914	13,081	17,327	15,566
82,900	82,950	16,928	13,094	17,341	15,579
82,950	83,000	16,942	13,106	17,355	15,591

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>83,000</b>					
83,000	83,050	16,956	13,119	17,369	15,604
83,050	83,100	16,970	13,131	17,383	15,616
83,100	83,150	16,984	13,144	17,397	15,629
83,150	83,200	16,998	13,156	17,411	15,641
83,200	83,250	17,012	13,169	17,425	15,654
83,250	83,300	17,026	13,181	17,439	15,666
83,300	83,350	17,040	13,194	17,453	15,679
83,350	83,400	17,054	13,206	17,467	15,691
83,400	83,450	17,068	13,219	17,481	15,704
83,450	83,500	17,082	13,231	17,495	15,716
83,500	83,550	17,096	13,244	17,509	15,729
83,550	83,600	17,110	13,256	17,523	15,741
83,600	83,650	17,124	13,269	17,537	15,754
83,650	83,700	17,138	13,281	17,551	15,766
83,700	83,750	17,152	13,294	17,565	15,779
83,750	83,800	17,166	13,306	17,579	15,791
83,800	83,850	17,180	13,319	17,593	15,804
83,850	83,900	17,194	13,331	17,607	15,816
83,900	83,950	17,208	13,344	17,621	15,829
83,950	84,000	17,222	13,356	17,635	15,841
<b>84,000</b>					
84,000	84,050	17,236	13,369	17,649	15,854
84,050	84,100	17,250	13,381	17,663	15,866
84,100	84,150	17,264	13,394	17,677	15,879
84,150	84,200	17,278	13,406	17,691	15,891
84,200	84,250	17,292	13,419	17,705	15,904
84,250	84,300	17,306	13,431	17,719	15,916
84,300	84,350	17,320	13,444	17,733	

2010 Tax Table—Continued

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>86,000</b>					
86,000	86,050	17,796	13,869	18,209	16,354
86,050	86,100	17,810	13,881	18,223	16,366
86,100	86,150	17,824	13,894	18,237	16,379
86,150	86,200	17,838	13,906	18,251	16,391
86,200	86,250	17,852	13,919	18,265	16,404
86,250	86,300	17,866	13,931	18,279	16,416
86,300	86,350	17,880	13,944	18,293	16,429
86,350	86,400	17,894	13,956	18,307	16,441
86,400	86,450	17,908	13,969	18,321	16,454
86,450	86,500	17,922	13,981	18,335	16,466
86,500	86,550	17,936	13,994	18,349	16,479
86,550	86,600	17,950	14,006	18,363	16,491
86,600	86,650	17,964	14,019	18,377	16,504
86,650	86,700	17,978	14,031	18,391	16,516
86,700	86,750	17,992	14,044	18,405	16,529
86,750	86,800	18,006	14,056	18,419	16,541
86,800	86,850	18,020	14,069	18,433	16,554
86,850	86,900	18,034	14,081	18,447	16,566
86,900	86,950	18,048	14,094	18,461	16,579
86,950	87,000	18,062	14,106	18,475	16,591
<b>87,000</b>					
87,000	87,050	18,076	14,119	18,489	16,604
87,050	87,100	18,090	14,131	18,503	16,616
87,100	87,150	18,104	14,144	18,517	16,629
87,150	87,200	18,118	14,156	18,531	16,641
87,200	87,250	18,132	14,169	18,545	16,654
87,250	87,300	18,146	14,181	18,559	16,666
87,300	87,350	18,160	14,194	18,573	16,679
87,350	87,400	18,174	14,206	18,587	16,691
87,400	87,450	18,188	14,219	18,601	16,704
87,450	87,500	18,202	14,231	18,615	16,716
87,500	87,550	18,216	14,244	18,629	16,729
87,550	87,600	18,230	14,256	18,643	16,741
87,600	87,650	18,244	14,269	18,657	16,754
87,650	87,700	18,258	14,281	18,671	16,766
87,700	87,750	18,272	14,294	18,685	16,779
87,750	87,800	18,286	14,306	18,699	16,791
87,800	87,850	18,300	14,319	18,713	16,804
87,850	87,900	18,314	14,331	18,727	16,816
87,900	87,950	18,328	14,344	18,741	16,829
87,950	88,000	18,342	14,356	18,755	16,841
<b>88,000</b>					
88,000	88,050	18,356	14,369	18,769	16,854
88,050	88,100	18,370	14,381	18,783	16,866
88,100	88,150	18,384	14,394	18,797	16,879
88,150	88,200	18,398	14,406	18,811	16,891
88,200	88,250	18,412	14,419	18,825	16,904
88,250	88,300	18,426	14,431	18,839	16,916
88,300	88,350	18,440	14,444	18,853	16,929
88,350	88,400	18,454	14,456	18,867	16,941
88,400	88,450	18,468	14,469	18,881	16,954
88,450	88,500	18,482	14,481	18,895	16,966
88,500	88,550	18,496	14,494	18,909	16,979
88,550	88,600	18,510	14,506	18,923	16,991
88,600	88,650	18,524	14,519	18,937	17,004
88,650	88,700	18,538	14,531	18,951	17,016
88,700	88,750	18,552	14,544	18,965	17,029
88,750	88,800	18,566	14,556	18,979	17,041
88,800	88,850	18,580	14,569	18,993	17,054
88,850	88,900	18,594	14,581	19,007	17,066
88,900	88,950	18,608	14,594	19,021	17,079
88,950	89,000	18,622	14,606	19,035	17,091

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>89,000</b>					
89,000	89,050	18,636	14,619	19,049	17,104
89,050	89,100	18,650	14,631	19,063	17,116
89,100	89,150	18,664	14,644	19,077	17,129
89,150	89,200	18,678	14,656	19,091	17,141
89,200	89,250	18,692	14,669	19,105	17,154
89,250	89,300	18,706	14,681	19,119	17,166
89,300	89,350	18,720	14,694	19,133	17,179
89,350	89,400	18,734	14,706	19,147	17,191
89,400	89,450	18,748	14,719	19,161	17,204
89,450	89,500	18,762	14,731	19,175	17,216
89,500	89,550	18,776	14,744	19,189	17,229
89,550	89,600	18,790	14,756	19,203	17,241
89,600	89,650	18,804	14,769	19,217	17,254
89,650	89,700	18,818	14,781	19,231	17,266
89,700	89,750	18,832	14,794	19,245	17,279
89,750	89,800	18,846	14,806	19,259	17,291
89,800	89,850	18,860	14,819	19,273	17,304
89,850	89,900	18,874	14,831	19,287	17,316
89,900	89,950	18,888	14,844	19,301	17,329
89,950	90,000	18,902	14,856	19,315	17,341
<b>90,000</b>					
90,000	90,050	18,916	14,869	19,329	17,354
90,050	90,100	18,930	14,881	19,343	17,366
90,100	90,150	18,944	14,894	19,357	17,379
90,150	90,200	18,958	14,906	19,371	17,391
90,200	90,250	18,972	14,919	19,385	17,404
90,250	90,300	18,986	14,931	19,399	17,416
90,300	90,350	19,000	14,944	19,413	17,429
90,350	90,400	19,014	14,956	19,427	17,441
90,400	90,450	19,028	14,969	19,441	17,454
90,450	90,500	19,042	14,981	19,455	17,466
90,500	90,550	19,056	14,994	19,469	17,479
90,550	90,600	19,070	15,006	19,483	17,491
90,600	90,650	19,084	15,019	19,497	17,504
90,650	90,700	19,098	15,031	19,511	17,516
90,700	90,750	19,112	15,044	19,525	17,529
90,750	90,800	19,126	15,056	19,539	17,541
90,800	90,850	19,140	15,069	19,553	17,554
90,850	90,900	19,154	15,081	19,567	17,566
90,900	90,950	19,168	15,094	19,581	17,579
90,950	91,000	19,182	15,106	19,595	17,591
<b>91,000</b>					
91,000	91,050	19,196	15,119	19,609	17,604
91,050	91,100	19,210	15,131	19,623	17,616
91,100	91,150	19,224	15,144	19,637	17,629
91,150	91,200	19,238	15,156	19,651	17,641
91,200	91,250	19,252	15,169	19,665	17,654
91,250	91,300	19,266	15,181	19,679	17,666
91,300	91,350	19,280	15,194	19,693	17,679
91,350	91,400	19,294	15,206	19,707	17,691
91,400	91,450	19,308	15,219	19,721	17,704
91,450	91,500	19,322	15,231	19,735	17,716
91,500	91,550	19,336	15,244	19,749	17,729
91,550	91,600	19,350	15,256	19,763	17,741
91,600	91,650	19,364	15,269	19,777	17,754
91,650	91,700	19,378	15,281	19,791	17,766
91,700	91,750	19,392	15,294	19,805	17,779
91,750	91,800	19,406	15,306	19,819	17,791
91,800	91,850	19,420	15,319	19,833	17,804
91,850	91,900	19,434	15,331	19,847	17,816
91,900	91,950	19,448	15,344	19,861	17,829
91,950	92,000	19,462	15,356	19,875	17,841

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>92,000</b>					
92,000	92,050	19,476	15,369	19,889	17,854
92,050	92,100	19,490	15,381	19,903	17,866
92,100	92,150	19,504	15,394	19,917	17,879
92,150	92,200	19,518	15,406	19,931	17,891
92,200	92,250	19,532	15,419	19,945	17,904
92,250	92,300	19,546	15,431	19,959	17,916
92,300	92,350	19,560	15,444	19,973	17,929
92,350	92,400	19,574	15,456	19,987	17,941
92,400	92,450	19,588	15,469	20,001	17,954
92,450	92,500	19,602	15,481	20,015	17,966
92,500	92,550	19,616	15,494	20,029	17,979
92,550	92,600	19,630	15,506	20,043	17,991
92,600	92,650	19,644	15,519	20,057	18,004
92,650	92,700	19,658	15,531	20,071	18,016
92,700	92,750	19,672	15,544	20,085	18,029
92,750	92,800	19,686	15,556	20,099	18,041
92,800	92,850	19,700	15,569	20,113	18,054
92,850	92,900	19,714	15,581	20,127	18,066
92,900	92,950	19,728	15,594	20,141	18,079
92,950	93,000	19,742	15,606	20,155	18,091
<b>93,000</b>					
93,000	93,050	19,756	15,619	20,169	18,104
93,050	93,100	19,770	15,631	20,183	18,116
93,100	93,150	19,784	15,644	20,197	18,129
93,150	93,200	19,798	15,656	20,211	18,141
93,200	93,250	19,812	15,669	20,225	18,154
93,250	93,300	19,826	15,681	20,239	18,166
93,300	93,350	19,840	15,694	20,253	1

2010 Tax Table—Continued

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>95,000</b>					
95,000	95,050	20,316	16,119	20,729	18,604
95,050	95,100	20,330	16,131	20,743	18,616
95,100	95,150	20,344	16,144	20,757	18,629
95,150	95,200	20,358	16,156	20,771	18,641
95,200	95,250	20,372	16,169	20,785	18,654
95,250	95,300	20,386	16,181	20,799	18,666
95,300	95,350	20,400	16,194	20,813	18,679
95,350	95,400	20,414	16,206	20,827	18,691
95,400	95,450	20,428	16,219	20,841	18,704
95,450	95,500	20,442	16,231	20,855	18,716
95,500	95,550	20,456	16,244	20,869	18,729
95,550	95,600	20,470	16,256	20,883	18,741
95,600	95,650	20,484	16,269	20,897	18,754
95,650	95,700	20,498	16,281	20,911	18,766
95,700	95,750	20,512	16,294	20,925	18,779
95,750	95,800	20,526	16,306	20,939	18,791
95,800	95,850	20,540	16,319	20,953	18,804
95,850	95,900	20,554	16,331	20,967	18,816
95,900	95,950	20,568	16,344	20,981	18,829
95,950	96,000	20,582	16,356	20,995	18,841
<b>96,000</b>					
96,000	96,050	20,596	16,369	21,009	18,854
96,050	96,100	20,610	16,381	21,023	18,866
96,100	96,150	20,624	16,394	21,037	18,879
96,150	96,200	20,638	16,406	21,051	18,891
96,200	96,250	20,652	16,419	21,065	18,904
96,250	96,300	20,666	16,431	21,079	18,916
96,300	96,350	20,680	16,444	21,093	18,929
96,350	96,400	20,694	16,456	21,107	18,941
96,400	96,450	20,708	16,469	21,121	18,954
96,450	96,500	20,722	16,481	21,135	18,966
96,500	96,550	20,736	16,494	21,149	18,979
96,550	96,600	20,750	16,506	21,163	18,991
96,600	96,650	20,764	16,519	21,177	19,004
96,650	96,700	20,778	16,531	21,191	19,016
96,700	96,750	20,792	16,544	21,205	19,029
96,750	96,800	20,806	16,556	21,219	19,041
96,800	96,850	20,820	16,569	21,233	19,054
96,850	96,900	20,834	16,581	21,247	19,066
96,900	96,950	20,848	16,594	21,261	19,079
96,950	97,000	20,862	16,606	21,275	19,091

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>97,000</b>					
97,000	97,050	20,876	16,619	21,289	19,104
97,050	97,100	20,890	16,631	21,303	19,116
97,100	97,150	20,904	16,644	21,317	19,129
97,150	97,200	20,918	16,656	21,331	19,141
97,200	97,250	20,932	16,669	21,345	19,154
97,250	97,300	20,946	16,681	21,359	19,166
97,300	97,350	20,960	16,694	21,373	19,179
97,350	97,400	20,974	16,706	21,387	19,191
97,400	97,450	20,988	16,719	21,401	19,204
97,450	97,500	21,002	16,731	21,415	19,216
97,500	97,550	21,016	16,744	21,429	19,229
97,550	97,600	21,030	16,756	21,443	19,241
97,600	97,650	21,044	16,769	21,457	19,254
97,650	97,700	21,058	16,781	21,471	19,266
97,700	97,750	21,072	16,794	21,485	19,279
97,750	97,800	21,086	16,806	21,499	19,291
97,800	97,850	21,100	16,819	21,513	19,304
97,850	97,900	21,114	16,831	21,527	19,316
97,900	97,950	21,128	16,844	21,541	19,329
97,950	98,000	21,142	16,856	21,555	19,341
<b>98,000</b>					
98,000	98,050	21,156	16,869	21,569	19,354
98,050	98,100	21,170	16,881	21,583	19,366
98,100	98,150	21,184	16,894	21,597	19,379
98,150	98,200	21,198	16,906	21,611	19,391
98,200	98,250	21,212	16,919	21,625	19,404
98,250	98,300	21,226	16,931	21,639	19,416
98,300	98,350	21,240	16,944	21,653	19,429
98,350	98,400	21,254	16,956	21,667	19,441
98,400	98,450	21,268	16,969	21,681	19,454
98,450	98,500	21,282	16,981	21,695	19,466
98,500	98,550	21,296	16,994	21,709	19,479
98,550	98,600	21,310	17,006	21,723	19,491
98,600	98,650	21,324	17,019	21,737	19,504
98,650	98,700	21,338	17,031	21,751	19,516
98,700	98,750	21,352	17,044	21,765	19,529
98,750	98,800	21,366	17,056	21,779	19,541
98,800	98,850	21,380	17,069	21,793	19,554
98,850	98,900	21,394	17,081	21,807	19,566
98,900	98,950	21,408	17,094	21,821	19,579
98,950	99,000	21,422	17,106	21,835	19,591

If line 43 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a household
At least	But less than	Your tax is—			
<b>99,000</b>					
99,000	99,050	21,436	17,119	21,849	19,604
99,050	99,100	21,450	17,131	21,863	19,616
99,100	99,150	21,464	17,144	21,877	19,629
99,150	99,200	21,478	17,156	21,891	19,641
99,200	99,250	21,492	17,169	21,905	19,654
99,250	99,300	21,506	17,181	21,919	19,666
99,300	99,350	21,520	17,194	21,933	19,679
99,350	99,400	21,534	17,206	21,947	19,691
99,400	99,450	21,548	17,219	21,961	19,704
99,450	99,500	21,562	17,231	21,975	19,716
99,500	99,550	21,576	17,244	21,989	19,729
99,550	99,600	21,590	17,256	22,003	19,741
99,600	99,650	21,604	17,269	22,017	19,754
99,650	99,700	21,618	17,281	22,031	19,766
99,700	99,750	21,632	17,294	22,045	19,779
99,750	99,800	21,646	17,306	22,059	19,791
99,800	99,850	21,660	17,319	22,073	19,804
99,850	99,900	21,674	17,331	22,087	19,816
99,900	99,950	21,688	17,344	22,101	19,829
99,950	100,000	21,702	17,356	22,115	19,841

**\$100,000 or over —**  
use the Tax Computation Worksheet on page 86

\* This column must also be used by a qualifying widow(er)

## 2010 Tax Computation Worksheet—Line 44



See the instructions for line 44 on page 35 to see if you must use the worksheet below to figure your tax.

**Note.** If you are required to use this worksheet to figure the tax on an amount from another form or worksheet, such as the Qualified Dividends and Capital Gain Tax Worksheet, the Schedule D Tax Worksheet, Schedule J, Form 8615, or the Foreign Earned Income Tax Worksheet, enter the amount from that form or worksheet in column (a) of the row that applies to the amount you are looking up. Enter the result on the appropriate line of the form or worksheet that you are completing.

**Section A**—Use if your filing status is **Single**. Complete the row below that applies to you.

Taxable income. If line 43 is—	(a) Enter the amount from line 43	(b) Multiplication amount	(c) Multiply (a) by (b)	(d) Subtraction amount	Tax. Subtract (d) from (c). Enter the result here and on Form 1040, line 44
At least \$100,000 but not over \$171,850	\$	× 28% (.28)	\$	\$ 6,290.75	\$
Over \$171,850 but not over \$373,650	\$	× 33% (.33)	\$	\$ 14,883.25	\$
Over \$373,650	\$	× 35% (.35)	\$	\$22,356.25	\$

**Section B**—Use if your filing status is **Married filing jointly** or **Qualifying widow(er)**. Complete the row below that applies to you.

Taxable income. If line 43 is—	(a) Enter the amount from line 43	(b) Multiplication amount	(c) Multiply (a) by (b)	(d) Subtraction amount	Tax. Subtract (d) from (c). Enter the result here and on Form 1040, line 44
At least \$100,000 but not over \$137,300	\$	× 25% (.25)	\$	\$ 7,637.50	\$
Over \$137,300 but not over \$209,250	\$	× 28% (.28)	\$	\$ 11,756.50	\$
Over \$209,250 but not over \$373,650	\$	× 33% (.33)	\$	\$ 22,219.00	\$
Over \$373,650	\$	× 35% (.35)	\$	\$ 29,692.00	\$

**Section C**—Use if your filing status is **Married filing separately**. Complete the row below that applies to you.

Taxable income. If line 43 is—	(a) Enter the amount from line 43	(b) Multiplication amount	(c) Multiply (a) by (b)	(d) Subtraction amount	Tax. Subtract (d) from (c). Enter the result here and on Form 1040, line 44
At least \$100,000 but not over \$104,625	\$	× 28% (.28)	\$	\$ 5,878.25	\$
Over \$104,625 but not over \$186,825	\$	× 33% (.33)	\$	\$ 11,109.50	\$
Over \$186,825	\$	× 35% (.35)	\$	\$ 14,846.00	\$

**Section D**—Use if your filing status is **Head of household**. Complete the row below that applies to you.

Taxable income. If line 43 is—	(a) Enter the amount from line 43	(b) Multiplication amount	(c) Multiply (a) by (b)	(d) Subtraction amount	Tax. Subtract (d) from (c). Enter the result here and on Form 1040, line 44
At least \$100,000 but not over \$117,650	\$	× 25% (.25)	\$	\$ 5,152.50	\$
Over \$117,650 but not over \$190,550	\$	× 28% (.28)	\$	\$ 8,682.00	\$
Over \$190,550 but not over \$373,650	\$	× 33% (.33)	\$	\$ 18,209.50	\$
Over \$373,650	\$	× 35% (.35)	\$	\$ 25,682.50	\$

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# General Information

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## How To Avoid Common Mistakes

Mistakes can delay your refund or result in notices being sent to you.

- Make sure you entered the correct name and social security number (SSN) for each dependent you claim on line 6c. Check that each dependent's name and SSN agrees with his or her social security card. For each child under age 17 who is a qualifying child for the child tax credit, make sure you checked the box in line 6c, column (4).

- Check your math, especially for the child tax credit, earned income credit (EIC), taxable social security benefits, total income, itemized deductions or standard deduction, deduction for exemptions, taxable income, total tax, federal income tax withheld, and refund or amount you owe.

- Be sure you used the correct method to figure your tax. See the instructions for line 44 on page 35.

- Be sure to enter your SSN in the space provided on page 1 of Form 1040. If you are married filing a joint or separate return, also enter your spouse's SSN. Be sure to enter your SSN in the space next to your name. Check that your name and SSN agree with your social security card.

- Make sure your name and address are correct. Enter your (and your spouse's) name in the same order as shown on your last return.

- If you live in an apartment, be sure to include your apartment number in your address.

- If you are taking the standard deduction, see pages 33 and 34 to be sure you entered the correct amount on line 40.

- If you received capital gain distributions but were not required to file Schedule D, make sure you checked the box on line 13.

- If you are taking the EIC, be sure you used the correct column of the EIC Table for your filing status and the number of children you have.

- Remember to sign and date Form 1040 and enter your occupation(s).

- Attach your Form(s) W-2 and other required forms and schedules. Put all forms and schedules in the proper order. See *Assemble Your Return* on page 73.

- If you owe tax and are paying by check or money order, be sure to include all the required information on your payment. See the instructions for line 76 on page 71 for details.

- Do not file more than one original return for the same year, even if you have not gotten your refund or have not heard from

the IRS since you filed. Filing more than one original return for the same year, or sending in more than one copy of the same return (unless we ask you to do so), could delay your refund.

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## What Are Your Rights as a Taxpayer?

You have the right to be treated fairly, professionally, promptly, and courteously by IRS employees. Our goal at the IRS is to protect your rights so that you will have the highest confidence in the integrity, efficiency, and fairness of our tax system. To ensure that you always receive such treatment, you should know about the many rights you have at each step of the tax process. For details, see Pub. 1.

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## Innocent Spouse Relief

Generally, both you and your spouse are each responsible for paying the full amount of tax, interest, and penalties on your joint return. However, you may qualify for relief from liability for tax on a joint return if (a) there is an understatement of tax because your spouse omitted income or claimed false deductions or credits, (b) you are divorced, separated, or no longer living with your spouse, or (c) given all the facts and circumstances, it would not be fair to hold you liable for the tax. You may also qualify for relief if you were a married resident of a community property state but did not file a joint return and are now liable for an underpaid or understated tax. To request relief, you generally must file Form 8857 no later than 2 years after the date on which the IRS first attempted to collect the tax from you. Do not file Form 8857 with your Form 1040. For more information, see Pub. 971 and Form 8857 or you can call the Innocent Spouse office toll-free at 1-866-897-4270.

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## Income Tax Withholding and Estimated Tax Payments for 2011

If the amount you owe or the amount you overpaid is large, you may want to file a new Form W-4 with your employer to change the amount of income tax withheld from your 2011 pay. For details on how to complete Form W-4, see Pub. 919. If you have pension or annuity income, use Form W-4P. If you receive certain government payments (such as unemployment compen-

sation or social security benefits), you can have tax withheld from those payments by giving the payer Form W-4V.



*You can use the IRS Withholding Calculator at [www.irs.gov](http://www.irs.gov)/individuals, instead of Pub. 919 or the worksheets included with Form W-4 or W-4P, to determine whether you need to have your withholding increased or decreased.*

In general, you do not have to make estimated tax payments if you expect that your 2011 Form 1040 will show a tax refund or a tax balance due of less than \$1,000. If your total estimated tax for 2011 is \$1,000 or more, see Form 1040-ES. It has a worksheet you can use to see if you have to make estimated tax payments. For more details, see Pub. 505.

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## Do Both the Name and SSN on Your Tax Forms Agree With Your Social Security Card?

If not, certain deductions and credits may be reduced or disallowed, your refund may be delayed, and you may not receive credit for your social security earnings. If your Form W-2 shows an incorrect SSN or name, notify your employer or the form-issuing agent as soon as possible to make sure your earnings are credited to your social security record. If the name or SSN on your social security card is incorrect, call the Social Security Administration at 1-800-772-1213.

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## Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information, such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and

phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, etc., contact the IRS Identity Protection Specialized Unit at 1-800-908-4490 or submit Form 14039.

For more information, see Pub. 4535.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the National Taxpayer Advocate helpline at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

**Protect yourself from suspicious emails or phishing schemes.** Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common form is the act of sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request detailed personal information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward the message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, forms, or other IRS property to the Treasury Inspector General for Tax Administration toll-free at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at [spam@uce.gov](mailto:spam@uce.gov) or contact them at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 1-877-IDTHEFT (1-877-438-4338).

Visit [IRS.gov](http://IRS.gov) and enter “identity theft” in the search box to learn more about identity theft and how to reduce your risk.

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## How Do You Make a Gift To Reduce Debt Held By the Public?

If you wish to do so, make a check payable to “Bureau of the Public Debt.” You can send it to: Bureau of the Public Debt, Department G, P.O. Box 2188, Parkersburg, WV 26106-2188. Or you can enclose the check with your income tax return when you file. Do not add your gift to any tax you may owe. See page 71 for details on how to pay any tax you owe.



*You may be able to deduct this gift on your 2011 tax return.*

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## How Long Should Records Be Kept?

Keep a copy of your tax return, worksheets you used, and records of all items appearing on it (such as Forms W-2 and 1099) until the statute of limitations runs out for that return. Usually, this is 3 years from the date the return was due or filed or 2 years from the date the tax was paid, whichever is later. You should keep some records longer. For example, keep property records (including those on your home) as long as they are needed to figure the basis of the original or replacement property. For more details, see Pub. 552.

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## Amended Return

File Form 1040X to change a return you already filed. Generally, Form 1040X must be filed within 3 years after the date the original return was filed or within 2 years after the date the tax was paid, whichever is later. But you may have more time to file Form 1040X if you live in a federally declared disaster area or you are physically or mentally unable to manage your financial affairs. See Pub. 556 for details.

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## Need a Copy of Your Tax Return?

If you need a copy of your tax return, use Form 4506. There is a \$57 fee (subject to change) for each return requested. If your main home, principal place of business, or tax records are located in a federally declared disaster area, this fee will be waived. If you want a free transcript of your tax return or account, use Form 4506-T or 4506T-EZ or call us at 1-800-908-9946.

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## Death of a Taxpayer

If a taxpayer died before filing a return for 2010, the taxpayer’s spouse or personal representative may have to file and sign a return for that taxpayer. A personal representative can be an executor, administrator, or anyone who is in charge of the deceased taxpayer’s property. If the deceased taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund. The person who files the return must enter “Deceased,” the deceased taxpayer’s name, and the date of death across the top of the return. If this informa-

tion is not provided, it may delay the processing of the return.

If your spouse died in 2010 and you did not remarry in 2010, or if your spouse died in 2011 before filing a return for 2010, you can file a joint return. A joint return should show your spouse’s 2010 income before death and your income for all of 2010. Enter “Filing as surviving spouse” in the area where you sign the return. If someone else is the personal representative, he or she must also sign.

The surviving spouse or personal representative should promptly notify all payers of income, including financial institutions, of the taxpayer’s death. This will ensure the proper reporting of income earned by the taxpayer’s estate or heirs. A deceased taxpayer’s social security number should not be used for tax years after the year of death, except for estate tax return purposes.

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## Claiming a Refund for a Deceased Taxpayer

If you are filing a joint return as a surviving spouse, you only need to file the tax return to claim the refund. If you are a court-appointed representative, file the return and include a copy of the certificate that shows your appointment. All other filers requesting the deceased taxpayer’s refund must file the return and attach Form 1310.

For more details, use TeleTax topic 356 (see page 91) or see Pub. 559.

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## Past Due Returns

The integrity of our tax system and well-being of our country depend, to a large degree, on the timely filing and payment of taxes by each individual, family, and business in this country. Those choosing not to file and pay their fair share increase the burden on the rest of us to support our schools, maintain and repair roadways, and the many other ways our tax dollars help to make life easier for all citizens.

Some people don’t know they should file a tax return; some don’t file because they expect a refund; and some don’t file because they owe taxes. Encourage your family, neighbors, friends, and coworkers to do their fair share by filing their federal tax returns and paying any tax due on time.

If you or someone you know needs to file past due tax returns, use TeleTax topic 153 (see page 90) or visit [IRS.gov](http://IRS.gov) and click on “Individuals” for help in filing those returns. Send the return to the address that applies to you in the latest Form 1040 instructions. For example, if you are filing a 2007 return in 2011, use the address on the last page of these instructions. However, if you got an IRS notice, mail the return to the address in the notice.



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## Other Ways To Get Help

### Send Your Written Tax Questions to the IRS

You should get an answer in about 30 days. For the mailing address, call us at 1-800-829-1040 (hearing impaired customers with access to TTY/TDD equipment may call 1-800-829-4059). Do not send questions with your return.

### Research Your Tax Questions Online

You can find answers to many of your tax questions online in several ways by accessing [www.irs.gov/help](http://www.irs.gov/help) and then clicking on "Help With Tax Questions." Here are some of the methods you may want to try.

- Frequently asked questions. This section contains an extensive list of questions and answers. You can select your question by category or keyword.
- Tax trails. This is an interactive section which asks questions you can answer by selecting "Yes" or "No."
- Tax topics. This is an online version of the TeleTax topics listed on pages 90 and 91.

**Interactive Tax Assistant (ITA).** The ITA provides answers to a limited number of tax law questions using a probe and response process. You can access the ITA at [www.irs.gov/ita](http://www.irs.gov/ita).

### Free Help With Your Return

Free help in preparing your return is available nationwide from IRS-sponsored volunteers. These volunteers are trained and certified to prepare federal income tax returns by passing an IRS test. The Volunteer Income Tax Assistance (VITA) program is designed to help low-income taxpayers. The Tax Counseling for the Elderly (TCE) program is designed to assist taxpayers age 60 or older with their tax return preparation. VITA/TCE tax preparation sites must adhere to strict quality standards necessary to prepare accurate returns. Free electronic filing is offered by IRS authorized *e-file* providers at many of the VITA/TCE locations nationwide. Volunteers will help you with claiming the credits and deductions you may be entitled to. If you are a member of the military, you can also get assistance on military tax benefits, such as combat zone tax benefits, at an office within your installation. For more information on these programs, go to [IRS.gov](http://IRS.gov) and enter keyword "VITA" in the upper right corner. Or, call us at 1-800-829-1040. To find the nearest AARP Tax-Aide site, visit AARP's website at [www.aarp.org/money/taxaide](http://www.aarp.org/money/taxaide) or call 1-888-227-7669.

When you go for help, take proof of identity and social security numbers (or individual taxpayer identification numbers) for your spouse, your dependents, and yourself. Take a copy of your 2009 tax

return (if available), all your Forms W-2, 1099, and 1098 for 2010, and any other information about your 2010 income and expenses.

### Everyday Tax Solutions

You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to [www.irs.gov/localcontacts](http://www.irs.gov/localcontacts) or look in the phone book under "United States Government, Internal Revenue Service."

### IRS Videos

The IRS Video portal [www.IRSvideos.gov](http://www.IRSvideos.gov) contains video and audio presentations on topics of interest to small businesses, individuals, and tax professionals. You will find video clips of tax topics, archived versions of live panel discussions and Webinars, and audio archives of tax practitioner phone forums.

### Help for People With Disabilities

Telephone help is available using TTY/TDD equipment by calling 1-800-829-4059. Braille materials are available at libraries that have special services for people with disabilities.

### Tax Services in Other Languages

To better serve taxpayers whose native language is not English, we have products and services in various languages.

For Spanish speaking taxpayers, we have:

- Spanish Publication 17, *El Impuesto Federal sobre los Ingresos*, and
- [www.irs.gov/espanol](http://www.irs.gov/espanol).

We also offer a Basic Tax Responsibilities CD/DVD in the following languages.

- Spanish.
- Chinese.
- Vietnamese.
- Korean.
- Russian.

To get a copy of this CD/DVD, call the National Distribution Center at 1-800-829-3676 and ask for Pub. 4580 in your language.



*The IRS Taxpayer Assistance Centers provide over-the-phone interpreter assistance in more than 170 different languages.*

*To find the number, see Everyday Tax Solutions above.*

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## Interest and Penalties

You do not have to figure the amount of any interest or penalties you may owe. Be-

cause figuring these amounts can be complicated, we will do it for you if you want. We will send you a bill for any amount due.

If you include interest or penalties (other than the estimated tax penalty) with your payment, identify and enter the amount in the bottom margin of Form 1040, page 2. Do not include interest or penalties (other than the estimated tax penalty) in the amount you owe on line 76.

### Interest

We will charge you interest on taxes not paid by their due date, even if an extension of time to file is granted. We will also charge you interest on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements, substantial understatements of tax, and reportable transaction understatements. Interest is charged on the penalty from the due date of the return (including extensions).

### Penalties

**Late filing.** If you do not file your return by the due date (including extensions), the penalty is usually 5% of the amount due for each month or part of a month your return is late, unless you have a reasonable explanation. If you do, include it with your return. The penalty can be as much as 25% of the tax due. The penalty is 15% per month, up to a maximum of 75%, if the failure to file is fraudulent. If your return is more than 60 days late, the minimum penalty will be \$135 or the amount of any tax you owe, whichever is smaller.

**Late payment of tax.** If you pay your taxes late, the penalty is usually 1/2 of 1% of the unpaid amount for each month or part of a month the tax is not paid. The penalty can be as much as 25% of the unpaid amount. It applies to any unpaid tax on the return. This penalty is in addition to interest charges on late payments.

**Frivolous return.** In addition to any other penalties, the law imposes a penalty of \$5,000 for filing a frivolous return. A frivolous return is one that does not contain information needed to figure the correct tax or shows a substantially incorrect tax because you take a frivolous position or desire to delay or interfere with the tax laws. This includes altering or striking out the preprinted language above the space where you sign. For a list of positions identified as frivolous, see Notice 2010-33, 2010-17 I.R.B. 609, available at [www.irs.gov/irb/2010-17\\_IRB/ar13.html](http://www.irs.gov/irb/2010-17_IRB/ar13.html).

**Other.** Other penalties can be imposed for negligence, substantial understatement of tax, reportable transaction understatements, filing an erroneous refund claim, and fraud. Criminal penalties may be imposed for willful failure to file, tax evasion, or making a false statement. See Pub. 17 for details on some of these penalties.

# Refund Information

## where's my refund?

You can go online to check the status of your refund 72 hours after IRS acknowledges receipt of your e-filed return, or 3 to 4 weeks after you mail a paper return. But if you filed Form 5405, 8379, or 8839 with your return, allow 14 weeks (11 weeks if you filed electronically) before checking your refund status.



Go to [IRS.gov](http://IRS.gov) and click on *Where's My Refund*. Have a copy of your tax return handy. You will need to provide the following information from your return:

- Your social security number (or individual taxpayer identification number),
- Your filing status, and
- The exact whole dollar amount of your refund.



*Refunds are sent out weekly on Fridays. If you check the status of your refund and are not given the date it will be issued, please wait until the next week before checking back.*

If you do not have Internet access, call:

- 1-800-829-1954 during the hours shown on page 92, or
- 1-800-829-4477 24 hours a day, 7 days a week, for automated refund information.

Do not send in a copy of your return unless asked to do so.

To get a refund, you generally must file your return within 3 years from the date the return was due (including extensions).

Refund information also is available in Spanish at [www.irs.gov/espanol](http://www.irs.gov/espanol) and the phone numbers listed above.

## What Is TeleTax?

### Recorded Tax Information

Recorded tax information is available 24 hours a day, 7 days a week. Select the number of the topic you want to hear. Then, call 1-800-829-4477. Have paper and pencil handy to take notes.

### Topics by Internet

TeleTax topics are also available at [www.irs.gov/taxtopics](http://www.irs.gov/taxtopics).

### TeleTax Topics

All topics are available in Spanish.

Topic No.	Subject
<b>IRS Help Available</b>	
101	IRS services—Volunteer tax assistance, toll-free telephone, walk-in assistance, and outreach programs
102	Tax assistance for individuals with disabilities and the hearing impaired
103	Tax help for small businesses and self-employed
104	Taxpayer Advocate Service—Help for problem situations
105	Armed Forces tax information
107	Tax relief in disaster situations
<b>IRS Procedures</b>	
151	Your appeal rights
152	Refund information
153	What to do if you haven't filed your tax return

Topic No.	Subject
154	Forms W-2 and Form 1099-R—What to do if not received
155	Forms and publications—How to order
156	Copy of your tax return—How to get one
157	Change of address—How to notify IRS
158	Ensuring proper credit of payments
159	Prior year(s) Form W-2—How to get a copy of
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Topic No.	Subject
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758	Form 941—Employer's Quarterly Federal Tax Return and Form 944—Employer's Annual Federal Tax Return
759	A new tax exemption and business credit are available for qualified employers under the Hire Act of 2010
760	FICA tax refunds for medical residents—Employee claims
761	Tips—Withholding and reporting
762	Independent contractor vs. employee
763	The Affordable Care Act of 2010 offers employers new tax deductions and credits
<b>Electronic Media Filers—1099 Series and Related Information Returns</b>	
801	Who must file electronically
802	Applications, forms, and information
803	Waivers and extensions
804	Test files and combined federal and state filing
805	Electronic filing of information returns
<b>Tax Information for Aliens and U.S. Citizens Living Abroad</b>	
851	Resident and nonresident aliens
856	Foreign tax credit
857	Individual taxpayer identification number (ITIN)—Form W-7
858	Alien tax clearance
<b>Tax Information for Residents of Puerto Rico (in Spanish only)</b>	
901	Is a person with income from Puerto Rican sources required to file a U.S. federal income tax return?
902	Credits and deductions for taxpayers with Puerto Rican source income that is exempt from U.S. tax
903	Federal employment tax in Puerto Rico
904	Tax assistance for residents of Puerto Rico

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**Topic numbers are effective January 1, 2011.**

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# Calling the IRS

If you cannot find the answer to your question in these instructions or online, please call us for assistance. See *Making the Call* below. You will not be charged for the call unless your phone company charges you for toll-free calls. Our normal hours of operation are Monday through Friday from 7:00 a.m. to 10:00 p.m. local time. Assistance provided to callers from Alaska and Hawaii will be based on the hours of operation in the Pacific time zone.



*If you want to check the status of your 2010 refund, see Refund Information on page 90.*

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## Before You Call

IRS representatives care about the quality of the service provided to you, our customer. You can help us provide accurate, complete answers to your questions by having the following information available.

- The tax form, schedule, or notice to which your question relates.
- The facts about your particular situation. The answer to the same question often varies from one taxpayer to another because of differences in their age, income, whether they can be claimed as a dependent, etc.
- The name of any IRS publication or other source of information that you used to look for the answer.

To maintain your account security, you may be asked for the following information, which you should also have available.

- Your social security number.
- The amount of refund and filing status shown on your tax return.
- The “Caller ID Number” shown at the top of any notice you received.

- Your personal identification number (PIN) if you have one.
- Your date of birth.
- The numbers in your street address.
- Your ZIP code.

If you are asking for an installment agreement to pay your tax, you will be asked for the highest amount you can pay each month and the date on which you can pay it.

**Evaluation of services provided.** The IRS uses several methods to evaluate our telephone service. One method is to record telephone calls for quality purposes only. A random sample of recorded calls is selected for review through the quality assurance process. Other methods include listening to live calls in progress and random selection of customers for participation in a customer satisfaction survey.

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## Making the Call

Call 1-800-829-1040 (hearing impaired customers with TTY/TDD equipment may

call 1-800-829-4059). Our menu allows you to speak your responses or use your keypad to select a menu option. After receiving your menu selection, the system will direct your call to the appropriate assistance.

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## Before You Hang Up

If you do not fully understand the answer you receive, or you feel our representative may not fully understand your question, our representative needs to know this. He or she will be happy to take additional time to be sure your question is answered fully.

By law, you are responsible for paying your share of federal income tax. If we should make an error in answering your question, you are still responsible for the payment of the correct tax. Should this occur, however, you will not be charged any penalty.

# Quick and Easy Access to Tax Help and Tax Products



If you live outside the United States, see Pub. 54 to find out how to get help and tax products.



## Internet

You can access IRS.gov 24 hours a day, 7 days a week.

**Online services and help.** Go to IRS.gov to obtain information on:

- **Free File**—Use free tax software to prepare and *e-file* your tax return at [www.irs.gov/freefile](http://www.irs.gov/freefile).
- **Interactive Tax Assistant**—Provides answers to a limited number of tax law questions using a probe and response process.
- **Online Services**—Conduct business with the IRS electronically.
- **Taxpayer Advocate Service**—Helps taxpayers resolve problems with the IRS.
- **Where's My Refund**—Your refund status anytime from anywhere.
- **Free Tax Return Preparation**—Free tax assistance and preparation.
- **Recent Tax Changes**—Highlights on newly enacted tax law.
- **Innocent Spouses**—Tax information for innocent spouses.
- **Disaster Tax Relief**—Tax relief provisions for disaster situations.
- **Identity Theft and Your Tax Records**—Safeguard your identity and tax records.
- **Online Payment Agreement (OPA) Application**—Online agreements.
- **Applying for Offers in Compromise**—Information on offers in compromise.

**View and download products.** Click on “Forms and Publications” or go to [www.irs.gov/formspubs](http://www.irs.gov/formspubs) to:

- View or download current and previous year tax products.
- Order current year tax products online.

The Forms and Publications page provides links to access and acquire both electronic and print media. Additionally, the “Search” function provides basic and advanced search capabilities for published products available on IRS.gov.

**Online ordering of products.** To order tax products delivered by mail, go to [www.irs.gov/formspubs](http://www.irs.gov/formspubs).

- For current year products, click on “Forms and publications by U.S. mail.”
- For tax products on a DVD, click on “Tax products on DVD (Pub. 1796).” See *DVD* on this page.



To get information, forms, and publications in Spanish, go to [www.irs.gov/espanol](http://www.irs.gov/espanol).



## Phone

**Tax forms and publications.** Call 1-800-TAX-FORM (1-800-829-3676) to order current and prior year forms, instructions, and publications. You should receive your order within 10 working days.

**Tax help and questions.** Call 1-800-829-1040.

**Hearing Impaired TTY/TDD.** Call 1-800-829-4059.

**TeleTax information - 24 hour tax information.** Call 1-800-829-4477. See pages 90 and 91 for topic numbers and details.

**Refund hotline.** Call 1-800-829-1954.

**National Taxpayer Advocate helpline.** Call 1-877-777-4778.



## Walk-In

You can pick up some of the most requested forms, instructions, and publications at many IRS offices, post offices, and libraries. Also, some grocery stores, copy centers, city and county government offices, and credit unions

have reproducible tax products available to photocopy or print from a DVD.



## Mail

You can order forms, instructions, and publications by completing the order blank on page 96. You should receive your order within 10 days after we receive your request.



## DVD

Buy IRS Pub. 1796, IRS Tax Products DVD, from National Technical Information Service (NTIS) at [www.irs.gov/cdorders](http://www.irs.gov/cdorders) for \$30 (no handling fee) or call 1-877-233-6767 toll-free to buy the DVD for \$30 (plus a \$6 handling fee). Price

and handling fee are subject to change. The first release will ship early January 2011 and the final release will ship early March 2011.

**Other ways to get help.** See page 89 for information.

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## Disclosure, Privacy Act, and Paperwork Reduction Act Notice

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The IRS Restructuring and Reform Act of 1998, the Privacy Act of 1974, and the Paperwork Reduction Act of 1980 require that when we ask you for information we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it and whether your response is voluntary, required to obtain a benefit, or mandatory under the law.

This notice applies to all papers you file with us, including this tax return. It also applies to any questions we need to ask you so we can complete, correct, or process your return; figure your tax; and collect tax, interest, or penalties.

Our legal right to ask for information is Internal Revenue Code sections 6001, 6011, and 6012(a), and their regulations. They say that you must file a return or statement with us for any tax you are liable for. Your response is mandatory under these sections. Code section 6109 requires you to provide your identifying number on the return. This is so we know who you are, and can process your return and other papers. You must fill in all parts of the tax form that apply to you. But you do not have to check the boxes for the Presidential Election Campaign Fund or for the third-party designee. You also do not have to provide your daytime phone number.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

We ask for tax return information to carry out the tax laws of the United States. We need it to figure and collect the right amount of tax.

If you do not file a return, do not provide the information we ask for, or provide fraudulent information, you may be charged penalties and be subject to criminal prosecution. We may also have to disallow the exemptions, exclusions, credits, deductions, or adjustments shown on the tax return. This could make the tax higher or delay any refund. Interest may also be charged.

Generally, tax returns and return information are confidential, as stated in Code section 6103. However, Code section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, and U.S. commonwealths or possessions to carry out their tax laws. We may disclose your tax information to the Department of Treasury and contractors for tax administration purposes; and to other persons as necessary to obtain information needed to determine the amount of or to collect the tax you owe. We may disclose your tax information to the Comptroller General of the United States to permit the Comptroller General to review the Internal Revenue Service. We may disclose your tax information to committees of Congress; federal, state, and local child support agencies; and to other federal agencies for the purposes of determining entitlement for benefits or the eligibility

for and the repayment of loans. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

Please keep this notice with your records. It may help you if we ask you for other information. If you have questions about the rules for filing and giving information, please call or visit any Internal Revenue Service office.

### We Welcome Comments on Forms

We try to create forms and instructions that can be easily understood. Often this is difficult to do because our tax laws are very complex. For some people with income mostly from wages, filling in the forms is easy. For others who have businesses, pensions, stocks, rental income, or other investments, it is more difficult.

If you have suggestions for making these forms simpler, we would be happy to hear from you. You can email us at [\\*taxforms@irs.gov](mailto:*taxforms@irs.gov). (The asterisk must be included in the address.) Enter "Forms Comment" on the subject line. Or you can write to Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send your return to this address. Instead, see the last page of these instructions.

## Estimates of Taxpayer Burden

The table below shows burden estimates based on current statutory requirements as of November 15, 2010, for taxpayers filing a 2010 Form 1040, 1040A, or 1040EZ tax return. Time spent and out-of-pocket costs are presented separately. Time burden is broken out by taxpayer activity, with recordkeeping representing the largest component. Out-of-pocket costs include any expenses incurred by taxpayers to prepare and submit their tax returns. Examples include tax return preparation and submission fees, postage and photocopying costs, and tax preparation software costs. While these estimates do not include burden associated with post-filing activities, IRS operational data indicate that electronically prepared and filed returns have fewer arithmetic errors, implying lower post-filing burden.

Reported time and cost burdens are national averages and do not necessarily reflect a “typical” case. For instance, the estimated average time burden for all taxpayers filing a Form 1040, 1040A, or 1040EZ is 18 hours, with an average cost of \$240 per return. This average includes all associated forms and schedules, across all preparation methods and taxpayer activities. The average burden for taxpayers filing Form 1040 is about 23 hours and \$300; for taxpayers filing Form 1040A, it is about 9 hours and \$130; and for taxpayers filing Form 1040EZ, it is about 7 hours and \$60.

Within each of these estimates there is significant variation in taxpayer activity. For example, nonbusiness taxpayers are expected to have an average burden of about 12 hours and \$160, while business taxpayers are expected to have an average burden of about 32 hours and \$410.

Similarly, tax preparation fees and other out-of-pocket costs vary extensively depending on the tax situation of the taxpayer, the type of software or professional preparer used, and the geographic location.

The estimates of burden below do not reflect any future legislative changes after November 15, 2010, that may affect the 2010 tax year. Any changes to burden estimates will be included in the annual Paperwork Reduction Act submission from the IRS to the Office of Management and Budget (OMB) and will be made publicly available on [www.reginfo.gov](http://www.reginfo.gov).

If you have comments concerning the time and cost estimates below, you can contact us at either one of the addresses shown under *Welcome Comments on Forms* on page 94.

## Estimated Average Taxpayer Burden for Individuals by Activity

Primary Form Filed or Type of Taxpayer	Percentage of Returns	Average Time Burden (Hours)						Average Cost (Dollars)**
		Total Time*	Record Keeping	Tax Planning	Form Completion	Form Submission	All Other	
All taxpayers . . . . .	100	18	8	2	4	1	3	\$240
Primary forms filed								
1040 . . . . .	70	23	11	3	5	1	3	300
1040A . . . . .	19	9	3	1	2	1	1	130
1040EZ . . . . .	11	7	2	1	2	1	1	60
Type of taxpayer								
Nonbusiness*** . . . . .	69	12	5	2	3	1	2	160
Business*** . . . . .	31	32	17	4	6	1	4	410

\*Detail may not add to total time due to rounding.

\*\*Dollars rounded to the nearest \$10.

\*\*\*You are considered a “business” filer if you file one or more of the following with Form 1040: Schedule C, C-EZ, E, or F or Form 2106 or 2106-EZ. You are considered a “nonbusiness” filer if you did not file any of those schedules or forms with Form 1040 or if you file Form 1040A or 1040EZ.

# Order Form for Forms and Publications

The most frequently ordered forms and publications are listed on the order form below. You will receive two copies of each form, one copy of the instructions, and one copy of each publication you order. To help reduce waste, please order only the items you need to prepare your return.



*For faster ways of getting the items you need, go to [www.irs.gov/formspubs](http://www.irs.gov/formspubs).*

## How To Use the Order Form

Circle the items you need on the order form below. Use the blank spaces to order items not listed. If you need more space, attach a separate sheet of paper.

Print or type your name and address accurately in the space provided below to ensure delivery of your order. Enclose the order form in an envelope and mail it to the IRS address shown on this page. You should receive your order within 10 days after receipt of your request.

**Do not send your tax return to the address shown on this page.** Instead, see the last page of these instructions.

### Mail Your Order Form To:

Internal Revenue Service  
1201 N. Mitsubishi Motorway  
Bloomington, IL 61705-6613

▲ *Cut here* ▲

### Save Money and Time by Going Online!

*Download or order these and other tax products at [www.irs.gov/formspubs](http://www.irs.gov/formspubs)*

## Order Form

Please Print

Name							
Postal mailing address						Apt./Suite/Room	
City			State		ZIP code		
Foreign country						International postal code	
Daytime phone number							
(       )							

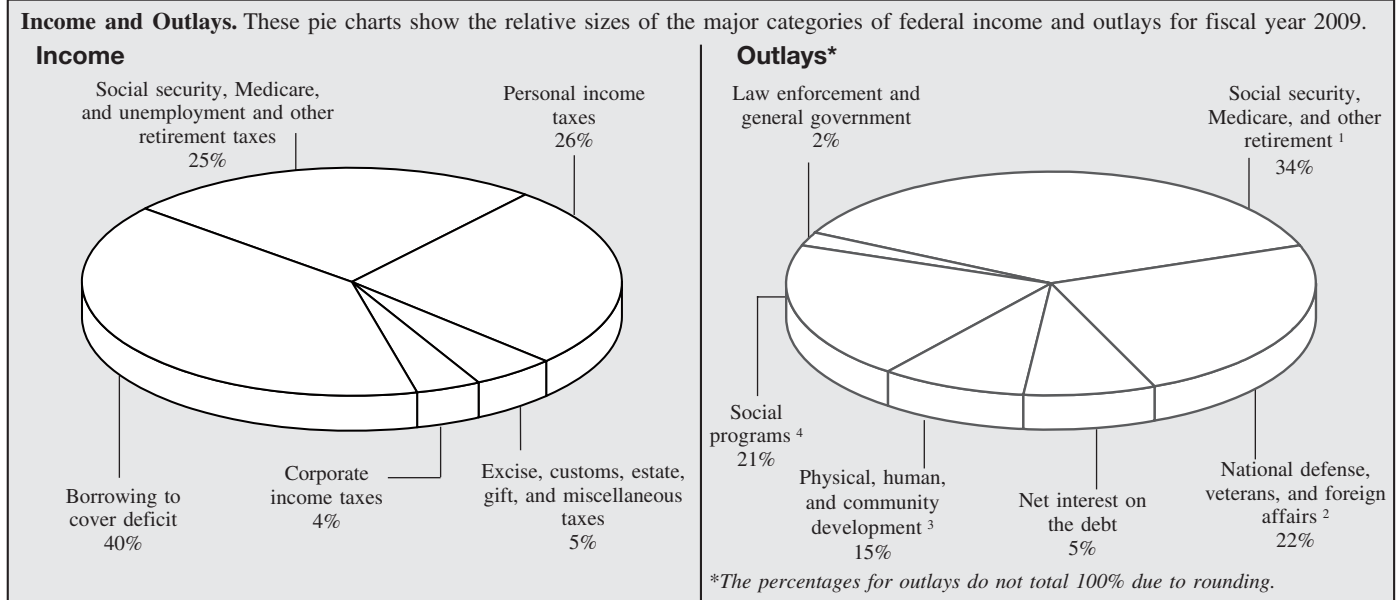
**Circle** the forms and publications you need. The instructions for any form you order will be included.

Use the **blank spaces** to order items not listed.

1040	Schedule F (1040)	1040-ES (2011)	4684	8863	Pub. 523	Pub. 554	Pub. 946
Schedule A (1040)	Schedule H (1040)	1040-V	4868	9465	Pub. 525	Pub. 575	Pub. 970
Schedule B (1040A or 1040)	Schedule J (1040)	1040X	5405	Pub. 1	Pub. 526	Pub. 583	Pub. 972
Schedule C (1040)	Schedule L (1040A or 1040)	2106	6251	Pub. 17	Pub. 527	Pub. 587	Pub. 4681
Schedule C-EZ (1040)	Schedule M (1040A or 1040)	2441	8283	Pub. 334	Pub. 529	Pub. 590	
Schedule D (1040)	Schedule R (1040A or 1040)	3903	8606	Pub. 463	Pub. 535	Pub. 596	
Schedule D-1 (1040)	Schedule SE (1040)	4506	8812	Pub. 501	Pub. 547	Pub. 910	
Schedule E (1040)	1040A	4506-T	8822	Pub. 502	Pub. 550	Pub. 915	
Schedule EIC (1040A or 1040)	1040EZ	4562	8829	Pub. 505	Pub. 551	Pub. 919	



# Major Categories of Federal Income and Outlays for Fiscal Year 2009



On or before the first Monday in February of each year, the President is required by law to submit to the Congress a budget proposal for the fiscal year that begins the following October. The budget plan sets forth the President's proposed receipts, spending, and the surplus or deficit for the Federal Government. The plan includes recommendations for new legislation as well as recommendations to change, eliminate, and add programs. After receiving the President's proposal, the Congress reviews it and makes changes. It first passes a budget resolution setting its own targets for receipts, outlays, and the surplus or deficit. Next, individual spending and revenue bills that are consistent with the goals of the budget resolution are enacted.

In fiscal year 2009 (which began on October 1, 2008, and ended on September 30, 2009), federal income was \$2.105 trillion

and outlays were \$3.518 trillion, leaving a deficit of \$1.413 trillion.

## Footnotes for Certain Federal Outlays

**1. Social security, Medicare, and other retirement:** These programs provide income support for the retired and disabled and medical care for the elderly.

**2. National defense, veterans, and foreign affairs:** About 22% of outlays were to equip, modernize, and pay our armed forces and to fund national defense activities; about 3% were for veterans benefits and services; and about 1% were for international activities, including military and economic assistance to foreign countries and the maintenance of U.S. embassies abroad.

**3. Physical, human, and community development:** These outlays were for agriculture; natural resources; environment; transportation; aid for elementary and secondary education and direct assistance to college students; job training; deposit insurance, commerce and housing credit, and community development; and space, energy, and general science programs.

**4. Social programs:** About 13% of total outlays were for Medicaid, food stamps, temporary assistance for needy families, supplemental security income, and related programs; and the remaining outlays were for health research and public health programs, unemployment compensation, assisted housing, and social services.

**Note.** The percentages on this page exclude undistributed offsetting receipts, which were \$93 billion in fiscal year 2009. In the budget, these receipts are offset against spending in figuring the outlay totals shown above. These receipts are for the U.S. Government's share of its employee retirement programs, rents and royalties on the Outer Continental Shelf, and proceeds from the sale of assets.

# 2010 Tax Rate Schedules



The Tax Rate Schedules are shown so you can see the tax rate that applies to all levels of taxable income. Do not use them to figure your tax. Instead, see the instructions for line 44 on page 35.

## Schedule X—If your filing status is **Single**

If your taxable income is:		The tax is:	
Over—	But not over—		of the amount over—
\$0	\$8,375	..... 10%	\$0
8,375	34,000	<b>\$837.50 + 15%</b>	<b>8,375</b>
34,000	82,400	<b>4,681.25 + 25%</b>	<b>34,000</b>
82,400	171,850	<b>16,781.25 + 28%</b>	<b>82,400</b>
171,850	373,650	<b>41,827.25 + 33%</b>	<b>171,850</b>
373,650	.....	<b>108,421.25 + 35%</b>	<b>373,650</b>

## Schedule Y-1—If your filing status is **Married filing jointly** or **Qualifying widow(er)**

If your taxable income is:		The tax is:	
Over—	But not over—		of the amount over—
\$0	\$16,750	..... 10%	\$0
16,750	68,000	<b>\$1,675.00 + 15%</b>	<b>16,750</b>
68,000	137,300	<b>9,362.50 + 25%</b>	<b>68,000</b>
137,300	209,250	<b>26,687.50 + 28%</b>	<b>137,300</b>
209,250	373,650	<b>46,833.50 + 33%</b>	<b>209,250</b>
373,650	.....	<b>101,085.50 + 35%</b>	<b>373,650</b>

## Schedule Y-2—If your filing status is **Married filing separately**

If your taxable income is:		The tax is:	
Over—	But not over—		of the amount over—
\$0	\$8,375	..... 10%	\$0
8,375	34,000	<b>\$837.50 + 15%</b>	<b>8,375</b>
34,000	68,650	<b>4,681.25 + 25%</b>	<b>34,000</b>
68,650	104,625	<b>13,343.75 + 28%</b>	<b>68,650</b>
104,625	186,825	<b>23,416.75 + 33%</b>	<b>104,625</b>
186,825	.....	<b>50,542.75 + 35%</b>	<b>186,825</b>

## Schedule Z—If your filing status is **Head of household**

If your taxable income is:		The tax is:	
Over—	But not over—		of the amount over—
\$0	\$11,950	..... 10%	\$0
11,950	45,550	<b>\$1,195.00 + 15%</b>	<b>11,950</b>
45,550	117,650	<b>6,235.00 + 25%</b>	<b>45,550</b>
117,650	190,550	<b>24,260.00 + 28%</b>	<b>117,650</b>
190,550	373,650	<b>44,672.00 + 33%</b>	<b>190,550</b>
373,650	.....	<b>105,095.00 + 35%</b>	<b>373,650</b>



# 2010 Instructions for Schedule A (Form 1040)

## Itemized Deductions

Use Schedule A (Form 1040) to figure your itemized deductions. In most cases, your federal income tax will be less if you take the larger of your itemized deductions or your standard deduction.

If you itemize, you can deduct a part of your medical and dental expenses and unreimbursed employee business expenses, and amounts you paid for certain taxes, interest, contributions, and miscellaneous expenses. You can also deduct certain casualty and theft losses.

If you and your spouse paid expenses jointly and are filing separate returns for 2010, see Pub. 504 to figure the portion of joint expenses that you can claim as itemized deductions.



*Do not include on Schedule A items deducted elsewhere, such as on Form 1040 or Schedule C, C-EZ, E, or F.*

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

### What's New

**Itemized deductions limitation.** Your itemized deductions are no longer limited because of your adjusted gross income (AGI).

**New motor vehicle taxes.** You can no longer deduct certain state and local sales and excise taxes paid for a 2010 purchase of a new motor vehicle. However, if you paid these taxes in 2010 for a new motor vehicle you purchased in 2009, you may still be able to deduct these amounts. See the instructions for line 7.

**Qualified charitable distributions.** The provision that excludes up to \$100,000 of qualified charitable distributions from income has been extended. If you elect, a qualified charitable distribution made in January, 2011, will be treated as made in 2010. For more details, see Pub. 590.

**Standard mileage rates.** The 2010 rate for use of your vehicle to get medical care is 16.5 cents a mile. The 2010 rate for use of your vehicle to do volunteer work for certain charitable organizations is still 14 cents a mile.

**Personal casualty and theft loss limit.** Generally, each personal casualty or theft loss is limited to the excess of the loss over \$100 (\$500 in 2009). The 10%-of-AGI limit continues to apply to the net loss.

**Disaster losses.** The special limitation rule for an area determined by the President of the United States to warrant federal disaster assistance has expired. See *Disaster losses* on page A-9.

**Corrosive drywall losses.** If you paid for repairs to your personal residence or household appliances because of corrosive drywall that was installed between 2001 and 2008, you may be able to deduct on line 20 those amounts paid. See Form 4684 and its instructions for details.

### Medical and Dental Expenses

You can deduct only the part of your medical and dental expenses that exceeds 7.5% of the amount on Form 1040, line 38.

Pub. 502 discusses the types of expenses you can and cannot deduct. It also explains when you can deduct capital expenses and special care expenses for disabled persons.



*If you received a distribution from a health savings account or a medical savings account in 2010, see Pub. 969 to figure your deduction.*

### Examples of Medical and Dental Payments You Can Deduct

To the extent you were not reimbursed, you can deduct what you paid for:

- Insurance premiums for medical and dental care, including premiums for qualified long-term care contracts as defined in Pub. 502. But see *Limit on long-term care premiums you can deduct* on page A-2. Reduce the insurance premiums by any self-employed health insurance deduction you claimed on Form 1040, line 29. You cannot deduct insurance premiums paid with pretax dollars because the premiums are not included in box 1 of your Form(s)

W-2. If you are a retired public safety officer, you cannot deduct any premiums you paid to the extent they were paid for with a tax-free distribution from your retirement plan.



*If, during 2010, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA (ATAA) recipient, reemployment TAA (RTAA) recipient, or Pension Benefit Guaranty Corporation (PBGC) pension recipient, you must reduce your insurance premiums by any amounts used to figure the health coverage tax credit. See the instructions for line 1 on page A-2.*

- Prescription medicines or insulin.
- Acupuncturists, chiropractors, dentists, eye doctors, medical doctors, occupational therapists, osteopathic doctors, physical therapists, podiatrists, psychiatrists, psychoanalysts (medical care only), and psychologists.
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths your doctor ordered.
- Diagnostic tests, such as a full-body scan, pregnancy test, or blood sugar test kit.
- Nursing help (including your share of the employment taxes paid). If you paid someone to do both nursing and housework, you can deduct only the cost of the nursing help.
- Hospital care (including meals and lodging), clinic costs, and lab fees.
- Qualified long-term care services (see Pub. 502).
- The supplemental part of Medicare insurance (Medicare B).
- The premiums you pay for Medicare Part D insurance.

- A program to stop smoking and for prescription medicines to alleviate nicotine withdrawal.

- A weight-loss program as treatment for a specific disease (including obesity) diagnosed by a doctor.

- Medical treatment at a center for drug or alcohol addiction.

- Medical aids such as eyeglasses, contact lenses, hearing aids, braces, crutches, wheelchairs, and guide dogs, including the cost of maintaining them.

- Surgery to improve defective vision, such as laser eye surgery or radial keratotomy.

- Lodging expenses (but not meals) while away from home to receive medical care in a hospital or a medical care facility related to a hospital, provided there was no significant element of personal pleasure, recreation, or vacation in the travel. Do not deduct more than \$50 a night for each eligible person.

- Ambulance service and other travel costs to get medical care. If you used your own car, you can claim what you spent for gas and oil to go to and from the place you received the care; or you can claim 16.5 cents a mile. Add parking and tolls to the amount you claim under either method.

**Deceased taxpayer.** Certain medical expenses paid out of a deceased taxpayer's estate can be claimed on the deceased taxpayer's final return. See Pub. 502 for details.

**Limit on long-term care premiums you can deduct.** The amount you can deduct for qualified long-term care contracts (as defined in Pub. 502) depends on the age, at the end of 2010, of the person for whom the premiums were paid. See the chart below for details.

IF the person was, at the end of 2010, age . . .	THEN the most you can deduct is . . .
40 or under	\$ 330
41–50	\$ 620
51–60	\$ 1,230
61–70	\$ 3,290
71 or older	\$ 4,110

### Examples of Medical and Dental Payments You Cannot Deduct

- The cost of diet food.
- Cosmetic surgery unless it was necessary to improve a deformity related to a congenital abnormality, an injury from an accident or trauma, or a disfiguring disease.
- Life insurance or income protection policies.
- The Medicare tax on your wages and tips or the Medicare tax paid as part of the

self-employment tax or household employment taxes.



*If you were age 65 or older but not entitled to social security benefits, you can deduct premiums you voluntarily paid for Medicare A coverage.*

- Nursing care for a healthy baby. But you may be able to take a credit for the amount you paid. See the instructions for Form 1040, line 48.

- Illegal operations or drugs.
- Imported drugs not approved by the U.S. Food and Drug Administration (FDA). This includes foreign-made versions of U.S.-approved drugs manufactured without FDA approval.

- Nonprescription medicines (including nicotine gum and certain nicotine patches).

- Travel your doctor told you to take for rest or a change.

- Funeral, burial, or cremation costs.

## Line 1 Medical and Dental Expenses

Enter the total of your medical and dental expenses (see page A-1), after you reduce these expenses by any payments received from insurance or other sources. See *Reimbursements* on this page.



*Do not forget to include insurance premiums you paid for medical and dental care. But if you claimed the self-employed health insurance deduction on Form 1040, line 29, reduce the premiums by the amount on line 29.*



*If, during 2010, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA (ATAA) recipient, reemployment TAA (RTAA) recipient, or Pension Benefit Guaranty Corporation (PBGC) pension recipient, you must complete Form 8885 before completing Schedule A, line 1. When figuring the amount of insurance premiums you can deduct on Schedule A, do not include:*

- Any amounts you included on Form 8885, line 4,
- Any qualified health insurance premiums you paid to "U.S. Treasury—HCTC," or
- Any health coverage tax credit advance payments shown in box 1 of Form 1099-H.

**Whose medical and dental expenses can you include?** You can include medical and dental bills you paid for anyone who was one of the following either when the services were provided or when you paid for them.

- Yourself and your spouse.
- All dependents you claim on your return.
- Your child whom you do not claim as a dependent because of the rules for children of divorced or separated parents.
- Any person you could have claimed as a dependent on your return except that person received \$3,650 or more of gross income or filed a joint return.
- Any person you could have claimed as a dependent except that you, or your spouse if filing jointly, can be claimed as a dependent on someone else's 2010 return.

**Example.** You provided over half of your mother's support but cannot claim her as a dependent because she received wages of \$3,650 in 2010. You can include on line 1 any medical and dental expenses you paid in 2010 for your mother.

**Reimbursements.** If your insurance company paid the provider directly for part of your expenses, and you paid only the amount that remained, include on line 1 only the amount you paid. If you received a reimbursement in 2010 for medical or dental expenses you paid in 2010, reduce your 2010 expenses by this amount. If you received a reimbursement in 2010 for prior year medical or dental expenses, do not reduce your 2010 expenses by this amount. But if you deducted the expenses in the earlier year and the deduction reduced your tax, you must include the reimbursement in income on Form 1040, line 21. See Pub. 502 for details on how to figure the amount to include.

**Cafeteria plans.** Do not include on line 1 insurance premiums paid by an employer-sponsored health insurance plan (cafeteria plan) unless the premiums are included in box 1 of your Form(s) W-2. Also, do not include any other medical and dental expenses paid by the plan unless the amount paid is included in box 1 of your Form(s) W-2.

## Taxes You Paid

### Taxes You Cannot Deduct

- Federal income and most excise taxes.
- Social security, Medicare, federal unemployment (FUTA), and railroad retirement (RRTA) taxes.
- Customs duties.
- Federal estate and gift taxes. But see the instructions for line 28 on page A-10.
- Certain state and local taxes, including: tax on gasoline, car inspection fees, assessments for sidewalks or other improvements to your property, tax you paid for someone else, and license fees (marriage, driver's, dog, etc.).

## Line 5



You can elect to deduct state and local general sales taxes instead of state and local income taxes. You cannot deduct both.

### State and Local Income Taxes

If you deduct state and local income taxes, check **box a** on line 5. Include on this line the state and local income taxes listed below.

- State and local income taxes withheld from your salary during 2010. Your Form(s) W-2 will show these amounts. Forms W-2G, 1099-G, 1099-R, and 1099-MISC may also show state and local income taxes withheld.
- State and local income taxes paid in 2010 for a prior year, such as taxes paid with your 2009 state or local income tax return. Do not include penalties or interest.
- State and local estimated tax payments made during 2010, including any part of a prior year refund that you chose to have credited to your 2010 state or local income taxes.
- Mandatory contributions you made to the California, New Jersey, or New York Nonoccupational Disability Benefit Fund, Rhode Island Temporary Disability Benefit Fund, or Washington State Supplemental Workmen's Compensation Fund.

• Mandatory contributions to the Alaska, California, New Jersey, or Pennsylvania state unemployment fund.

• Mandatory contributions to state family leave programs, such as the New Jersey Family Leave Insurance (FLI) program and the California Paid Family Leave program.

Do not reduce your deduction by any:

- State or local income tax refund or credit you expect to receive for 2010, or
- Refund of, or credit for, prior year state and local income taxes you actually received in 2010. Instead, see the instructions for Form 1040, line 10.

### State and Local General Sales Taxes

If you elect to deduct state and local general sales taxes, you **must** check **box b** on line 5. To figure your deduction, you can use either your actual expenses or the optional sales tax tables.



You cannot deduct new motor vehicle taxes on line 7 of Schedule A if you make this election.

### Actual Expenses

Generally, you can deduct the actual state and local general sales taxes (including compensating use taxes) you paid in 2010 if the tax rate was the same as the general sales tax rate. However, sales taxes on food, clothing, medical supplies, and motor

vehicles are deductible as a general sales tax even if the tax rate was less than the general sales tax rate. If you paid sales tax on a motor vehicle at a rate higher than the general sales tax rate, you can deduct only the amount of tax that you would have paid at the general sales tax rate on that vehicle. Motor vehicles include cars, motorcycles, motor homes, recreational vehicles, sport utility vehicles, trucks, vans, and off-road vehicles. Also include any state and local general sales taxes paid for a leased motor vehicle. Do not include sales taxes paid on items used in your trade or business.



You must keep your actual receipts showing general sales taxes paid to use this method.

**Refund of general sales taxes.** If you received a refund of state or local general sales taxes in 2010 for amounts paid in 2010, reduce your **actual** 2010 state and local general sales taxes by this amount. If you received a refund of state or local general sales taxes in 2010 for prior year purchases, do not reduce your 2010 state and local general sales taxes by this amount. But if you deducted your **actual** state and local general sales taxes in the earlier year and the deduction reduced your tax, you may have to include the refund in income on Form 1040, line 21. See *Recoveries* in Pub. 525 for details.

### Optional Sales Tax Tables

Instead of using your actual expenses, you can use the tables on pages A-12 through A-14 to figure your state and local general sales tax deduction. You may also be able to add the state and local general sales taxes paid on certain specified items.

To figure your state and local general sales tax deduction using the tables, complete the worksheet on page A-4 or use the 2010 Sales Tax Deduction Calculator on the IRS website. To use the 2010 Sales Tax Deduction Calculator, go to IRS.gov and enter "sales tax deduction calculator" in the search box.



If your filing status is married filing separately, both you and your spouse elect to deduct sales taxes, and your spouse elects to use the optional sales tax tables, you also must use the tables to figure your state and local general sales tax deduction.

### Instructions for Line 5b Worksheet

**Line 1.** If you lived in the same state for all of 2010, enter the applicable amount, based on your 2010 income and exemptions, from the optional state sales tax table for your state on page A-12 or A-13. Read down the "At least-But less than" columns for your state and find the line that includes your 2010 income. If married filing separately, do not include your spouse's income. Your 2010 income is the amount shown on your Form 1040, line 38, **plus** any nontaxable items, such as the following.

- Tax-exempt interest.
- Veterans' benefits.
- Nontaxable combat pay.
- Workers' compensation.
- Nontaxable part of social security and railroad retirement benefits.
- Nontaxable part of IRA, pension, or annuity distributions. Do not include rollovers.
- Public assistance payments.
- Economic recovery payments.

The exemptions column refers to the number of exemptions claimed on Form 1040, line 6d.

**What if you lived in more than one state?** If you lived in more than one state during 2010, look up the table amount for each state using the above rules. If there is no table for your state, the table amount is considered to be zero. Multiply the table amount for each state you lived in by a fraction. The numerator of the fraction is the number of days you lived in the state during 2010 and the denominator is the total number of days in the year (365). Enter the total of the prorated table amounts for each state on line 1. However, if you also lived in a locality during 2010 that imposed a local general sales tax, do not enter the total on line 1. Instead, complete a separate worksheet for each state you lived in and enter the prorated amount for that state on line 1.

**Example.** You lived in State A from January 1 through August 31, 2010 (243 days), and in State B from September 1 through December 31, 2010 (122 days). The table amount for State A is \$500. The table amount for State B is \$400. You would figure your state general sales tax as follows.

State A:	$\$500 \times 243/365 =$	\$333
State B:	$\$400 \times 122/365 =$	134
Total		= \$467

If none of the localities in which you lived during 2010 imposed a local general sales tax, enter \$467 on line 1 of your worksheet. Otherwise, complete a separate worksheet for State A and State B. Enter \$333 on line 1 of the State A worksheet and \$134 on line 1 of the State B worksheet.

**Line 2.** If you checked the "No" box, enter -0- on line 2, and go to line 3. If you checked the "Yes" box and lived in the same locality for all of 2010, enter the applicable amount, based on your 2010 income and exemptions, from the optional local sales tax table for your locality on page A-14. Read down the "At least-But less than" columns for your locality and find the line that includes your 2010 income. See the line 1 instructions on this page to figure your 2010 income. The exemptions column refers to the number of exemptions claimed on Form 1040, line 6d.

**What if you lived in more than one locality?** If you lived in more than one locality during 2010, look up the table amount

for each locality using the above rules. If there is no table for your locality, the table amount is considered to be zero. Multiply the table amount for each locality you lived in by a fraction. The numerator of the fraction is the number of days you lived in the locality during 2010 and the denominator is the total number of days in the year (365). If you lived in more than one locality in the

same state and the local general sales tax rate was the same for each locality, enter the total of the prorated table amounts for each locality in that state on line 2. Otherwise, complete a separate worksheet for lines 2 through 6 for each locality and enter each prorated table amount on line 2 of the applicable worksheet.

**Example.** You lived in Locality 1 from January 1 through August 31, 2010 (243 days), and in Locality 2 from September 1 through December 31, 2010 (122 days). The table amount for Locality 1 is \$100. The table amount for Locality 2 is \$150. You would figure the amount to enter on line 2 as follows. Note that this amount may not equal your local sales tax deduc-

**State and Local General Sales Tax Deduction Worksheet—Line 5b**  
(See the *Instructions for Line 5b Worksheet* that begin on page A-3.)

Keep for Your Records



Instead of using this worksheet, you can find your deduction by using the 2010 Sales Tax Deduction Calculator at IRS.gov.

**Before you begin:** See the instructions for line 1 on page A-3 if you:

- Lived in more than one state during 2010, or
- Had any **nontaxable** income in 2010.

1. Enter your **state** general sales taxes from the applicable table on page A-12 or A-13 (see page A-3) . . . 1. \$ \_\_\_\_\_

**Next.** If, for all of 2010, you lived only in Connecticut, the District of Columbia, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Jersey, Rhode Island, or West Virginia, skip lines 2 through 5, enter -0- on line 6, and go to line 7. Otherwise, go to line 2.

2. Did you live in Alaska, Arizona, Arkansas, California (Los Angeles County only), Colorado, Georgia, Illinois, Louisiana, Missouri, New York State, North Carolina, South Carolina, Tennessee, Utah, or Virginia in 2010?

**No.** Enter -0-

**Yes.** Enter your base **local** general sales taxes from the applicable table on page A-14 (see page A-3)

} ..... 2. \$ \_\_\_\_\_

3. Did your locality impose a **local** general sales tax in 2010? Residents of California and Nevada see the instructions for *Line 3* on page A-5.

**No.** Skip lines 3 through 5, enter -0- on line 6, and go to line 7.

**Yes.** Enter your **local** general sales tax rate, but omit the percentage sign. For example, if your local general sales tax rate was 2.5%, enter 2.5. If your local general sales tax rate changed or you lived in more than one locality in the same state during 2010, see page A-5

3. \_\_\_\_\_

4. Did you enter -0- on line 2 above?

**No.** Skip lines 4 and 5 and go to line 6.

**Yes.** Enter your **state** general sales tax rate (shown in the table heading for your state), but omit the percentage sign. For example, if your state general sales tax rate is 6%, enter 6.0

4. \_\_\_\_\_

5. Divide line 3 by line 4. Enter the result as a decimal (rounded to at least three places) 5. \_\_\_\_\_

6. Did you enter -0- on line 2 above?

**No.** Multiply line 2 by line 3

**Yes.** Multiply line 1 by line 5. If you lived in more than one locality in the same state during 2010, see the instructions on page A-5

} ..... 6. \$ \_\_\_\_\_

7. Enter your state and local general sales taxes paid on specified items, if any (see page A-5) . . . . . 7. \$ \_\_\_\_\_

8. **Deduction for general sales taxes.** Add lines 1, 6, and 7. Enter the result here and the total from all your state and local general sales tax deduction worksheets, if you completed more than one, on Schedule A, line 5. Be sure to check **box b** on that line . . . . . 8. \$ \_\_\_\_\_

tion, which is figured on line 6 of the worksheet.

Locality 1:	$\$100 \times 243/365 =$	$\$ 67$
Locality 2:	$\$150 \times 122/365 =$	$\underline{\$50}$
Total		$= \$117$

**Line 3.** If you lived in California, check the “No” box if your combined state and local general sales tax rate is 8.2500%. Otherwise, check the “Yes” box and include on line 3 only the part of the combined rate that is more than 8.2500%.

If you lived in Nevada, check the “No” box if your combined state and local general sales tax rate is 6.8500%. Otherwise, check the “Yes” box and include on line 3 only the part of the combined rate that is more than 6.8500%.

**What if your local general sales tax rate changed during 2010?** If you checked the “Yes” box and your local general sales tax rate changed during 2010, figure the rate to enter on line 3 as follows. Multiply each tax rate for the period it was in effect by a fraction. The numerator of the fraction is the number of days the rate was in effect during 2010 and the denominator is the total number of days in the year (365). Enter the total of the prorated tax rates on line 3.

**Example.** Locality 1 imposed a 1% local general sales tax from January 1 through September 30, 2010 (273 days). The rate increased to 1.75% for the period from October 1 through December 31, 2010 (92 days). You would enter “1.189” on line 3, figured as follows.

January 1 –		
September 30:	$1.00 \times 273/365 =$	0.748
October 1 –		
December 31:	$1.75 \times 92/365 =$	$\underline{0.441}$
Total		$= 1.189$

**What if you lived in more than one locality in the same state during 2010?** Complete a separate worksheet for lines 2 through 6 for each locality in your state if you lived in more than one locality in the same state during 2010 and either of the following applies.

- Each locality did not have the same local general sales tax rate.
- You lived in Los Angeles County, CA.

To figure the amount to enter on line 3 of the worksheet for each locality in which you lived (except a locality for which you used the table on page A-14 to figure your local general sales tax deduction), multiply the local general sales tax rate by a fraction. The numerator of the fraction is the number of days you lived in the locality during 2010 and the denominator is the total number of days in the year (365).

**Example.** You lived in Locality 1 from January 1 through August 31, 2010 (243 days), and in Locality 2 from September 1 through December 31, 2010 (122 days). The local general sales tax rate for Locality 1 is 1%. The rate for Locality 2 is 1.75%. You would enter “0.666” on line 3 for the

Locality 1 worksheet and “0.585” for the Locality 2 worksheet, figured as follows.

Locality 1:	$1.00 \times 243/365 =$	0.666
Locality 2:	$1.75 \times 122/365 =$	0.585

**Line 6.** If you lived in more than one locality in the same state during 2010, you should have completed line 1 only on the first worksheet for that state and separate worksheets for lines 2 through 6 for any other locality within that state in which you lived during 2010. If you checked the “Yes” box on line 6 of any of those worksheets, multiply line 5 of that worksheet by the amount that you entered on line 1 for that state on the first worksheet.

**Line 7.** Enter on line 7 any state and local general sales taxes paid on the following specified items. If you are completing more than one worksheet, include the total for line 7 on only one of the worksheets.

1. A motor vehicle (including a car, motorcycle, motor home, recreational vehicle, sport utility vehicle, truck, van, and off-road vehicle). Also include any state and local general sales taxes paid for a leased motor vehicle. If the state sales tax rate on these items is higher than the general sales tax rate, only include the amount of tax you would have paid at the general sales tax rate.

2. An aircraft or boat, if the tax rate was the same as the general sales tax rate.

3. A home (including a mobile home or prefabricated home) or substantial addition to or major renovation of a home, but only if the tax rate was the same as the general sales tax rate and any of the following applies.

a. Your state or locality imposes a general sales tax directly on the sale of a home or on the cost of a substantial addition or major renovation.

b. You purchased the materials to build a home or substantial addition or to perform a major renovation and paid the sales tax directly.

c. Under your state law, your contractor is considered your agent in the construction of the home or substantial addition or the performance of a major renovation. The contract must state that the contractor is authorized to act in your name and must follow your directions on construction decisions. In this case, you will be considered to have purchased any items subject to a sales tax and to have paid the sales tax directly.

Do not include sales taxes paid on items used in your trade or business. If you received a refund of state or local general sales taxes in 2010, see *Refund of general sales taxes* on page A-3.

## Line 6

### Real Estate Taxes

Include taxes (state, local, or foreign) you paid on real estate you own that was not used for business, but only if the taxes are based on the assessed value of the property. Also, the assessment must be made uniformly on property throughout the community, and the proceeds must be used for general community or governmental purposes. Pub. 530 explains the deductions homeowners can take.

Do not include the following amounts on line 6.

- Itemized charges for services to specific property or persons (for example, a \$20 monthly charge per house for trash collection, a \$5 charge for every 1,000 gallons of water consumed, or a flat charge for mowing a lawn that had grown higher than permitted under a local ordinance).

- Charges for improvements that tend to increase the value of your property (for example, an assessment to build a new sidewalk). The cost of a property improvement is added to the basis of the property. However, a charge is deductible if it is used only to maintain an existing public facility in service (for example, a charge to repair an existing sidewalk, and any interest included in that charge).

If your mortgage payments include your real estate taxes, you can deduct only the amount the mortgage company actually paid to the taxing authority in 2010.

If you sold your home in 2010, any real estate tax charged to the buyer should be shown on your settlement statement and in box 5 of any Form 1099-S you received. This amount is considered a refund of real estate taxes. See *Refunds and rebates* below. Any real estate taxes you paid at closing should be shown on your settlement statement.



*You must look at your real estate tax bill to decide if any non-deductible itemized charges, such as those listed above, are included in the bill. If your taxing authority (or lender) does not furnish you a copy of your real estate tax bill, ask for it.*

**Refunds and rebates.** If you received a refund or rebate in 2010 of real estate taxes you paid in 2010, reduce your deduction by the amount of the refund or rebate. If you received a refund or rebate in 2010 of real estate taxes you paid in an earlier year, do not reduce your deduction by this amount. Instead, you must include the refund or rebate in income on Form 1040, line 21, if you deducted the real estate taxes in the earlier year and the deduction reduced your tax. See *Recoveries* in Pub. 525 for details on how to figure the amount to include in income.

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## Line 7

### New Motor Vehicle Taxes



You cannot deduct new motor vehicle taxes on line 7 if:

- The new motor vehicle was purchased after 2009, or
- You elected to deduct state and local general sales taxes on line 5b, or
- The amount on Form 1040, line 38, is equal to or greater than \$135,000 (\$260,000 if married filing jointly).

You may be able to deduct state and local sales and excise taxes (or certain other taxes or fees in a state without a sales tax) paid in 2010 for the purchase of any new motor vehicle(s) after February 16, 2009, and before January 1, 2010. To figure the amount you can deduct, you will need to complete the *Worksheet for Line 7* on the back of Schedule A.

#### Instructions for Worksheet for Line 7

**Line 1.** Enter the state and local sales and excise taxes you paid in 2010 from your sales invoice(s) relating to any new motor vehicle(s) (defined below) purchased after February 16, 2009, and before January 1, 2010.

**States with no sales tax.** The states of Alaska, Delaware, Hawaii, Montana, New Hampshire, and Oregon do not have a sales tax. However, you may be charged other taxes or fees on the purchase of a new motor vehicle in one of these six states that is similar to a sales tax. The taxes or fees that qualify must be assessed on the purchase of the vehicle and must be based on the vehicle's sales price or as a per unit fee. You can include these taxes or fees on line 1 of the *Worksheet for Line 7*.

One example of a fee you can include on line 1 of the worksheet is the 3.75% document fee when registering a title with the Delaware Division of Motor Vehicles. The fee is 3.75% of the purchase price.

**New motor vehicle.** A new motor vehicle is any of the following. The original use of the vehicle must begin with you.

- A passenger automobile or light truck that is self-propelled, designed to transport people or property on a street or highway, and the gross vehicle weight rating of the vehicle is not more than 8,500 pounds.
- A motorcycle (defined below) with a gross vehicle weight rating of not more than 8,500 pounds.
- A motor home (defined below).

**Motorcycle.** A vehicle with motive power having a seat or saddle for the use of the rider and designed to travel on not more than three wheels in contact with the ground.

**Motor home.** A multi-purpose vehicle with motive power that is designed to pro-

vide temporary residential accommodations, as evidenced by the presence of at least four of the following facilities.

- Cooking.
- Refrigeration or ice box.
- Self-contained toilet.
- Heating and/or air conditioning.
- Potable water supply system including a faucet and sink.
- Separate 110-125 volt electrical power supply and/or propane.

**Line 2.** Enter on line 2 the cost of the new motor vehicle(s). Do not include on line 2 any state or local sales or excise taxes you entered on line 1.

**Line 3.** If you check the "Yes" box, the amount you can include for state or local sales and excise taxes is limited to the taxes imposed on the first \$49,500 of the purchase price of each new motor vehicle. To figure the amount to enter on line 3, you will need to know the rate(s) of tax that apply in the state and locality where you purchased each new motor vehicle. If the state and locality where you purchased a new motor vehicle imposes a fixed rate, multiply the combined state and local rate by the smaller of \$49,500 or the purchase price (before taxes) of the new motor vehicle. See the *Example* below.

Some taxing jurisdictions may provide for a sales tax that is limited to a certain dollar amount per purchase. One example is Manatee County, Florida. Manatee County charges an additional 1/2% (.005) discretionary sales tax that is collected on the first \$5,000 of a purchase, not to exceed \$25.

**Example.** You purchased a new motor vehicle on December 3, 2009, for \$56,500 before taxes. You paid the sales tax on February 3, 2010. The state where you purchased the vehicle imposes a fixed sales tax rate of 5% and the locality also charges a fixed rate of 1%, for a combined fixed sales tax rate of 6%. The amount of sales tax you can include on line 3 is \$2,970 (\$49,500 × 6% (.06)).

**Refunds and recoveries.** If you received a refund in 2010 of new motor vehicle taxes you paid in 2009, you generally must include the refund in income on Form 1040, line 21, if you deducted the new motor vehicle taxes in 2009 and the deduction reduced your tax.

If you recover any portion of your new motor vehicle tax deduction in future tax years, you generally have to include that amount in your income at that time.

See *Recoveries* in Pub. 525 for details.

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## Line 8

### Other Taxes

If you had any deductible tax not listed on line 5, 6, or 7, list the type and amount of

tax. Enter only one total on line 8. Include on this line:

- State and local personal property taxes you paid, if the taxes were based on value alone and were imposed on a yearly basis; and
- Income tax you paid to a foreign country or U.S. possession.



You may want to take a credit for the foreign tax instead of a deduction. See the instructions for Form 1040, line 47, for details.

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## Interest You Paid

Whether your interest expense is treated as investment interest, personal interest, or business interest depends on how and when you used the loan proceeds. See Pub. 535 for details.

In general, if you paid interest in 2010 that applies to any period after 2010, you can deduct only amounts that apply for 2010.

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## Lines 10 and 11

### Home Mortgage Interest

A home mortgage is any loan that is secured by your main home or second home. It includes first and second mortgages, home equity loans, and refinanced mortgages.

A home can be a house, condominium, cooperative, mobile home, boat, or similar property. It must provide basic living accommodations including sleeping space, toilet, and cooking facilities.

**Limit on home mortgage interest.** If you took out any mortgages after October 13, 1987, your deduction may be limited. Any additional amounts borrowed after October 13, 1987, on a line-of-credit mortgage you had on that date are treated as a mortgage taken out after October 13, 1987. If you refinanced a mortgage you had on October 13, 1987, treat the new mortgage as taken out on or before October 13, 1987. But if you refinanced for more than the balance of the old mortgage, treat the excess as a mortgage taken out after October 13, 1987.

See Pub. 936 to figure your deduction if either (1) or (2) below applies. If you had more than one home at the same time, the dollar amounts in (1) and (2) apply to the total mortgages on both homes.

1. You took out any mortgages after October 13, 1987, and used the proceeds for purposes other than to buy, build, or improve your home, and all of these mortgages totaled over \$100,000 at any time during 2010. The limit is \$50,000 if married filing separately. An example of this type of mortgage is a home equity loan used to pay off credit card bills, buy a car, or pay tuition.



2. You took out any mortgages after October 13, 1987, and used the proceeds to buy, build, or improve your home, and these mortgages plus any mortgages you took out on or before October 13, 1987, totaled over \$1 million at any time during 2010. The limit is \$500,000 if married filing separately.



If the total amount of all mortgages is more than the fair market value of the home, additional limits apply. See Pub. 936.

### Line 10

Enter on line 10 mortgage interest and points reported to you on Form 1098 under your social security number (SSN). If this form shows any refund of overpaid interest, do not reduce your deduction by the refund. Instead, see the instructions for Form 1040, line 21. If you and at least one other person (other than your spouse if filing jointly) were liable for and paid interest on the mortgage, and the interest was reported on Form 1098 under the other person's SSN, report your share of the interest on line 11 (as explained in the line 11 instructions on this page).

If you paid more interest to the recipient than is shown on Form 1098, see Pub. 936 to find out if you can deduct the additional interest. If you can, attach a statement explaining the difference and enter "See attached" to the right of line 10.



If you are claiming the mortgage interest credit (for holders of qualified mortgage credit certificates issued by state or lo-

cal governmental units or agencies), subtract the amount shown on Form 8396, line 3, from the total deductible interest you paid on your home mortgage. Enter the result on line 10.

### Line 11

If you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 11.

If you bought your home from the recipient, be sure to show that recipient's name, identifying number, and address on the dotted lines next to line 11. If the recipient is an individual, the identifying number is his or her social security number (SSN). Otherwise, it is the employer identification number. You must also let the recipient know your SSN. If you do not show the required information about the recipient or let the recipient know your SSN, you may have to pay a \$50 penalty.

If you and at least one other person (other than your spouse if filing jointly) were liable for and paid interest on the mortgage, and the other person received the Form 1098, attach a statement to your return showing the name and address of that person. To the right of line 11, enter "See attached."

### Line 12

#### Points Not Reported on Form 1098

Points are shown on your settlement statement. Points you paid only to borrow money are generally deductible over the

life of the loan. See Pub. 936 to figure the amount you can deduct. Points paid for other purposes, such as for a lender's services, are not deductible.

**Refinancing.** Generally, you must deduct points you paid to refinance a mortgage over the life of the loan. This is true even if the new mortgage is secured by your main home.

If you used part of the proceeds to improve your main home, you may be able to deduct the part of the points related to the improvement in the year paid. See Pub. 936 for details.



If you paid off a mortgage early, deduct any remaining points in the year you paid off the mortgage. However, if you refinanced your mortgage with the same lender, see Mortgage ending early in Pub. 936 for an exception.

### Line 13

#### Mortgage Insurance Premiums

Enter the qualified mortgage insurance premiums you paid under a mortgage insurance contract issued after December 31, 2006, in connection with home acquisition debt that was secured by your first or second home. Box 4 of Form 1098 may show the amount of premiums you paid in 2010. If you and at least one other person (other than your spouse if filing jointly) were liable for and paid the premiums in connection with the loan, and the premiums were reported on Form 1098 under the other person's SSN, report your share of the pre-

## Mortgage Insurance Premiums Deduction Worksheet—Line 13

Keep for Your Records



**Before you begin:** ✓ See the instructions for line 13 above to see if you must use this worksheet to figure your deduction.

1. Enter the total premiums you paid in 2010 for qualified mortgage insurance for a contract issued after December 31, 2006 . . . . .	1.	<input type="text"/>
2. Enter the amount from Form 1040, line 38 . . . . .	2.	<input type="text"/>
3. Enter \$100,000 (\$50,000 if married filing separately) . . . . .	3.	<input type="text"/>
4. Is the amount on line 2 more than the amount on line 3? <input type="checkbox"/> <b>No.</b> Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 13. <b>Do not</b> complete the rest of this worksheet. <input type="checkbox"/> <b>Yes.</b> Subtract line 3 from line 2. If the result is not a multiple of \$1,000 (\$500 if married filing separately), increase it to the next multiple of \$1,000 (\$500 if married filing separately). For example, increase \$425 to \$1,000, increase \$2,025 to \$3,000; or if married filing separately, increase \$425 to \$500, increase \$2,025 to \$2,500, etc. . . . .	4.	<input type="text"/>
5. Divide line 4 by \$10,000 (\$5,000 if married filing separately). Enter the result as a decimal. If the result is 1.0 or more, enter 1.0 . . . . .	5.	<input type="text"/>
6. Multiply line 1 by line 5 . . . . .	6.	<input type="text"/>
7. <b>Mortgage insurance premiums deduction.</b> Subtract line 6 from line 1. Enter the result here and on Schedule A, line 13 . . . . .	7.	<input type="text"/>

miums on line 13. See *Prepaid mortgage insurance premiums* below if you paid any premiums allocable to any period after 2010.

Qualified mortgage insurance is mortgage insurance provided by the Department of Veterans Affairs, the Federal Housing Administration, or the Rural Housing Service (or their successor organizations), and private mortgage insurance (as defined in section 2 of the Homeowners Protection Act of 1998 as in effect on December 20, 2006).

Mortgage insurance provided by the Department of Veterans Affairs and the Rural Housing Service is commonly known as a funding fee and guarantee fee respectively. These fees can be deducted fully in 2010 if the mortgage insurance contract was issued in 2010. Contact the mortgage insurance issuer to determine the deductible amount if it is not included in box 4 of Form 1098.

**Prepaid mortgage insurance premiums.** If you paid qualified mortgage insurance premiums that are allocable to periods after 2010, you must allocate them over the shorter of:

- The stated term of the mortgage, or
- 84 months, beginning with the month the insurance was obtained.

The premiums are treated as paid in the year to which they are allocated. If the mortgage is satisfied before its term, no deduction is allowed for the unamortized balance. See Pub. 936 for details.

The allocation rules, explained above, do not apply to qualified mortgage insurance provided by the Department of Veterans Affairs or the Rural Housing Service (or their successor organizations).

**Limit on amount you can deduct.** You cannot deduct your mortgage insurance premiums if the amount on Form 1040, line 38, is more than \$109,000 (\$54,500 if married filing separately). If the amount on Form 1040, line 38, is more than \$100,000 (\$50,000 if married filing separately), your deduction is limited and you must use the worksheet on page A-7 to figure your deduction.

## Line 14

### Investment Interest

Investment interest is interest paid on money you borrowed that is allocable to property held for investment. It does not include any interest allocable to passive activities or to securities that generate tax-exempt income.

Complete and attach Form 4952 to figure your deduction.

**Exception.** You do not have to file Form 4952 if all three of the following apply.

1. Your investment interest expense is not more than your investment income from interest and ordinary dividends minus any qualified dividends.

2. You have no other deductible investment expenses.

3. You have no disallowed investment interest expense from 2009.



*Alaska Permanent Fund dividends, including those reported on Form 8814, are not investment income.*

For more details, see Pub. 550.

## Gifts to Charity

You can deduct contributions or gifts you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You can also deduct what you gave to organizations that work to prevent cruelty to children or animals. Certain whaling captains may be able to deduct expenses paid in 2010 for Native Alaskan subsistence bowhead whale hunting activities. See Pub. 526 for details.

To verify an organization's charitable status, you can:

- Check with the organization to which you made the donation. The organization should be able to provide you with verification of its charitable status.

- See Pub. 78 for a list of most qualified organizations. You can access Pub. 78 at [www.irs.gov/charities](http://www.irs.gov/charities) under *Search for Charities*.

- Call our Tax Exempt/Government Entities Customer Account Services at 1-877-829-5500.

### Examples of Qualified Charitable Organizations

- Churches, mosques, synagogues, temples, etc.

- Boy Scouts, Boys and Girls Clubs of America, CARE, Girl Scouts, Goodwill Industries, Red Cross, Salvation Army, United Way, etc.

- Fraternal orders, if the gifts will be used for the purposes listed earlier on this page.

- Veterans' and certain cultural groups.

- Nonprofit schools, hospitals, and organizations whose purpose is to find a cure for, or help people who have, arthritis, asthma, birth defects, cancer, cerebral palsy, cystic fibrosis, diabetes, heart disease, hemophilia, mental illness or retardation, multiple sclerosis, muscular dystrophy, tuberculosis, etc.

- Federal, state, and local governments if the gifts are solely for public purposes.

### Contributions You Can Deduct

Contributions can be in cash, property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described earlier. If you drove to and from the volunteer work, you can take the actual

cost of gas and oil or 14 cents a mile. Add parking and tolls to the amount you claim under either method. But do not deduct any amounts that were repaid to you.

**Gifts from which you benefit.** If you made a gift and received a benefit in return, such as food, entertainment, or merchandise, you can generally only deduct the amount that is more than the value of the benefit. But this rule does not apply to certain membership benefits provided in return for an annual payment of \$75 or less or to certain items or benefits of token value. For details, see Pub. 526.

**Example.** You paid \$70 to a charitable organization to attend a fund-raising dinner and the value of the dinner was \$40. You can deduct only \$30.

**Gifts of \$250 or more.** You can deduct a gift of \$250 or more only if you have a statement from the charitable organization showing the information in (1) and (2) next.

1. The amount of any money contributed and a description (but not value) of any property donated.

2. Whether the organization did or did not give you any goods or services in return for your contribution. If you did receive any goods or services, a description and estimate of the value must be included. If you received only intangible religious benefits (such as admission to a religious ceremony), the organization must state this, but it does not have to describe or value the benefit.

In figuring whether a gift is \$250 or more, do not combine separate donations. For example, if you gave your church \$25 each week for a total of \$1,300, treat each \$25 payment as a separate gift. If you made donations through payroll deductions, treat each deduction from each paycheck as a separate gift. See Pub. 526 if you made a separate gift of \$250 or more through payroll deduction.



*You must get the statement by the date you file your return or the due date (including extensions) for filing your return, whichever is earlier. Do not attach the statement to your return. Instead, keep it for your records.*

**Limit on the amount you can deduct.** See Pub. 526 to figure the amount of your deduction if any of the following applies.

1. Your cash contributions or contributions of ordinary income property are more than 30% of the amount on Form 1040, line 38.

2. Your gifts of capital gain property are more than 20% of the amount on Form 1040, line 38.

3. You gave gifts of property that increased in value or gave gifts of the use of property.

## Contributions You Cannot Deduct

- Travel expenses (including meals and lodging) while away from home, unless there was no significant element of personal pleasure, recreation, or vacation in the travel.

- Political contributions.
- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
- Cost of raffle, bingo, or lottery tickets. But you may be able to deduct these expenses on line 28. See the instructions on page A-10 for details.

- Cost of tuition. But you may be able to deduct this expense on line 21 (see page A-10); or Form 1040, line 34; or take a credit for this expense (see Form 8863).

- Value of your time or services.
- Value of blood given to a blood bank.
- The transfer of a future interest in tangible personal property (generally, until the entire interest has been transferred).
- Gifts to individuals and groups that are run for personal profit.
- Gifts to foreign organizations. But you may be able to deduct gifts to certain U.S. organizations that transfer funds to foreign charities and certain Canadian, Israeli, and Mexican charities. See Pub. 526 for details.
- Gifts to organizations engaged in certain political activities that are of direct financial interest to your trade or business. See section 170(f)(9).
- Gifts to groups whose purpose is to lobby for changes in the laws.
- Gifts to civic leagues, social and sports clubs, labor unions, and chambers of commerce.
- Value of benefits received in connection with a contribution to a charitable organization. See Pub. 526 for exceptions.

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## Line 16

### Gifts by Cash or Check



*If you contributed money for the relief of victims in areas affected by the January 12, 2010, earthquake in Haiti and chose to deduct those amounts on your 2009 return instead of your 2010 return, do not include those amounts again on line 16.*

Enter on line 16 the total gifts you made in cash or by check (including out-of-pocket expenses).

**Recordkeeping.** For any contribution made in cash, regardless of the amount, you must maintain as a record of the contribution a bank record (such as a canceled check or credit card statement) or a written record from the charity. The written record must include the name of the charity, date,

and amount of the contribution. If you made contributions through payroll deduction, see Pub. 526 for information on the records you must keep. Do not attach the record to your tax return. Instead, keep it with your other tax records.

**Haiti relief contributions.** If you made a contribution by phone or text message for the relief of victims in areas affected by the January 12, 2010, earthquake in Haiti, you can satisfy the recordkeeping requirement if you have a telephone bill showing the name of the donee organization, the date of the contribution, and the amount of the contribution.

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## Line 17

### Other Than by Cash or Check

Enter your contributions of property. If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale. For more details on determining the value of donated property, see Pub. 561.

If the amount of your deduction is more than \$500, you must complete and attach Form 8283. For this purpose, the “amount of your deduction” means your deduction before applying any income limits that could result in a carryover of contributions. If you deduct more than \$500 for a contribution of a motor vehicle, boat, or airplane, you must also attach a statement from the charitable organization to your return. The organization may use Form 1098-C to provide the required information. If your total deduction is over \$5,000, you may also have to get appraisals of the values of the donated property. This amount is \$500 for certain contributions of clothing and household items (see below). See Form 8283 and its instructions for details.

**Contributions of clothing and household items.** A deduction for these contributions will be allowed only if the items are in good used condition or better. However, this rule does not apply to a contribution of any single item for which a deduction of more than \$500 is claimed and for which you include a qualified appraisal and Form 8283 with your tax return.

**Recordkeeping.** If you gave property, you should keep a receipt or written statement from the organization you gave the property to, or a reliable written record, that shows the organization’s name and address, the date and location of the gift, and a description of the property. For each gift of property, you should also keep reliable written records that include:

- How you figured the property’s value at the time you gave it. If the value was determined by an appraisal, keep a signed copy of the appraisal.

- The cost or other basis of the property if you must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.

- How you figured your deduction if you chose to reduce your deduction for gifts of capital gain property.

- Any conditions attached to the gift.



*If your total deduction for gifts of property is over \$500, you gave less than your entire interest in the property, or you made a “qualified conservation contribution,” your records should contain additional information. See Pub. 526 for details.*

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## Line 18

### Carryover From Prior Year

Enter any carryover of contributions that you could not deduct in an earlier year because they exceeded your adjusted gross income limit. See Pub. 526 for details.

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## Casualty and Theft Losses

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### Line 20

Complete and attach Form 4684 to figure the amount of your loss to enter on line 20.

You may be able to deduct part or all of each loss caused by theft, vandalism, fire, storm, or similar causes; car, boat, and other accidents; and corrosive drywall. You may also be able to deduct money you had in a financial institution but lost because of the insolvency or bankruptcy of the institution.

You can deduct personal casualty or theft losses only to the extent that:

1. The amount of each separate casualty or theft loss is more than \$100, and
2. The total amount of all losses during the year (reduced by the \$100 limit discussed in (1) above) is more than 10% of the amount on Form 1040, line 38.

**Disaster losses.** The special rules that were in effect in 2008 and 2009 for losses of personal use property attributable to federally declared disasters do not apply to losses after 2009. However, the special rules apply to a loss you are deducting in 2010 from a disaster that was declared a federal disaster in tax years beginning after 2007 and that occurred before 2010 but which you could not deduct in the year it occurred because you were not sure whether part of it would be reimbursed and you became reasonably certain in 2010 that it would not be reimbursed. See Form 4684 and its instructions for details.

Use Schedule A, line 23, to deduct the costs of proving that you had a property loss. Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.

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## Job Expenses and Certain Miscellaneous Deductions

You can deduct only the part of these expenses that exceeds 2% of the amount on Form 1040, line 38.

Pub. 529 discusses the types of expenses that can and cannot be deducted.

### Examples of Expenses You Cannot Deduct

- Political contributions.
- Legal expenses for personal matters that do not produce taxable income.
- Lost or misplaced cash or property.
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Commuting expenses. See Pub. 529 for the definition of commuting.
- Travel expenses for employment away from home if that period of employment exceeds 1 year. See Pub. 529 for an exception for certain federal employees.
  - Travel as a form of education.
  - Expenses of attending a seminar, convention, or similar meeting unless it is related to your employment.
  - Club dues.
  - Expenses of adopting a child. But you may be able to take a credit for adoption expenses. See Form 8839 for details.
  - Fines and penalties.
  - Expenses of producing tax-exempt income.

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## Line 21

### Unreimbursed Employee Expenses

Enter the total ordinary and necessary job expenses you paid for which you were not reimbursed. (Amounts your employer included in box 1 of your Form W-2 are not considered reimbursements.)

An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.

But you must fill in and attach Form 2106 if either (1) or (2), next, applies.

1. You claim any travel, transportation, meal, or entertainment expenses for your job.

2. Your employer paid you for any of your job expenses that you would otherwise report on line 21.



*If you used your own vehicle, are using the standard mileage rate, and (2) above does not apply, you may be able to file Form 2106-EZ instead.*

If you do not have to file Form 2106 or 2106-EZ, list the type and amount of each expense on the dotted line next to line 21. If you need more space, attach a statement showing the type and amount of each expense. Enter the total of all these expenses on line 21.



*Do not include on line 21 any educator expenses you deducted on Form 1040, line 23.*

Examples of other expenses to include on line 21 are:

- Safety equipment, small tools, and supplies needed for your job.
- Uniforms required by your employer that are not suitable for ordinary wear.
- Protective clothing required in your work, such as hard hats, safety shoes, and glasses.
- Physical examinations required by your employer.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- 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 the Form 1040 instructions) or see Pub. 587.
- Certain educational expenses. For details, use TeleTax topic 513 (see the Form 1040 instructions) or see Pub. 970. Reduce your educational expenses by any tuition and fees deduction you claimed on Form 1040, line 34.



*You may be able to take a credit for your educational expenses instead of a deduction. See Form 8863 for details.*

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## Line 22

### Tax Preparation Fees

Enter the fees you paid for preparation of your tax return, including fees paid for filing your return electronically. If you paid your tax by credit or debit card, include the convenience fee you were charged on line 23 instead of this line.

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## Line 23

### 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 23. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 23.

Examples of expenses to include on line 23 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 of property used in performing services as an employee from Form 4684, lines 35 and 41b, or Form 4797, line 18a.
- Deduction for repayment of amounts under a claim of right if \$3,000 or less.
- Convenience fee charged by the card processor for paying your income tax (including estimated tax payments) by credit or debit card. The deduction is claimed for the year in which the fee was charged to your card.

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## Other Miscellaneous Deductions

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## Line 28

Only the expenses listed next can be deducted on this line. List the type and amount of each expense on the dotted lines next to line 28. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 28.

- Gambling losses, but only to the extent of gambling winnings reported on Form 1040, line 21.
- Casualty and theft losses of income-producing property from Form 4684, lines 35 and 41b, or Form 4797, line 18a.
- Loss from other activities from Schedule K-1 (Form 1065-B), box 2.
- 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.

- Impairment-related work expenses of a disabled person.

For more details, see Pub. 529.

tions are less than your standard deduction, check the box on line 30.

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## **Total Itemized Deductions**

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### **Line 30**

If you elect to itemize for state tax or other purposes even though your itemized deduc-

# 2010 Optional State and Certain Local Sales Tax Tables

Income At least	But less than	Exemptions					Exemptions					Exemptions					Exemptions					Exemptions									
		1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5
		<b>Alabama 4.0000%</b>					<b>Arizona<sup>1</sup> 6.1863%</b>					<b>Arkansas 6.0000%</b>					<b>California<sup>2</sup> 8.2500%</b>					<b>Colorado 2.9000%</b>									
\$	\$20,000	235	287	324	353	378	413	253	297	326	349	368	395	402	359	397	427	452	487	326	379	414	441	464	495	122	141	154	164	172	184
20,000	30,000	336	409	460	501	535	583	408	476	522	558	588	630	472	559	618	664	702	756	523	605	660	702	737	786	185	213	232	247	259	276
30,000	40,000	385	468	525	570	609	663	487	567	622	664	700	749	558	659	728	782	827	890	624	721	785	835	876	934	216	249	271	288	302	321
40,000	50,000	426	516	579	629	670	730	555	646	708	756	795	851	630	745	822	883	933	1004	710	820	892	949	995	1061	243	279	304	322	338	360
50,000	60,000	463	559	626	680	724	788	616	717	785	837	881	943	695	821	906	972	1027	1105	788	908	989	1051	1102	1174	267	306	333	353	370	393
60,000	70,000	495	597	669	725	773	840	671	781	855	912	960	1026	754	890	982	1053	1113	1197	859	989	1076	1144	1199	1277	288	331	359	381	399	424
70,000	80,000	525	633	708	767	817	889	724	842	921	982	1033	1105	809	954	1053	1129	1193	1283	926	1066	1159	1231	1291	1374	309	354	384	407	426	453
80,000	90,000	553	666	744	806	858	933	773	898	982	1048	1102	1178	860	1014	1118	1199	1267	1362	988	1136	1236	1312	1376	1464	327	375	406	431	451	479
90,000	100,000	579	696	778	842	897	974	819	951	1040	1109	1167	1247	908	1070	1180	1266	1337	1437	1047	1204	1308	1389	1456	1549	345	395	428	453	474	504
100,000	120,000	613	736	821	889	946	1028	881	1022	1117	1191	1252	1338	971	1144	1261	1353	1428	1535	1125	1292	1404	1490	1562	1662	368	421	456	483	505	536
120,000	140,000	659	790	881	953	1014	1100	965	1118	1222	1302	1369	1462	1058	1245	1372	1471	1553	1669	1231	1413	1535	1629	1706	1815	400	456	494	523	547	581
140,000	160,000	699	836	932	1008	1071	1162	1038	1202	1313	1399	1471	1571	1133	1333	1468	1574	1661	1785	1324	1519	1649	1750	1833	1949	427	487	527	558	583	619
160,000	180,000	739	882	982	1062	1128	1223	1111	1287	1405	1496	1572	1679	1207	1420	1564	1676	1769	1901	1417	1625	1763	1870	1959	2082	454	518	560	593	619	657
180,000	200,000	774	923	1027	1110	1179	1278	1178	1362	1487	1584	1664	1777	1274	1498	1649	1767	1865	2003	1501	1720	1866	1979	2072	2203	479	545	590	624	652	691
200,000 or more		947	1123	1246	1344	1425	1542	1508	1741	1898	2020	2121	2262	1605	1883	2072	2219	2341	2512	1921	2195	2378	2520	2637	2800	601	682	735	777	811	858

Income At least	But less than	Exemptions					Exemptions					Exemptions					Exemptions														
		1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5					
		<b>Connecticut 6.0000%</b>					<b>District of Columbia 6.0000%</b>					<b>Florida 6.0000%</b>					<b>Georgia 4.0000%</b>					<b>Hawaii<sup>5</sup> 4.0000%</b>									
\$	\$20,000	235	270	293	310	325	345	186	216	236	252	265	283	262	306	336	359	378	404	169	195	213	226	237	253	262	318	356	386	411	447
20,000	30,000	377	431	468	495	518	550	305	353	385	410	431	461	420	488	535	570	600	642	257	295	321	341	357	380	395	477	533	577	614	667
30,000	40,000	449	513	556	589	617	654	366	423	462	492	517	552	500	581	635	678	713	762	301	345	375	397	416	442	460	554	619	670	713	774
40,000	50,000	510	584	632	670	701	743	419	484	528	563	591	631	568	660	722	769	809	864	338	387	420	445	466	495	515	620	692	749	796	864
50,000	60,000	566	647	701	742	776	823	467	539	588	626	657	702	630	731	799	851	895	956	371	425	460	488	511	542	563	678	756	818	870	943
60,000	70,000	616	704	763	807	844	896	511	590	643	684	718	766	686	795	869	926	973	1040	401	458	497	526	551	584	607	730	814	880	936	1014
70,000	80,000	664	758	821	869	909	964	553	637	694	739	776	827	739	856	935	997	1047	1118	429	490	531	562	588	624	648	778	868	938	997	1081
80,000	90,000	708	808	875	926	968	1027	592	682	742	790	827	884	788	913	997	1062	1116	1191	455	519	562	595	623	660	685	823	917	992	1054	1142
90,000	100,000	749	856	926	980	1025	1087	628	724	788	838	880	938	834	966	1055	1123	1180	1260	480	547	592	627	655	695	721	865	964	1042	1107	1199
100,000	120,000	804	918	993	1051	1099	1165	677	779	848	902	946	1009	895	1036	1131	1204	1265	1350	512	583	631	668	698	740	767	920	1025	1107	1176	1274
120,000	140,000	879	1003	1085	1149	1200	1273	744	855	931	989	1038	1106	979	1137	1236	1315	1381	1474	556	633	684	723	758	801	829	994	1107	1196	1270	1373
140,000	160,000	944	1077	1166	1233	1289	1366	802	922	1003	1066	1118	1192	1052	1213	1327	1412	1483	1582	594	676	730	772	806	854	883	1058	1178	1272	1351	1465
160,000	180,000	1009	1151	1245	1313	1377	1459	861	989	1076	1143	1199	1277	1125	1300	1418	1508	1584	1689	632	718	776	820	856	907	937	1121	1248	1348	1431	1549
180,000	200,000	1068	1218	1317	1393	1456	1543	913	1049	1141	1212	1271	1354	1191	1375	1499	1595	1675	1786	666	757	817	863	901	954	985	1178	1314	1415	1503	1626
200,000 or more		1359	1549	1674	1770	1849	1959	1179	1351	1468	1558	1633	1738	1518	1750	1906	2026	2126	2265	836	946	1019	1075	1121	1186	1219	1456	1618	1745	1851	2002

Income At least	But less than	Exemptions					Exemptions					Exemptions					Exemptions														
		1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5					
		<b>Idaho 6.0000%</b>					<b>Illinois 6.2500%</b>					<b>Indiana 7.0000%</b>					<b>Iowa 6.0000%</b>					<b>Kansas<sup>1</sup> 5.8041%</b>									
\$	\$20,000	270	320	353	379	401	431	365	447	505	550	589	644	302	354	389	417	439	472	268	312	342	365	383	410	338	417	473	517	554	608
20,000	30,000	432	509	562	602	636	684	529	645	725	789	844	921	456	531	581	621	654	700	404	469	512	546	574	613	510	627	709	774	829	908
30,000	40,000	513	605	667	715	756	812	608	740	831	904	965	1052	532	618	676	721	759	812	471	546	596	635	667	711	595	730	824	900	963	1054
40,000	50,000	583	687	757	812	857	921	675	819	919	999	1066	1162	597	692	756	806	848	906	527	611	667	710	745	795	666	816	921	1005	1076	1177
50,000	60,000	646	760	838	898	948	1019	734	889	997	1083	1155	1258	655	757	827	881	926	990	578	669	729	776	815	868	730	893	1007	1098	1175	1285
60,000	70,000	703	827	911	977	1031	1108	787	952	1067	1158	1234	1344	707	816	891	949	997	1065	623	721	786	836	877	935	787	962	1085	1182	1265	1383
70,000	80,000	757	890	980	1050	1109	1191	836	1010	1131	1227	1308	1424	757	872	951	1012	1063	1135	665	769	838	891	935	997	840	1026	1157	1260	1348	1474
80,000	90,000	807	948	1044	1119	1181	1268	882	1064	1190	1291	1376	1497	802	923	1006	1070	1124	1199	705	814	887	943	989	1054	889	1085	1223	1332	1425	1557
90,000	100,000	854	1003	1105	1183	1249	1341	924	1114	1246	1351	1439	1565	845	972	1058	1125	1181	1260	741	856	932	991	1040	1107	935	1141	1285	1400	1497	1635
100,000	120,000	916	1076	1184	1268	1338	1437	980	1179	13																					

## 2010 Optional State and Certain Local Sales Tax Tables (Continued)

Income	Exemptions						Exemptions						Exemptions						Exemptions						Exemptions						
	At least	But less than	1	2	3	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5	
			Nevada <sup>3</sup>		6.8500%				New Jersey <sup>4</sup>		7.0000%				New Mexico <sup>1</sup>		5.0630%				New York		4.0000%				North Carolina		5.7500%		
\$0	\$20,000	288	332	361	384	402	428	274	315	343	364	381	406	211	248	273	292	308	331	161	187	204	217	228	243	281	336	374	404	428	463
20,000	30,000	435	499	542	574	602	639	440	504	547	580	607	645	337	395	434	464	489	525	258	298	324	345	362	386	436	519	576	621	658	711
30,000	40,000	508	581	630	668	699	743	524	600	651	690	722	767	400	469	515	551	581	622	307	354	385	410	430	458	513	610	677	729	773	834
40,000	50,000	569	651	706	747	782	830	596	682	739	784	820	871	455	533	585	626	659	706	350	402	438	465	488	520	578	687	762	821	870	938
50,000	60,000	624	713	772	818	855	907	661	756	819	868	908	964	504	590	647	692	729	781	387	446	485	515	540	575	636	756	838	902	956	1031
60,000	70,000	674	769	832	881	921	977	720	823	891	944	988	1048	548	641	704	752	793	849	422	485	527	560	587	625	689	818	907	976	1033	1115
70,000	80,000	721	822	889	940	983	1042	776	886	959	1016	1063	1128	590	690	757	809	852	913	455	522	567	603	632	672	739	877	971	1045	1106	1193
80,000	90,000	764	870	941	995	1040	1102	827	944	1023	1083	1133	1202	629	735	807	862	908	972	485	557	605	642	673	716	784	930	1030	1108	1173	1265
90,000	100,000	805	916	990	1047	1093	1158	876	1000	1082	1146	1198	1272	665	778	853	912	960	1028	513	589	640	679	712	757	827	981	1086	1168	1237	1333
100,000	120,000	858	976	1054	1114	1163	1232	940	1073	1161	1229	1285	1363	713	834	915	977	1029	1101	551	632	686	728	763	812	884	1048	1159	1247	1319	1422
120,000	140,000	931	1058	1141	1206	1259	1333	1029	1173	1269	1343	1404	1489	779	911	999	1067	1123	1202	603	691	750	795	833	886	961	1138	1259	1353	1432	1543
140,000	160,000	995	1129	1217	1286	1342	1420	1106	1260	1362	1442	1507	1598	837	978	1072	1145	1205	1289	648	742	805	854	894	951	1028	1217	1346	1446	1530	1649
160,000	180,000	1058	1199	1293	1364	1424	1506	1182	1346	1456	1540	1610	1707	894	1044	1145	1222	1287	1376	693	793	860	912	955	1015	1095	1295	1431	1538	1627	1753
180,000	200,000	1115	1262	1360	1435	1497	1583	1251	1425	1540	1629	1702	1805	946	1104	1210	1292	1360	1455	733	839	910	965	1010	1073	1154	1365	1508	1620	1714	1846
200,000	or more	1395	1575	1693	1784	1859	1964	1595	1813	1958	2070	2162	2291	1203	1402	1535	1638	1724	1843	935	1067	1156	1225	1282	1361	1449	1710	1887	2026	2142	2305

Income	North Dakota	5.0000%					Ohio	5.5000%					Oklahoma	4.5000%					Pennsylvania	6.0000%					Rhode Island	7.0000%					
\$0	\$20,000	200	236	261	280	296	319	242	281	307	327	343	366	249	304	343	374	400	438	223	256	279	296	310	329	271	311	337	357	373	396
20,000	30,000	305	358	394	423	446	480	385	445	485	517	542	578	380	462	519	565	604	659	355	407	441	468	490	520	408	465	503	532	556	589
30,000	40,000	358	419	460	493	520	559	457	528	576	613	643	685	445	540	606	659	704	768	422	483	524	555	581	617	476	541	585	618	645	683
40,000	50,000	403	470	516	553	583	626	520	600	653	695	729	776	500	606	680	739	788	859	480	548	594	629	658	699	533	605	653	690	720	763
50,000	60,000	443	516	566	606	638	685	575	664	723	768	806	858	549	664	745	809	863	940	531	607	657	696	728	773	583	662	714	754	787	833
60,000	70,000	480	558	611	653	688	738	626	722	785	835	875	932	594	717	803	872	930	1013	578	660	714	756	791	839	629	713	769	812	847	896
70,000	80,000	514	597	654	698	735	788	674	776	845	897	941	1002	635	767	859	932	993	1082	622	710	768	813	850	902	671	761	820	865	903	954
80,000	90,000	545	633	693	739	779	834	718	827	900	956	1002	1066	674	812	909	986	1051	1144	663	756	818	866	905	960	711	805	867	915	954	1008
90,000	100,000	575	667	729	778	819	877	760	875	951	1011	1059	1127	710	855	957	1038	1106	1204	702	800	865	916	957	1015	747	846	911	961	1002	1059
100,000	120,000	615	711	778	829	873	934	815	938	1020	1083	1135	1208	758	912	1019	1105	1177	1281	753	858	927	981	1026	1087	796	900	969	1022	1065	1125
120,000	140,000	668	772	843	899	946	1011	891	1024	1113	1182	1238	1317	823	988	1104	1197	1274	1386	823	937	1012	1071	1119	1186	861	973	1047	1104	1151	1213
140,000	160,000	715	825	900	959	1009	1078	957	1099	1194	1268	1328	1413	879	1055	1178	1276	1358	1477	884	1005	1086	1149	1200	1272	918	1037	1115	1175	1225	1295
160,000	180,000	762	878	957	1019	1071	1145	1022	1174	1275	1353	1418	1508	936	1121	1251	1354	1442	1566	944	1074	1160	1226	1281	1357	975	1100	1182	1246	1298	1370
180,000	200,000	804	925	1008	1073	1127	1204	1081	1241	1348	1430	1498	1593	986	1180	1316	1425	1516	1647	999	1135	1226	1296	1354	1434	1009	1135	1226	1309	1363	1439
200,000	or more	1013	1159	1260	1339	1404	1498	1376	1576	1710	1813	1898	2017	1236	1472	1638	1770	1882	2041	1270	1441	1555	1642	1714	1815	1273	1432	1537	1617	1683	1774

Income	South Carolina	6.0000%					South Dakota	4.0000%					Tennessee	7.0000%					Texas	6.2500%					Utah	4.7000%					
\$0	\$20,000	259	301	329	351	369	394	242	297	335	366	391	428	398	483	541	587	626	681	276	326	359	386	408	438	249	300	335	363	386	419
20,000	30,000	411	477	521	555	583	622	368	449	506	551	589	644	583	703	785	850	905	983	439	517	570	611	646	694	384	461	514	556	591	640
30,000	40,000	487	565	617	658	691	737	429	524	590	642	686	749	673	809	903	977	1039	1127	522	614	677	726	766	823	451	541	603	651	692	750
40,000	50,000	553	641	700	745	783	835	482	587	661	719	768	838	748	898	1001	1082	1151	1248	593	697	768	823	869	933	509	609	678	732	778	842
50,000	60,000	612	709	774	824	865	922	528	643	723	786	840	916	815	976	1087	1175	1249	1354	656	772	849	910	960	1031	560	669	745	804	854	925
60,000	70,000	665	771	841	895	939	1002	570	693	779	847	905	987	875	1046	1165	1259	1337	1449	714	839	924	989	1044	1121	606	724	805	869	923	999
70,000	80,000	716	829	904	962	1010	1076	609	740	832	904	965	1053	930	1112	1237	1336	1419	1537	769	903	993	1064	1122	1205	649	775	862	930	987	1068
80,000	90,000	762	882	962	1024	1074	1145	645	783	880	957	1021	1113	982	1172	1303	1407	1494	1617	819	961	1058	1133	1195	1283	690	822	914	986	1047	1132
90,000	100,000	807	933	1017	1082	1136	1211	678	824	925	1006	1073	1170	1030	1228	1366	1474	1564	1693	867	1017	1119	1198	1264	1356	727	867	963	1039	1103	1193
100,000	120,000	865	1000	1090	1159	1216	1296	723	877	985	1070	1142	1244	1093	1302	1447	1560	1656	1791	929	1090	1199	1283	1354	1453	777	926	1028	1108	1176	1272
120,000	140,000	944	1091	1189	1264	1327	1413	783	949	1065	1157	1235	1345	1178	1402	1556	1678	1780	1925	1015	1190	1308	1401	1477	1585	845	1005	1116	1203	1276	1379
140,000	160,000	1013	1170	1275	1356	1422	1																								

## Which Optional Local Sales Tax Table Should I Use?

IF you live in the state of...	AND you live in...	THEN use Local Table...
Alaska	Any locality	C
Arizona	Mesa or Tucson	A
	Chandler, Gilbert, Glendale, Peoria, Phoenix, Scottsdale, Tempe, Yuma, or any other locality	B
Arkansas	Any locality	C
California	Los Angeles County	A
Colorado	Adams County, Arapahoe County, Boulder County, Centennial, Colorado Springs, Denver City/Denver County, El Paso County, Greeley, Jefferson County, Larimer County, Pueblo County, or any other locality	A
	Arvada, Aurora, City of Boulder, Fort Collins, Lakewood, Longmont, City of Pueblo, Thornton, or Westminster	B
Georgia	Any locality	B
Illinois	Any locality	A
Louisiana	East Baton Rouge Parish	B
	Any other locality	C
Missouri	Any locality	B
New York	New York City	A
	One of the following counties: Albany, Allegany, Cattaraugus, Cayuga, Chemung, Clinton, Cortland, Dutchess, Erie, Essex, Franklin, Fulton, Genesee, Herkimer, Jefferson, Lewis, Livingston, Monroe, Montgomery, Nassau, Niagara, Oneida, Onondaga, Ontario, Orange, Orleans, Oswego, Otsego, Putnam, Rensselaer, Rockland, St. Lawrence, Saratoga, Schenectady, Schoharie, Seneca, Steuben, Suffolk, Sullivan, Tompkins, Ulster, Warren, Washington, Westchester, Wyoming, or Yates	B
	Or the City of Oneida	
	Any other locality	D
North Carolina	Any locality	B
South Carolina	Cherokee County, Chesterfield County, Darlington County, Dillon County, Horry County, Jasper County, Lee County, Lexington County, or Myrtle Beach	B
	Any other locality	C
Tennessee	Any locality	B
Utah	Any locality	B
Virginia	Any locality	B

## 2010 Optional Local Sales Tax Tables for Certain Local Jurisdictions

(Based on a local sales tax rate of 1 percent)\*

Income At least	But less than	Local Table A						Local Table B						Local Table C						Local Table D					
		Exemptions						Exemptions						Exemptions						Exemptions					
		1	2	3	4	5	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5
\$0	\$20,000	43	50	55	59	62	66	50	60	66	72	76	83	61	75	84	91	97	106	40	47	51	54	57	61
20,000	30,000	65	76	83	89	93	100	76	91	101	109	115	125	93	112	125	136	145	158	65	75	81	86	91	97
30,000	40,000	76	89	97	103	109	116	89	106	118	127	135	146	108	130	146	158	168	183	77	89	96	103	108	115
40,000	50,000	86	99	109	116	122	130	100	119	132	142	151	163	121	146	163	177	188	204	88	101	110	116	122	130
50,000	60,000	94	109	119	127	133	142	110	130	145	156	165	179	132	159	178	193	205	223	97	112	121	129	135	144
60,000	70,000	102	118	128	137	143	153	119	141	156	168	178	193	143	172	192	208	221	240	106	121	132	140	147	156
70,000	80,000	109	126	137	146	153	163	127	151	167	180	190	206	152	183	205	222	236	256	114	131	142	151	158	168
80,000	90,000	116	133	145	154	162	173	135	160	177	190	202	218	161	194	216	234	249	270	121	139	151	161	168	179
90,000	100,000	122	140	153	163	171	182	142	168	186	200	212	229	170	204	227	246	262	284	128	147	160	170	178	189
100,000	120,000	130	150	163	173	182	194	151	179	198	213	226	244	181	217	242	262	278	302	138	158	172	182	191	203
120,000	140,000	141	162	176	187	197	209	164	194	215	231	245	264	195	234	261	283	300	326	151	173	188	199	208	222
140,000	160,000	151	173	188	200	210	223	175	207	229	247	261	281	208	250	278	301	320	346	162	186	201	214	224	238
160,000	180,000	161	184	200	212	223	237	187	220	244	262	277	299	221	265	295	319	339	367	173	198	215	228	239	254
180,000	200,000	169	194	211	223	234	249	197	232	257	276	292	314	233	278	310	335	356	385	183	210	228	241	253	268
200,000	or more	213	242	263	278	291	309	246	290	319	343	362	390	289	344	383	413	439	475	234	267	289	306	321	340

\*If your local rate is more than 1 percent, the local portion of your deduction for sales tax will be increased. See the instructions for line 3 of the *State and Local General Sales Tax Deduction Worksheet*.





# 2010 Instructions for Schedule C

## Profit or Loss From Business

Use Schedule C (Form 1040) to report income or loss from a business you operated or a profession you practiced as a sole proprietor. An activity qualifies as a business if your primary purpose for engaging in the activity is for income or profit and you are involved in the activity with continuity and regularity. For example, a sporadic activity or a hobby does not qualify as a business. To report income from a nonbusiness activity, see the instructions for Form 1040, line 21, or Form 1040NR, line 21.

Also, use Schedule C to report (a) wages and expenses you had as a statutory employee, (b) income and deductions of qualified joint ventures, and (c) certain income shown on Form 1099-MISC, Miscellaneous Income. See the *Instructions for Recipient* (back of Copy B of Form 1099-MISC) for the types of income to report on Schedule C.

Small businesses and statutory employees with expenses of \$5,000 or less may be able to file Schedule C-EZ instead of Schedule C. See Schedule C-EZ for details.

You may be subject to state and local taxes and other requirements such as business licenses and fees. Check with your state and local governments for more information.

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

### What's New

**Increase in section 179 expense.** You may now deduct up to \$500,000 of the cost of section 179 property placed in service in 2010. This deduction is phased out if the cost of the property exceeds \$2,000,000. The cost of certain qualified real property placed in service in 2010 may also be deducted but is limited to \$250,000. For more details, see Pub. 946.

**Extension of special allowance.** The special first-year depreciation allowance has been extended to property placed in service in 2010. See Pub. 946 for details on which property is eligible for the special allowance.

**Increased deduction for start-up costs.** If your business began in 2010, you can deduct up to \$5,000 of certain business start-up costs paid or incurred after October 22, 2004, in tax years before 2010, and up to \$10,000 of certain business start-up costs paid or incurred in 2010. See page C-9 for more details.

**Standard mileage rate.** The business standard mileage rate for 2010 decreased to 50 cents per mile. See the instructions for line 9 beginning on page C-4 for more details.

**Reportable transaction penalties limited.** The penalties for failure to disclose a reportable transaction have changed. See the Instructions for Form 8886 for more details.

**Removal of cellular phones and similar telecommunications equipment from listed property.** Beginning in taxable years beginning after December 31, 2009, listed

property no longer includes cellular phones and similar telecommunications.

**Excess farm losses.** If your Schedule C activity includes processing a farm commodity, any losses you have from that activity may be reduced or eliminated. See page C-7 and the Instructions for Schedule F for more details.

**New credit for small employer health insurance premiums.** If your line 14 expenses include the cost of providing health insurance coverage to your employees, you must reduce your expenses by the amount of any credit determined on Form 8941. See page C-5 and Form 8941 and its instructions.

## General Instructions

### Other Schedules and Forms You May Have To File

- Schedule A to deduct interest, taxes, and casualty losses not related to your business.
- Schedule E to report rental real estate and royalty income or (loss) that is not subject to self-employment tax.
- Schedule F to report profit or (loss) from farming.
- Schedule J to figure your tax by averaging your farming or fishing income over the previous 3 years. Doing so may reduce your tax.
- Schedule SE to pay self-employment tax on income from any trade or business.
- Form 3800 to claim any of the general business credits.
- Form 4562 to claim depreciation (including the special allowance) on assets placed in service in 2010, to claim amortization that began in 2010, to make an election under section 179 to expense certain

property, or to report information on listed property.

- Form 4684 to report a casualty or theft gain or loss involving property used in your trade or business or income-producing property.
- Form 4797 to report sales, exchanges, and involuntary conversions (not from a casualty or theft) of trade or business property.
- Form 6198 to figure your allowable loss if you have a business loss and you have amounts invested in the business for which you are not at risk.
- Form 8582 to figure your deductible loss from passive activities.
- Form 8594 to report certain purchases or sales of groups of assets that constitute a trade or business.
- Form 8824 to report like-kind exchanges.
- Form 8829 to claim expenses for business use of your home.
- Form 8903 to take a deduction for income from domestic production activities.

**Single-member limited liability company (LLC).** Generally, a single-member domestic LLC is not treated as a separate entity for federal income tax purposes. If you are the sole member of a domestic LLC, file Schedule C or C-EZ (or Schedule E or F, if applicable). However, you can elect to treat a domestic LLC as a corporation. See Form 8832 for details on the election and the tax treatment of a foreign LLC.

**Single-member limited liability companies (LLCs) with employees.** Single-member LLCs that are disregarded as entities separate from their owner for federal income tax purposes are now required to file employment tax returns using the LLC's name and employer identification number (EIN) rather than the LLC owner's name and EIN. Single-member LLCs not previously needing an EIN may now need to obtain an EIN for the payment and reporting of these taxes. For more in-

formation, see the Instructions for Form SS-4.

**Heavy highway vehicle use tax.** If you use certain highway trucks, truck-trailers, tractor-trailers, or buses in your trade or business, you may have to pay a federal highway motor vehicle use tax. See the Instructions for Form 2290 to find out if you must pay this tax.

**Information returns.** You may have to file information returns for wages paid to employees, certain payments of fees and other nonemployee compensation, interest, rents, royalties, real estate transactions, annuities, and pensions. You may also have to file an information return if you sold \$5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or other similar basis for resale. For details, see the 2010 General Instructions for Certain Information Returns (Forms 1098, 1099, 3921, 3922, 5498, and W-2G).

If you received cash of more than \$10,000 in one or more related transactions in your trade or business, you may have to file Form 8300. For details, see Pub. 1544.

## Husband-Wife Qualified Joint Venture

If you and your spouse each materially participate (see *Material participation* on page C-3) as the only members of a jointly owned and operated business and you file a joint return for the tax year, you can make an election to be taxed as a qualified joint venture instead of a partnership. This election, in most cases, will not increase the total tax owed on the joint return, but it does give each of you credit for social security earnings on which retirement benefits are based and for Medicare coverage. By making the election, you will not be required to file Form 1065 for any year the election is in effect and will instead report the income and deductions directly on your joint return. If you and your spouse filed a Form 1065 for the year prior to the election, the partnership terminates at the end of the tax year immediately preceding the year the election takes effect.

**Note.** Mere joint ownership of property that is not a trade or business does not qualify for the election.

**Making the election.** To make this election, you must divide all items of income, gain, loss, deduction, and credit attributable to the business between you and your spouse in accordance with your respective interests in the venture. Each of you must file a separate Schedule C, C-EZ, or F. On each line of your separate Schedule C, C-EZ, or F, you must enter your share of the applicable income, deduction, or loss. Each of you must also file a separate Schedule SE to pay self-employment tax, as applicable.

Once made, the election can be revoked only with the permission of the IRS. However, the election technically remains in effect only for as long as the spouses filing as a qualified joint venture continue to meet the requirements for filing the election. If the spouses fail to meet the qualified joint venture requirements for a year, a new elec-

tion will be necessary for any future year in which the spouses meet the requirements to be treated as a qualified joint venture.

The election generally does not require that you and your spouse obtain an employer identification number (EIN) since you and your spouse will file as sole proprietors. However, you may need an EIN to file other returns such as employment or excise tax returns. To apply for an EIN, see the Instructions for Form SS-4.

For more information on qualified joint ventures, go to [IRS.gov](http://IRS.gov). Enter "QJV election." in the search box and select "Benefits of Qualified Joint Ventures for Family Businesses."

**Rental real estate business.** If you and your spouse make the election for your rental real estate business, you must each report your share of income and deductions on Schedule C or C-EZ instead of Schedule E. Rental real estate income generally is not included in net earnings from self-employment subject to self-employment tax and generally is subject to the passive loss limitation rules. Electing qualified joint venture status and using the Schedule C or C-EZ does not alter the application of the self-employment tax or the passive loss limitation rules.

If you and your spouse have a rental real estate business not otherwise subject to self-employment tax and no other income subject to self-employment, you each must check the box on Schedule C, line 1. In that case, you and your spouse each should not file Schedule SE. However, if there are other net earnings from self-employment of \$400 or more, the spouse(s) with the other net earnings from self-employment should file Schedule SE without including the amount of net profit from rental real estate business from Schedule C on Schedule SE, line 2. In that case, do not check the box on line 1 of Schedule C.

### Exception—Community Income

If you and your spouse wholly own an unincorporated business as community property under the community property laws of a state, foreign country, or U.S. possession, the income and deductions are reported as follows.

- If only one spouse participates in the business, all of the income from that business is the self-employment earnings of the spouse who carried on the business.
- If both spouses participate, the income and deductions are allocated to the spouses based on their distributive shares.
- If either or both you and your spouse are partners in a partnership, see Pub. 541.
- If you and your spouse elected to treat the business as a qualifying joint venture, see *Husband-Wife Qualified Joint Venture* on this page.

The only states with community property laws are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. A change in your reporting position will be treated as a conversion of the entity.

## Reportable Transaction Disclosure Statement

Use Form 8886 to disclose information for each reportable transaction in which you participated. Form 8886 must be filed for each tax year that your federal income tax liability is affected by your participation in the transaction. You may have to pay a penalty if you are required to file Form 8886 but do not do so. You may also have to pay interest and penalties on any reportable transaction understatements. The following are reportable transactions.

- Any listed transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS.
- Any transaction offered to you or a related party under conditions of confidentiality for which you paid an advisor a fee of at least \$50,000.
- Certain transactions for which you or a related party have contractual protection against disallowance of the tax benefits.
- Certain transactions resulting in a loss of at least \$2 million in any single tax year or \$4 million in any combination of tax years. (At least \$50,000 for a single tax year if the loss arose from a foreign currency transaction defined in section 988(c)(1), whether or not the loss flows through from an S corporation or partnership.)
- Certain transactions of interest entered into after November 1, 2006, that are the same or substantially similar to one of the types of transactions that the IRS has identified by published guidance as a transaction of interest.

See the Instructions for Form 8886 for more details.

## Capital Construction Fund

Do not claim on Schedule C or C-EZ the deduction for amounts contributed to a capital construction fund set up under chapter 535 of title 46 of the United States Code. Instead, reduce the amount you would otherwise enter on Form 1040, line 43, by the amount of the deduction. Next to line 43, enter "CCF" and the amount of the deduction. For details, see Pub. 595.

## Additional Information

See Pub. 334 for more information for small businesses.

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## Specific Instructions

**Filers of Form 1041.** Do not complete the block labeled "Social security number (SSN)." Instead, enter the employer identification number (EIN) issued to the estate or trust on line D.

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## Line A

Describe the business or professional activity that provided your principal source of income reported on line 1. If you owned more than one business, you must complete a separate Schedule C for each business. Give the general field or activity and the

type of product or service. If your general field or activity is wholesale or retail trade, or services connected with production services (mining, construction, or manufacturing), also give the type of customer or client. For example, "wholesale sale of hardware to retailers" or "appraisal of real estate for lending institutions."

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## Line D

Enter on line D the employer identification number (EIN) that was issued to you on Form SS-4. Do not enter your SSN. Do not enter another taxpayer's EIN (for example, from any Forms 1099-MISC that you received). **If you do not have an EIN, leave line D blank.**

You need an EIN only if you have a qualified retirement plan or are required to file employment, excise, alcohol, tobacco, or firearms returns, or are a payer of gambling winnings. If you need an EIN, see the Instructions for Form SS-4.

**Single member LLCs.** If you are the sole owner of an LLC that is not treated as a separate entity for federal income tax purposes, you may have an EIN that was issued to the LLC (and in the LLC's legal name) if you are required to file employment tax returns and certain excise tax returns. However, you should **enter on line D only the EIN issued to you and in your name as a sole proprietor.** If you do not have such an EIN, leave line D blank. Do not enter on line D the EIN issued to the LLC.

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## Line E

Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any. If you conducted the business from your home located at the address shown on Form 1040, page 1, you do not have to complete this line.

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## Line F

Generally, you can use the cash method, accrual method, or any other method permitted by the Internal Revenue Code. In all cases, the method used must clearly reflect income. Unless you are a qualifying taxpayer or a qualifying small business taxpayer (see the Part III instructions on page C-8), you must use the accrual method for sales and purchases of inventory items. Special rules apply to long-term contracts (see section 460 for details).

If you use the cash method, show all items of taxable income actually or constructively received during the year (in cash, property, or services). Income is constructively received when it is credited to your account or set aside for you to use. Also, show amounts actually paid during the year for deductible expenses. However, if the payment of an expenditure creates an asset having a useful life that extends substantially beyond the close of the year, it may not be deductible or may be deductible

only in part for the year of the payment. See chapter 1 of Pub. 535.

If you use the accrual method, report income when you earn it and deduct expenses when you incur them even if you do not pay them during the tax year. Accrual-basis taxpayers are put on a cash basis for deducting business expenses owed to a related cash-basis taxpayer. Other rules determine the timing of deductions based on economic performance. See Pub. 538.

To change your accounting method, you generally must file Form 3115. You may also have to make an adjustment to prevent amounts of income or expense from being duplicated or omitted. This is called a section 481(a) adjustment.

**Example.** You change to the cash method of accounting and choose to account for inventoriable items in the same manner as materials and supplies that are not incidental. You accrued sales in 2009 for which you received payment in 2010. You must report those sales in both years as a result of changing your accounting method and must make a section 481(a) adjustment to prevent duplication of income.

A net negative section 481(a) adjustment is taken into account entirely in the year of the change. A net positive section 481(a) adjustment is generally taken into account over a period of 4 years. Include any net positive section 481(a) adjustments on line 6. If the net section 481(a) adjustment is negative, report it in Part V.

For details on figuring section 481(a) adjustments, see the Instructions for Form 3115, and Rev. Proc. 2006-12, 2006-3 I.R.B. 310, available at [www.irs.gov/irb/2006-03\\_IRB/ar14.html](http://www.irs.gov/irb/2006-03_IRB/ar14.html). Also see Rev. Proc. 2006-37, 2006-38 I.R.B. 499, available at [www.irs.gov/irb/2006-38\\_IRB/ar10.html](http://www.irs.gov/irb/2006-38_IRB/ar10.html).

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## Line G

If your business activity was not a rental activity and you met any of the material participation tests, explained next, or the exception for oil and gas applies (explained later on page 4), check the "Yes" box. Otherwise, check the "No" box. If you check the "No" box, this business is a passive activity. If you have a loss from this business, see *Limit on losses* on page 4. If you have a profit from this business activity but have current year losses from other passive activities or you have prior year unallowed passive activity losses, see the Instructions for Form 8582.

**Material participation.** For purposes of the seven material participation tests listed below, participation generally includes any work you did in connection with an activity if you owned an interest in the activity at the time you did the work. The capacity in which you did the work does not matter. However, work is not treated as participation if it is work that an owner would not customarily do in the same type of activity and one of your main reasons for doing the work was to avoid the disallowance of losses or credits from the activity under the passive activity rules.

Work you did as an investor in an activity is not treated as participation unless you were directly involved in the day-to-day management or operations of the activity. Work done as an investor includes:

- Studying and reviewing financial statements or reports on the activity,
- Preparing or compiling summaries or analyses of the finances or operations of the activity for your own use, and
- Monitoring the finances or operations of the activity in a nonmanagerial capacity.

Participation by your spouse during the tax year in an activity you own can be counted as your participation in the activity. This rule applies even if your spouse did not own an interest in the activity and whether or not you and your spouse file a joint return. However, this rule does not apply for purposes of determining whether you and your spouse can elect to have your business treated as a qualified joint venture instead of a partnership (see *Husband-Wife Qualified Joint Venture* on page C-2).

For purposes of the passive activity rules, you materially participated in the operation of this trade or business activity during 2010 if you met any of the following seven tests.

1. You participated in the activity for more than 500 hours during the tax year.
2. Your participation in the activity for the tax year was substantially all of the participation in the activity of all individuals (including individuals who did not own any interest in the activity) for the tax year.
3. You participated in the activity for more than 100 hours during the tax year, and you participated at least as much as any other person for the tax year. This includes individuals who did not own any interest in the activity.
4. The activity is a significant participation activity for the tax year, and you participated in all significant participation activities for more than 500 hours during the year. An activity is a "significant participation activity" if it involves the conduct of a trade or business, you participated in the activity for more than 100 hours during the tax year, and you did not materially participate under any of the material participation tests (other than this test 4).
5. You materially participated in the activity for any 5 of the prior 10 tax years.
6. The activity is a personal service activity in which you materially participated for any 3 prior tax years. A personal service activity is an activity that involves performing personal services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, or any other trade or business in which capital is not a material income-producing factor.
7. Based on all the facts and circumstances, you participated in the activity on a regular, continuous, and substantial basis for more than 100 hours during the tax year. Your participation in managing the activity does not count in determining if you meet this test if any person (except you) (a) received compensation for performing management services in connection with the activity, or (b) spent more

hours during the tax year than you spent performing management services in connection with the activity (regardless of whether the person was compensated for the services).

**Rental of property.** Generally, a rental activity (such as long-term equipment leasing or rental real estate) is a passive activity even if you materially participated in the activity. However, if you materially participated in a rental real estate activity as a real estate professional, it is not a passive activity. Also, if you met any of the five exceptions listed under *Rental Activities* in the Instructions for Form 8582, the rental of the property is not treated as a rental activity and the material participation rules above apply. See *Activities That Are Not Passive Activities* in the Instructions for Form 8582 for the definition of a real estate professional.

**Exception for oil and gas.** If you are filing Schedule C to report income and deductions from an oil or gas well in which you own a working interest directly or through an entity that does not limit your liability, check the "Yes" box. The activity of owning a working interest is not a passive activity, regardless of your participation.

**Limit on losses.** Your loss may be limited if:

- You checked the "No" box on line G, or
- You are a qualified joint venture reporting only rental real estate income, but not as a real estate professional. In these situations you may have a loss from a passive activity, and you may have to use Form 8582 to figure your allowable loss, if any, to enter on Schedule C, line 31.

Generally, you can deduct losses from passive activities only to the extent of income from passive activities. For details, see Pub. 925.

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## Line H

If you started or acquired this business in 2010, check the box on line H. Also check the box if you are reopening or restarting this business after temporarily closing it, and you did not file a 2009 Schedule C or C-EZ for this business.

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## Part I. Income

Except as otherwise provided in the Internal Revenue Code, gross income includes income from whatever source derived. In certain circumstances, however, gross income does not include extraterritorial income that is qualifying foreign trade income. Use Form 8873 to figure the extraterritorial income exclusion. Report it on Schedule C as explained in the Instructions for Form 8873.

If you were a debtor in a chapter 11 bankruptcy case during 2010, see *Chapter 11 Bankruptcy Cases* under *Income* in the instructions for Form 1040 and page SE-2 of the instructions for Schedule SE (Form 1040).

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## Line 1

Enter gross receipts from your trade or business. Include amounts you received in your trade or business that were properly shown on Forms 1099-MISC. If the total amounts that were reported in box 7 of Forms 1099-MISC are more than the total you are reporting on line 1, attach a statement explaining the difference.

**Statutory employees.** If you received a Form W-2 and the "Statutory employee" box in box 13 of that form was checked, report your income and expenses related to that income on Schedule C or C-EZ. Enter your statutory employee income from box 1 of Form W-2 on line 1 of Schedule C or C-EZ and check the box on that line. Social security and Medicare tax should have been withheld from your earnings; as a result, you do not owe self-employment tax on these earnings. Statutory employees include full-time life insurance agents, certain agent or commission drivers and traveling salespersons, and certain homeworkers.

If you had both self-employment income and statutory employee income, you must file two Schedules C. You cannot use Schedule C-EZ or combine these amounts on a single Schedule C.

**Qualified joint ventures reporting only rental real estate income.** See the instructions under *Rental real estate business* on page C-2.

**Installment sales.** Generally, the installment method cannot be used to report income from the sale of (a) personal property regularly sold under the installment method, or (b) real property held for resale to customers. But the installment method can be used to report income from sales of certain residential lots and timeshares if you elect to pay interest on the tax due on that income after the year of sale. See section 453(1)(2)(B) for details. If you make this election, include the interest in the total on Form 1040, line 60. Also, enter "453(1)(3)" and the amount of the interest on the dotted line to the left of line 60.

If you use the installment method, attach a schedule to your return. Show separately for 2010 and the 3 preceding years: gross sales, cost of goods sold, gross profit, percentage of gross profit to gross sales, amounts collected, and gross profit on amounts collected.

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## Line 6

Report on line 6 amounts from finance reserve income, scrap sales, bad debts you recovered, interest (such as on notes and accounts receivable), state gasoline or fuel tax refunds you received in 2010, credit for biodiesel and renewable diesel fuels claimed on line 8 of Form 8864, credit for alcohol and cellulosic biofuel fuels claimed on line 7 of Form 6478, credit for federal tax paid on fuels claimed on your 2009 Form 1040, prizes and awards related to your trade or business, and other kinds of miscellaneous business income. Include amounts you received in your trade or business as shown on Form 1099-PATR. Also,

include any recapture of the deduction for clean-fuel vehicles and clean-fuel vehicle refueling property used in your business. See Regulations section 1.179A-1 for details.

If the business use percentage of any listed property (defined in the instructions for line 13) dropped to 50% or less in 2010, report on this line any recapture of excess depreciation, including any section 179 expense deduction. Use Part IV of Form 4797 to figure the recapture. Also, if the business use percentage drops to 50% or less on leased listed property (other than a vehicle), include on this line any inclusion amount. See chapter 5 of Pub. 946 to figure the amount.

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## Part II. Expenses

**Capitalizing costs of property.** If you produced real or tangible personal property or acquired property for resale, certain expenses attributable to the property generally must be included in inventory costs or capitalized. In addition to direct costs, producers of inventory property generally must also include part of certain indirect costs in their inventory. Purchasers of personal property acquired for resale must include part of certain indirect costs in inventory only if the average annual gross receipts for the 3 prior tax years exceed \$10 million. Also, you must capitalize part of the indirect costs that benefit real or tangible personal property constructed for use in a trade or business, or noninventory property produced for sale to customers. Reduce the amounts on lines 8 through 26 and Part V by amounts capitalized. See Pub. 538 for a discussion of uniform capitalization rules.

**Exception for certain producers.** Producers who account for inventoriable items in the same manner as materials and supplies that are not incidental can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs. See *Part III. Cost of Goods Sold* on page C-8 for more details.

**Exception for creative property.** If you are a freelance artist, author, or photographer, you may be exempt from the capitalization rules. However, your personal efforts must have created (or reasonably be expected to create) the property. This exception does not apply to any expense related to printing, photographic plates, motion picture films, video tapes, or similar items. These expenses are subject to the capitalization rules. For details, see *Uniform Capitalization Rules* in Pub. 538.

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## Line 9

You can deduct the actual expenses of operating your car or truck or take the standard mileage rate. You must use actual expenses if you used your vehicle for hire (such as a taxicab) or you used five or more vehicles simultaneously in your business (such as in fleet operations). You cannot use actual expenses for a leased vehicle if

you previously used the standard mileage rate for that vehicle.

You can take the standard mileage rate for 2010 only if you:

- Owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, or
- Leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).

If you take the standard mileage rate:

- Multiply the number of business miles driven by 50 cents, and
- Add to this amount your parking fees and tolls, and enter the total on line 9.

Do not deduct depreciation, rent or lease payments, or your actual operating expenses.

If you deduct actual expenses:

- Include on line 9 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc., and
- Show depreciation on line 13 and rent or lease payments on line 20a.

For details, see chapter 4 of Pub. 463.

**Information on your vehicle.** If you claim any car and truck expenses, you must provide certain information on the use of your vehicle by completing one of the following.

- Schedule C, Part IV, or Schedule C-EZ, Part III, if: (a) you are claiming the standard mileage rate, you lease your vehicle, or your vehicle is fully depreciated, and (b) you are not required to file Form 4562 for any other reason. If you used more than one vehicle during the year, attach your own schedule with the information requested in Schedule C, Part IV, or Schedule C-EZ, Part III, for each additional vehicle.
- Form 4562, Part V, if you are claiming depreciation on your vehicle or you are required to file Form 4562 for any other reason (see the instructions for line 13).

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## Line 11

Enter the total cost of contract labor for the tax year. Contract labor includes payments to persons you do not treat as employees (for example, independent contractors) for services performed for your trade or business. Do not include contract labor deducted elsewhere on your return, such as contract labor includible on line 17, 21, 26, or 37. Also, do not include salaries and wages paid to your employees; instead see line 26.

You must file Form 1099-MISC, Miscellaneous Income, to report contract labor payments of \$600 or more during the year. See the Instructions for Form 1099-MISC for details.

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## Line 12

Enter your deduction for depletion on this line. If you have timber depletion, attach Form T. See chapter 9 of Pub. 535 for details.

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## Line 13

**Depreciation and section 179 expense deduction.** Depreciation is the annual deduction allowed to recover the cost or other basis of business or investment property having a useful life substantially beyond the tax year. You can also depreciate improvements made to leased business property. However, stock in trade, inventories, and land are not depreciable. Depreciation starts when you first use the property in your business or for the production of income. It ends when you take the property out of service, deduct all your depreciable cost or other basis, or no longer use the property in your business or for the production of income. You can also elect under section 179 to expense part or all of the cost of certain property you bought in 2010 for use in your business. See the Instructions for Form 4562 and Pub. 946 to figure the amount to enter on line 13.

**When to attach Form 4562.** You must complete and attach Form 4562 only if you are claiming:

- Depreciation on property placed in service during 2010;
- Depreciation on listed property (defined below), regardless of the date it was placed in service; or
- A section 179 expense deduction.

If you acquired depreciable property for the first time in 2010, see Pub. 946.

Listed property generally includes but is not limited to:

- Passenger automobiles weighing 6,000 pounds or less;
- Any other property used for transportation if the nature of the property lends itself to personal use, such as motorcycles, pickup trucks, etc.;
- Any property used for entertainment or recreational purposes (such as photographic, phonographic, communication, and video recording equipment); and
- Computers or peripheral equipment.

**Exceptions.** Listed property does not include photographic, phonographic, communication, or video equipment used exclusively in your trade or business or at your regular business establishment. It also does not include any computer or peripheral equipment used exclusively at a regular business establishment and owned or leased by the person operating the establishment. For purposes of these exceptions, a portion of your home is treated as a regular business establishment only if that portion meets the requirements under section 280A(c)(1) for deducting expenses for the business use of your home.

See the instructions for line 6 on page C-4 if the business use percentage of any listed property dropped to 50% or less in 2010.

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## Line 14

Deduct contributions to employee benefit programs that are not an incidental part of a pension or profit-sharing plan included on line 19. Examples are accident and health plans, group-term life insurance, and de-

pendent care assistance programs. If you made contributions on your behalf as a self-employed person to a dependent care assistance program, complete Form 2441, Parts I and III, to figure your deductible contributions to that program.

You cannot deduct contributions you made on your behalf as a self-employed person for group-term life insurance.

Do not include on line 14 any contributions you made on your behalf as a self-employed person to an accident and health plan. However, you may be able to deduct on Form 1040, line 29, or Form 1040NR, line 29, the amount you paid for health insurance on behalf of yourself, your spouse, and dependents, even if you do not itemize your deductions. See the instructions for Form 1040, line 29, or Form 1040NR, line 29, for details.

You must reduce your line 14 deduction by the amount of any credit for small employer health insurance premiums determined on Form 8941. See Form 8941 and its instructions to determine which expenses are eligible for the credit.

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## Line 15

Deduct premiums paid for business insurance on line 15. Deduct on line 14 amounts paid for employee accident and health insurance. Do not deduct amounts credited to a reserve for self-insurance or premiums paid for a policy that pays for your lost earnings due to sickness or disability. For details, see chapter 6 of Pub. 535.

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## Lines 16a and 16b

**Interest allocation rules.** The tax treatment of interest expense differs depending on its type. For example, home mortgage interest and investment interest are treated differently. "Interest allocation" rules require you to allocate (classify) your interest expense so it is deducted (or capitalized) on the correct line of your return and receives the right tax treatment. These rules could affect how much interest you are allowed to deduct on Schedule C or C-EZ.

Generally, you allocate interest expense by tracing how the proceeds of the loan were used. See chapter 4 of Pub. 535 for details.

If you paid interest on a debt secured by your main home and any of the proceeds from that debt were used in connection with your trade or business, see chapter 4 of Pub. 535 to figure the amount that is deductible on Schedule C or C-EZ.

**How to report.** If you have a mortgage on real property used in your business (other than your main home), enter on line 16a the interest you paid for 2010 to banks or other financial institutions for which you received a Form 1098 (or similar statement). If you did not receive a Form 1098, enter the interest on line 16b.

If you paid more mortgage interest than is shown on Form 1098, see chapter 4 of Pub. 535 to find out if you can deduct the additional interest. If you can, include the amount on line 16a. Attach a statement to

your return explaining the difference and enter "See attached" in the margin next to line 16a.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage and the other person received the Form 1098, include your share of the interest on line 16b. Attach a statement to your return showing the name and address of the person who received the Form 1098. In the margin next to line 16b, enter "See attached."

If you paid interest in 2010 that also applies to future years, deduct only the part that applies to 2010.

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## Line 17

Include on this line fees charged by accountants and attorneys that are ordinary and necessary expenses directly related to operating your business.

Include fees for tax advice related to your business and for preparation of the tax forms related to your business. Also include expenses incurred in resolving asserted tax deficiencies relating to your business.

For more information, see Pub. 334 or 535.

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## Line 18

Include on this line your expenses for office supplies and postage.

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## Line 19

Enter your deduction for contributions to a pension, profit-sharing, or annuity plan, or plan for the benefit of your employees. If the plan included you as a self-employed person, enter contributions made as an employer on your behalf on Form 1040, line 28, or Form 1040NR, line 28, not on Schedule C.

In most cases, you must file the applicable form listed below if you maintain a pension, profit-sharing, or other funded-deferred compensation plan. The filing requirement is not affected by whether or not the plan qualified under the Internal Revenue Code, or whether or not you claim a deduction for the current tax year. There is a penalty for failure to timely file these forms.

**Form 5500-EZ.** File this form if you have a one-participant retirement plan that meets certain requirements. A one-participant plan is a plan that covers only you (or you and your spouse).

**Form 5500-SF.** File this form if you have a small plan (fewer than 100 participants in most cases) that meets certain requirements.

**Form 5500.** File this form for a plan that does not meet the requirements for filing Form 5500-EZ or Form 5500-SF.

For details, see Pub. 560.

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## Lines 20a and 20b

If you rented or leased vehicles, machinery, or equipment, enter on line 20a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an amount called the inclusion amount. See *Leasing a Car* in chapter 4 of Pub. 463 to figure this amount.

Enter on line 20b amounts paid to rent or lease other property, such as office space in a building.

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## Line 21

Deduct the cost of incidental repairs and maintenance that do not add to the property's value or appreciably prolong its life. Do not deduct the value of your own labor. Do not deduct amounts spent to restore or replace property; they must be capitalized.

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## Line 22

In most cases, you can deduct the cost of materials and supplies only to the extent you actually consumed and used them in your business during the tax year (unless you deducted them in a prior tax year). However, if you had incidental materials and supplies on hand for which you kept no inventories or records of use, you can deduct the cost of those you actually purchased during the tax year, provided that method clearly reflects income.

You can also deduct the cost of books, professional instruments, equipment, etc., if you normally use them within a year. However, if their usefulness extends substantially beyond a year, you must generally recover their costs through depreciation.

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## Line 23

You can deduct the following taxes and licenses on this line.

- State and local sales taxes imposed on you as the seller of goods or services. If you collected this tax from the buyer, you must also include the amount collected in gross receipts or sales on line 1.

- Real estate and personal property taxes on business assets.

- Licenses and regulatory fees for your trade or business paid each year to state or local governments. But some licenses, such as liquor licenses, may have to be amortized. See chapter 8 of Pub. 535 for details.

- Social security and Medicare taxes paid to match required withholding from your employees' wages. Reduce your deduction by the amount shown on Form 8846, line 4.

- Federal unemployment tax paid.

- Federal highway use tax.

- Contributions to state unemployment insurance fund or disability benefit fund if they are considered taxes under state law.

Do not deduct the following.

- Federal income taxes, including your self-employment tax. However, you can deduct one-half of your self-employment tax on Form 1040, line 27, (or Form 1040NR, line 27, when covered under the U.S. social security system due to an international social security agreement).

- Estate and gift taxes.

- Taxes assessed to pay for improvements, such as paving and sewers.

- Taxes on your home or personal use property.

- State and local sales taxes on property purchased for use in your business. Instead, treat these taxes as part of the cost of the property.

- State and local sales taxes imposed on the buyer that you were required to collect and pay over to state or local governments. These taxes are not included in gross receipts or sales nor are they a deductible expense. However, if the state or local government allowed you to retain any part of the sales tax you collected, you must include that amount as income on line 6.

- Other taxes and license fees not related to your business.

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## Line 24a

Enter your expenses for lodging and transportation connected with overnight travel for business while away from your tax home. In most cases, your tax home is your main place of business, regardless of where you maintain your family home. You cannot deduct expenses paid or incurred in connection with employment away from home if that period of employment exceeds 1 year. Also, you cannot deduct travel expenses for your spouse, your dependent, or any other individual unless that person is your employee, the travel is for a *bona fide* business purpose, and the expenses would otherwise be deductible by that person.

Do not include expenses for meals and entertainment on this line. Instead, see the instructions for line 24b.

Instead of keeping records of your actual incidental expenses, you can use an optional method for deducting incidental expenses only if you did not pay or incur meal expenses on a day you were traveling away from your tax home. The amount of the deduction is \$5 a day. Incidental expenses include fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards or stewardesses and others on ships, and hotel servants in foreign countries. They do not include expenses for laundry, cleaning and pressing of clothing, lodging taxes, or the costs of telegrams or telephone calls. You cannot use this method on any day that you use the standard meal allowance (as explained in the instructions for line 24b).

You cannot deduct expenses for attending a convention, seminar, or similar meeting held outside the North American area unless the meeting is directly related to your trade or business and it is as reasonable for the meeting to be held outside the North American area as within it. These rules apply to both employers and employ-

ees. Other rules apply to luxury water travel.

For details on travel expenses, see chapter 1 of Pub. 463.

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## Line 24b

Enter your total deductible business meal and entertainment expenses. This includes expenses for meals while traveling away from home for business and for meals that are business-related entertainment.

**Deductible expenses.** Business meal expenses are deductible only if they are (a) directly related to or associated with the active conduct of your trade or business, (b) not lavish or extravagant, and (c) incurred while you or your employee is present at the meal.

You cannot deduct any expense paid or incurred for a facility (such as a yacht or hunting lodge) used for any activity usually considered entertainment, amusement, or recreation.

Also, you cannot deduct membership dues for any club organized for business, pleasure, recreation, or other social purpose. This includes country clubs, golf and athletic clubs, airline and hotel clubs, and clubs operated to provide meals under conditions favorable to business discussion. But it does not include civic or public service organizations, professional organizations (such as bar and medical associations), business leagues, trade associations, chambers of commerce, boards of trade, and real estate boards, unless a principal purpose of the organization is to entertain, or provide entertainment facilities for, members or their guests.

There are exceptions to these rules as well as other rules that apply to sky-box rentals and tickets to entertainment events. See chapters 1 and 2 of Pub. 463.

**Standard meal allowance.** Instead of deducting the actual cost of your meals while traveling away from home, you can use the standard meal allowance for your daily meals and incidental expenses. Under this method, you deduct a specified amount, depending on where you travel, instead of keeping records of your actual meal expenses. However, you must still keep records to prove the time, place, and business purpose of your travel.

The standard meal allowance is the federal M&IE rate. You can find these rates on the Internet at [www.gsa.gov](http://www.gsa.gov). Click on "Per Diem Rates" for links to locations inside and outside the continental United States.

See chapter 1 of Pub. 463 for details on how to figure your deduction using the standard meal allowance, including special rules for partial days of travel.

**Amount of deduction.** In most cases, you can deduct only 50% of your business meal and entertainment expenses, including meals incurred while away from home on business. However, for individuals subject to the Department of Transportation (DOT) hours of service limits, that percentage is increased to 80% for business meals consumed during, or incident to, any period of duty for which those limits are in effect.

Individuals subject to the DOT hours of service limits include the following.

- Certain air transportation workers (such as pilots, crew, dispatchers, mechanics, and control tower operators) who are under Federal Aviation Administration regulations.
- Interstate truck operators who are under DOT regulations.
- Certain merchant mariners who are under Coast Guard regulations.

However, you can fully deduct meals, incidentals, and entertainment furnished or reimbursed to an employee if you properly treat the expense as wages subject to withholding. You can also fully deduct meals, incidentals, and entertainment provided to a nonemployee to the extent the expenses are includible in the gross income of that person and reported on Form 1099-MISC. See Pub. 535 for details and other exceptions.

**Daycare providers.** If you qualify as a family daycare provider, you can use the standard meal and snack rates, instead of actual costs, to compute the deductible cost of meals and snacks provided to eligible children. See Pub. 587 for details, including recordkeeping requirements.

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## Line 25

Deduct utility expenses only for your trade or business.

**Local telephone service.** If you used your home phone for business, do not deduct the base rate (including taxes) of the first phone line into your residence. But you can deduct any additional costs you incurred for business that are more than the base rate of the first phone line. For example, if you had a second line, you can deduct the business percentage of the charges for that line, including the base rate charges.

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## Line 26

Enter the total salaries and wages for the tax year. Do not include salaries and wages deducted elsewhere on your return or amounts paid to yourself. Reduce your deduction by the amounts claimed on:

- Form 5884, Work Opportunity Credit, line 2;
- Form 8844, Empowerment Zone and Renewal Community Employment Credit, line 2;
- Form 8845, Indian Employment Credit, line 4; and
- Form 8932, Credit for Employer Differential Wage Payments, line 2.



*If you provided taxable fringe benefits to your employees, such as personal use of a car, do not deduct as wages the amount applicable to depreciation and other expenses claimed elsewhere.*

In most cases, you are required to file Form W-2, Wage and Tax Statement, for each employee. See the Instructions for Forms W-2 and W-3.

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## Line 30

**Business use of your home.** You may be able to deduct certain expenses for business use of your home, subject to limitations. You must attach Form 8829 if you claim this deduction. For details, see the Instructions for Form 8829 and Pub. 587.

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## Line 31

If you have a loss, the amount of loss you can deduct this year may be limited. Go to line 32 before entering your loss on line 31. If you answered "No" on line G or are a qualified joint venture reporting only rental real estate, also see the Instructions for Form 8582. Enter the net profit or deductible loss here. Combine this amount with any profit or loss from other businesses and enter the total on both Form 1040, line 12, and Schedule SE, line 2, or on Form 1040NR, line 13. Nonresident aliens using Form 1040NR should also enter the total on Schedule SE, line 2, if you are covered under the U.S. social security system due to an international social security agreement currently in effect. See the Schedule SE instructions for information on international social security agreements. Estates and trusts should enter the total on Form 1041, line 3.

**Excess farm loss rules.** If your Schedule C activity includes processing a farm commodity as part of your farming business, your deductible loss from that activity may be limited if you received certain subsidies. See page F-7 of the Instructions for Schedule F for a list of those subsidies. Use one of the worksheets beginning on page F-9 to determine if you have an excess farm loss. See the Instructions for Schedule F for more details on how to complete the worksheets.

**Statutory employees and qualified joint ventures reporting only rental real estate income not subject to self-employment tax.** Include your net profit or deductible loss from line 31 with other Schedule C amounts on Form 1040, line 12, or on Form 1040NR, line 13. However, do not report this amount on Schedule SE, line 2. If you were a statutory employee and are required to file Schedule SE because of other self-employment income, see page SE-4 of the instructions for Schedule SE.

**Rental real estate activity.** Unless you are a qualifying real estate professional, a rental real estate activity is a passive activity, even if you materially participated in the activity. If you have a loss, you may need to file Form 8582 to figure your deductible loss to enter on line 31. See the Instructions for Form 8582.

**Notary public.** Do not enter your net profit from line 31 on Schedule SE, line 2, unless you are required to file Schedule SE because of other self-employment income. See page SE-4 of the instructions for Schedule SE.

**Community income.** If you and your spouse had community income and are filing separate returns, see page SE-2 of the instructions for Schedule SE before figuring self-employment tax.

**Earned income credit.** If you have a net profit on line 31, this amount is earned income and may qualify you for the earned income credit (EIC).



To figure your EIC, use the instructions for Form 1040, lines 64a and 64b. Complete all applicable steps plus Worksheet B. If you are required to file Schedule SE, remember to enter one-half of your self-employment tax in Part 1, line 1d, of Worksheet B.

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## Line 32

**At-risk rules.** In most cases, if you have a business loss and amounts invested in the business for which you are not at risk, you must complete Form 6198 to figure your allowable loss. The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the business.

Check box 32b if you have amounts invested in this business for which you are not at risk, such as the following.

- Nonrecourse loans used to finance the business, to acquire property used in the business, or to acquire the business that are not secured by your own property (other than property used in the business). However, there is an exception for certain nonrecourse financing borrowed by you in connection with holding real property.

- Cash, property, or borrowed amounts used in the business (or contributed to the business, or used to acquire the business) that are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).

- Amounts borrowed for use in the business from a person who has an interest in the business, other than as a creditor, or who is related under section 465(b)(3)(C) to a person (other than you) having such an interest.

**Figuring your deductible loss.** If all amounts are at risk in this business, check box 32a. If you answered "Yes" on line G, enter your loss on line 31. But if you answered "No" on line G or are a qualified joint venture reporting only rental real estate, you may need to complete Form 8582 to figure your allowable loss to enter on line 31. See the Instructions for Form 8582 for details.

If you checked box 32b, first complete Form 6198 to determine the amount of your deductible loss. If you answered "Yes" on line G, enter that amount on line 31. But if you answered "No" on line G or are a qualified joint venture reporting only rental real estate, your loss may be further limited. See the Instructions for Form 8582. If your at-risk amount is zero or less, enter -0- on line 31. Be sure to attach Form 6198 to your return. If you checked box 32b and you do not attach Form 6198, the processing of your tax return may be delayed.

Any loss from this business not allowed for 2010 only because of the at-risk rules is treated as a deduction allocable to the business in 2011.

For details, see the Instructions for Form 6198 and Pub. 925.

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## Part III. Cost of Goods Sold

In most cases, if you engaged in a trade or business in which the production, purchase, or sale of merchandise was an income-producing factor, you must take inventories into account at the beginning and end of your tax year.

**Exception for certain taxpayers.** If you are a qualifying taxpayer or a qualifying small business taxpayer (discussed next), you can account for inventoriable items in the same manner as materials and supplies that are not incidental. Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method). Enter amounts paid for all raw materials and merchandise during 2010 on line 36. The amount you can deduct for 2010 is figured on line 42.

**Qualifying taxpayer.** This is a taxpayer (a) whose average annual gross receipts for the 3 prior tax years are \$1 million or less, and (b) whose business is not a tax shelter (as defined in section 448(d)(3)).

**Qualifying small business taxpayer.** This is a taxpayer (a) whose average annual gross receipts for the 3 prior tax years are \$10 million or less, (b) whose business is not a tax shelter (as defined in section 448(d)(3)), and (c) whose principal business activity is not an ineligible activity as explained in Rev. Proc. 2002-28. You can find Rev. Proc. 2002-28 on page 815 of Internal Revenue Bulletin 2002-18 at [www.irs.gov/pub/irs-irbs/irb02-18.pdf](http://www.irs.gov/pub/irs-irbs/irb02-18.pdf).

**Changing accounting methods.** File Form 3115 if you are a qualifying taxpayer or qualifying small business taxpayer and want to change to the cash method or to account for inventoriable items as non-incidental materials and supplies.

**Additional information.** For additional guidance on this method of accounting for inventoriable items, see the following.

- Pub. 538 discusses both exceptions.
- If you are a qualifying taxpayer, see Rev. Proc. 2001-10, on page 272 of Internal Revenue Bulletin 2001-2 at [www.irs.gov/pub/irs-irbs/irb01-02.pdf](http://www.irs.gov/pub/irs-irbs/irb01-02.pdf).
- If you are a qualifying small business taxpayer, see Rev. Proc. 2002-28, on page 815 of Internal Revenue Bulletin 2002-18 at [www.irs.gov/pub/irs-irbs/irb02-18.pdf](http://www.irs.gov/pub/irs-irbs/irb02-18.pdf).



Certain direct and indirect expenses may have to be capitalized or included in inventory. See the instructions for Part II on page C-4. See Pub. 538 for additional information.

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## Line 33

Your inventories can be valued at cost, the lower of cost or market, or any other method approved by the IRS. However, you are required to use cost if you are using the cash method of accounting.

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## Line 35

If you are changing your method of accounting beginning with 2010, refigure last year's closing inventory using your new method of accounting and enter the result on line 35. If there is a difference between last year's closing inventory and the refigured amount, attach an explanation and take it into account when figuring your section 481(a) adjustment. For details, see the example on page C-3 under *Line F*.

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## Line 41

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, enter on line 41 the portion of your raw materials and merchandise purchased for resale that is included on line 40 and was not sold during the year.

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## Part IV. Information on Your Vehicle

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### Line 44b

In most cases, commuting is travel between your home and a work location. If you converted your vehicle during the year from personal to business use (or *vice versa*), enter your commuting miles only for the period you drove your vehicle for business. For information on certain travel that is considered a business expense rather than commuting, see the Instructions for Form 2106.

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## Part V. Other Expenses

Include all ordinary and necessary business expenses not deducted elsewhere on Schedule C. List the type and amount of each expense separately in the space provided. Enter the total on lines 48 and 27. Do not include the cost of business equipment or furniture, replacements or permanent improvements to property, or personal, living, and family expenses. Do not include charitable contributions. Also, you cannot deduct fines or penalties paid to a government for violating any law. For details on business expenses, see Pub. 535.

**Amortization.** Include amortization in this part. For amortization that begins in 2010, you must complete and attach Form 4562.

You can elect to amortize such costs as:



- The cost of pollution-control facilities;
- Amounts paid for research and experimentation;
- Qualified revitalization expenditures;
- Amounts paid to acquire, protect, expand, register, or defend trademarks or trade names;
- Goodwill and certain other intangibles; or
- Certain expenses paid or incurred to create or acquire a musical composition or its copyright.

In most cases, you cannot amortize real property construction period interest and taxes. Special rules apply for allocating interest to real or personal property produced in your trade or business.

For a complete list, see the Instructions for Form 4562, Part VI.

**At-risk loss deduction.** Any loss from this business that was not allowed as a deduction last year only because of the at-risk rules is treated as a deduction allocable to this business in 2010. For the loss to be deductible, the amount that is "at risk" must be increased.

**Bad debts.** Include debts and partial debts from sales or services that were included in income and are definitely known to be worthless. If you later collect a debt that you deducted as a bad debt, include it as

income in the year collected. For details, see Pub. 535.

**Business start-up costs.** If your business began in 2010, you can elect to deduct up to \$5,000 of certain business start-up costs paid or incurred after October 24, 2004, in tax years before 2010, and up to \$10,000 of certain business start-up costs paid or incurred in 2010. The \$5,000 limit is reduced (but not below zero) by the amount by which your total start-up costs exceed \$50,000 and the \$10,000 limit is reduced (but not below zero) by the amount by which your start-up costs exceed \$60,000.

For details, see chapters 7 and 8 of Pub. 535. For amortization that begins in 2010, you must complete and attach Form 4562.

**Costs of making commercial buildings energy efficient.** You may be able to deduct part or all of the cost of modifying existing commercial buildings to make them energy efficient. For details, see section 179D, Notice 2006-52, and Notice 2008-40. Notice 2006-52, 2006-26 I.R.B. 1175, is available at [www.irs.gov/irb/2006-26\\_IRB/ar11.html](http://www.irs.gov/irb/2006-26_IRB/ar11.html). Notice 2008-40, 2008-14 I.R.B. 725, is available at [www.irs.gov/irb/2008-14\\_IRB/ar12.html](http://www.irs.gov/irb/2008-14_IRB/ar12.html).

**Deduction for removing barriers to individuals with disabilities and the elderly.** You may be able to deduct up to \$15,000 of costs paid or incurred in 2010 to

remove architectural or transportation barriers to individuals with disabilities and the elderly. However, you cannot take both a credit (on Form 8826) and a deduction for the same expenditures.

**Qualified disaster expenses.** You can elect to deduct certain expenses you paid or incurred as a result of a federally declared disaster occurring before January 1, 2011. For more information, see chapter 7 of Pub. 535.

**Film and television production expenses.** You can elect to deduct costs of certain qualified film and television productions. For details, see Pub. 535.

**Forestation and reforestation costs.** Reforestation costs are generally capital expenditures. However, for each qualified timber property, you can elect to expense up to \$10,000 (\$5,000 if married filing separately) of qualifying reforestation costs paid or incurred in 2010.

You can elect to amortize the remaining costs over 84 months. For amortization that begins in 2010, you must complete and attach Form 4562.

The amortization election does not apply to trusts, and the expense election does not apply to estates and trusts. For details on reforestation expenses, see chapters 7 and 8 of Pub. 535.

## Principal Business or Professional Activity Codes

These codes for the Principal Business or Professional Activity classify sole proprietorships by the type of activity they are engaged in to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).		Select the category that best describes your primary business activity (for example, Real Estate). Then select the activity that best identifies the principal source of your sales or receipts (for example, real estate agent). Now find the six-digit code assigned to this activity (for example, 531210, the code for offices	of real estate agents and brokers) and enter it on Schedule C or C-EZ, line B.
<b>Accommodation, Food Services, &amp; Drinking Places</b> <b>Accommodation</b> 721310 Rooming & boarding houses 721210 RV (recreational vehicle) parks & recreational camps 721100 Traveler accommodation (including hotels, motels, & bed & breakfast inns) <b>Food Services &amp; Drinking Places</b> 722410 Drinking places (alcoholic beverages) 722110 Full-service restaurants 722210 Limited-service eating places 722300 Special food services (including food service contractors & caterers)	561600 Investigation & security services	<b>Support Activities for Agriculture &amp; Forestry</b> 115210 Support activities for animal production (including farriers) 115110 Support activities for crop production (including cotton ginning, soil preparation, planting, & cultivating) 115310 Support activities for forestry	711210 Spectator sports (including professional sports clubs & racetrack operations)
	561720 Janitorial services 561730 Landscaping services 561110 Office administrative services 561420 Telephone call centers (including telephone answering services & telemarketing bureaus)		<b>Arts, Entertainment, &amp; Recreation</b> <b>Amusement, Gambling, &amp; Recreation Industries</b> 713100 Amusement parks & arcades 713200 Gambling industries 713900 Other amusement & recreation services (including golf courses, skiing facilities, marinas, fitness centers, bowling centers, skating rinks, miniature golf courses)
<b>Administrative &amp; Support and Waste Management &amp; Remediation Services</b> <b>Administrative &amp; Support Services</b> 561430 Business service centers (including private mail centers & copy shops) 561740 Carpet & upholstery cleaning services 561440 Collection agencies 561450 Credit bureaus 561410 Document preparation services 561300 Employment services 561710 Exterminating & pest control services 561210 Facilities support (management) services	561500 Travel arrangement & reservation services 561490 Other business support services (including repossession services, court reporting, & stenotype services) 561790 Other services to buildings & dwellings 561900 Other support services (including packaging & labeling services, & convention & trade show organizers)	<b>Museums, Historical Sites, &amp; Similar Institutions</b> 712100 Museums, historical sites, & similar institutions	<b>Heavy and Civil Engineering Construction</b> 237310 Highway, street, & bridge construction 237210 Land subdivision 237100 Utility system construction 237990 Other heavy & civil engineering construction
	<b>Waste Management &amp; Remediation Services</b> 562000 Waste management & remediation services	<b>Agriculture, Forestry, Hunting, &amp; Fishing</b> 112900 Animal production (including breeding of cats and dogs) 114110 Fishing 113000 Forestry & logging (including forest nurseries & timber tracts) 114210 Hunting & trapping	<b>Performing Arts, Spectator Sports, &amp; Related Industries</b> 711410 Agents & managers for artists, athletes, entertainers, & other public figures 711510 Independent artists, writers, & performers 711100 Performing arts companies 711300 Promoters of performing arts, sports, & similar events

**Principal Business or Professional Activity Codes (continued)**

238120 Structural steel & precast concrete construction contractors	<b>Hospitals</b> 622000 Hospitals	311500 Dairy product mfg.	811430 Footwear & leather goods repair
238340 Tile & terrazzo contractors	<b>Nursing &amp; Residential Care Facilities</b> 623000 Nursing & residential care facilities	311400 Fruit & vegetable preserving & speciality food mfg.	811410 Home & garden equipment & appliance repair & maintenance
238290 Other building equipment contractors	<b>Social Assistance</b> 624410 Child day care services	311200 Grain & oilseed milling	811420 Reupholstery & furniture repair
238390 Other building finishing contractors	624200 Community food & housing, & emergency & other relief services	311610 Animal slaughtering & processing	811490 Other personal & household goods repair & maintenance
238190 Other foundation, structure, & building exterior contractors	624100 Individual & family services	311710 Seafood product preparation & packaging	
238990 All other specialty trade contractors	624310 Vocational rehabilitation services	311300 Sugar & confectionery product mfg.	
		311900 Other food mfg. (including coffee, tea, flavorings, & seasonings)	
<b>Educational Services</b>	<b>Information</b>	<b>Leather &amp; Allied Product Manufacturing</b>	<b>Professional, Scientific, &amp; Technical Services</b>
611000 Educational services (including schools, colleges, & universities)	511000 Publishing industries (except Internet)	316210 Footwear mfg. (including leather, rubber, & plastics)	541100 Legal services
	<b>Broadcasting (except Internet) &amp; Telecommunications</b>	316110 Leather & hide tanning & finishing	541211 Offices of certified public accountants
<b>Finance &amp; Insurance</b>	515000 Broadcasting (except Internet)	316990 Other leather & allied product mfg.	541214 Payroll services
<b>Credit Intermediation &amp; Related Activities</b>	517000 Telecommunications & Internet service providers		541213 Tax preparation services
522100 Depository credit intermediation (including commercial banking, savings institutions, & credit unions)	<b>Data Processing Services</b>	<b>Nonmetallic Mineral Product Manufacturing</b>	541219 Other accounting services
522200 Nondepository credit intermediation (including sales financing & consumer lending)	518210 Data processing, hosting, & related services	327300 Cement & concrete product mfg.	<b>Architectural, Engineering, &amp; Related Services</b>
522300 Activities related to credit intermediation (including loan brokers)	519100 Other information services (including news syndicates & libraries, Internet publishing & broadcasting)	327100 Clay product & refractory mfg.	541310 Architectural services
<b>Insurance Agents, Brokers, &amp; Related Activities</b>	<b>Motion Picture &amp; Sound Recording</b>	327210 Glass & glass product mfg.	541350 Building inspection services
524210 Insurance agencies & brokerages	512100 Motion picture & video industries (except video rental)	327400 Lime & gypsum product mfg.	541340 Drafting services
524290 Other insurance related activities	512200 Sound recording industries	327900 Other nonmetallic mineral product mfg.	541330 Engineering services
<b>Securities, Commodity Contracts, &amp; Other Financial Investments &amp; Related Activities</b>	<b>Manufacturing</b>	<b>Mining</b>	541360 Geophysical surveying & mapping services
523140 Commodity contracts brokers	315000 Apparel mfg.	212110 Coal mining	541320 Landscape architecture services
523130 Commodity contracts dealers	312000 Beverage & tobacco product mfg.	212200 Metal ore mining	541370 Surveying & mapping (except geophysical) services
523110 Investment bankers & securities dealers	334000 Computer & electronic product mfg.	212300 Nonmetallic mineral mining & quarrying	541380 Testing laboratories
523210 Securities & commodity exchanges	335000 Electrical equipment, appliance, & component mfg.	211110 Oil & gas extraction	<b>Computer Systems Design &amp; Related Services</b>
523120 Securities brokers	332000 Fabricated metal product mfg.	213110 Support activities for mining	541510 Computer systems design & related services
523900 Other financial investment activities (including investment advice)	337000 Furniture & related product mfg.		<b>Specialized Design Services</b>
	333000 Machinery mfg.	<b>Other Services</b>	541400 Specialized design services (including interior, industrial, graphic, & fashion design)
	339110 Medical equipment & supplies mfg.	<b>Personal &amp; Laundry Services</b>	<b>Other Professional, Scientific, &amp; Technical Services</b>
	322000 Paper mfg.	812111 Barber shops	541800 Advertising & related services
	324100 Petroleum & coal products mfg.	812112 Beauty salons	541600 Management, scientific, & technical consulting services
	326000 Plastics & rubber products mfg.	812220 Cemeteries & crematories	541910 Market research & public opinion polling
	331000 Primary metal mfg.	812310 Coin-operated laundries & drycleaners	541920 Photographic services
	323100 Printing & related support activities	812320 Drycleaning & laundry services (except coin-operated) (including laundry & drycleaning dropoff & pickup sites)	541700 Scientific research & development services
	313000 Textile mills	812210 Funeral homes & funeral services	541930 Translation & interpretation services
	314000 Textile product mills	812330 Linen & uniform supply	541940 Veterinary services
	336000 Transportation equipment mfg.	812113 Nail salons	541990 All other professional, scientific, & technical services
	321000 Wood product mfg.	812930 Parking lots & garages	
	339900 Other miscellaneous mfg.	812910 Pet care (except veterinary) services	<b>Real Estate &amp; Rental &amp; Leasing</b>
	<b>Chemical Manufacturing</b>	812920 Photofinishing	<b>Real Estate</b>
	325100 Basic chemical mfg.	812190 Other personal care services (including diet & weight reducing centers)	531100 Lessors of real estate (including miniwarehouses & self-storage units)
	325500 Paint, coating, & adhesive mfg.	812990 All other personal services	531210 Offices of real estate agents & brokers
	325300 Pesticide, fertilizer, & other agricultural chemical mfg.	<b>Repair &amp; Maintenance</b>	531320 Offices of real estate appraisers
	325410 Pharmaceutical & medicine mfg.	811120 Automotive body, paint, interior, & glass repair	531310 Real estate property managers
	325200 Resin, synthetic rubber, & artificial & synthetic fibers & filaments mfg.	811110 Automotive mechanical & electrical repair & maintenance	531390 Other activities related to real estate
	325600 Soap, cleaning compound, & toilet preparation mfg.	811190 Other automotive repair & maintenance (including oil change & lubrication shops & car washes)	<b>Rental &amp; Leasing Services</b>
	325900 Other chemical product & preparation mfg.	811310 Commercial & industrial machinery & equipment (except automotive & electronic) repair & maintenance	532100 Automotive equipment rental & leasing
	<b>Food Manufacturing</b>	811210 Electronic & precision equipment repair & maintenance	532400 Commercial & industrial machinery & equipment rental & leasing
	311110 Animal food mfg.		532210 Consumer electronics & appliances rental
	311800 Bakeries & tortilla mfg.		532220 Formal wear & costume rental
			532310 General rental centers
			532230 Video tape & disc rental

**Principal Business or Professional Activity Codes (continued)**

532290 Other consumer goods rental	<b>General Merchandise Stores</b> 452000 General merchandise stores	454210 Vending machine operators 454390 Other direct selling establishments (including door-to-door retailing, frozen food plan providers, party plan merchandisers, & coffee-break service providers)	423940 Jewelry, watch, precious stone, & precious metals
<b>Religious, Grantmaking, Civic, Professional, &amp; Similar Organizations</b> 813000 Religious, grantmaking, civic, professional, & similar organizations	<b>Health &amp; Personal Care Stores</b> 446120 Cosmetics, beauty supplies, & perfume stores 446130 Optical goods stores 446110 Pharmacies & drug stores 446190 Other health & personal care stores		423300 Lumber & other construction materials 423800 Machinery, equipment, & supplies 423500 Metal & mineral (except petroleum) 423100 Motor vehicle & motor vehicle parts & supplies 423400 Professional & commercial equipment & supplies 423930 Recyclable materials 423910 Sporting & recreational goods & supplies 423920 Toy & hobby goods & supplies 423990 Other miscellaneous durable goods
<b>Retail Trade</b> <b>Building Material &amp; Garden Equipment &amp; Supplies Dealers</b> 444130 Hardware stores 444110 Home centers 444200 Lawn & garden equipment & supplies stores 444120 Paint & wallpaper stores 444190 Other building materials dealers <b>Clothing &amp; Accessories Stores</b> 448130 Children's & infants' clothing stores 448150 Clothing accessories stores 448140 Family clothing stores 448310 Jewelry stores 448320 Luggage & leather goods stores 448110 Men's clothing stores 448210 Shoe stores 448120 Women's clothing stores 448190 Other clothing stores <b>Electronic &amp; Appliance Stores</b> 443130 Camera & photographic supplies stores 443120 Computer & software stores 443111 Household appliance stores 443112 Radio, television, & other electronics stores <b>Food &amp; Beverage Stores</b> 445310 Beer, wine, & liquor stores 445220 Fish & seafood markets 445230 Fruit & vegetable markets 445100 Grocery stores (including supermarkets & convenience stores without gas) 445210 Meat markets 445290 Other specialty food stores <b>Furniture &amp; Home Furnishing Stores</b> 442110 Furniture stores 442200 Home furnishings stores <b>Gasoline Stations</b> 447100 Gasoline stations (including convenience stores with gas)	<b>Motor Vehicle &amp; Parts Dealers</b> 441300 Automotive parts, accessories, & tire stores 441222 Boat dealers 441221 Motorcycle dealers 441110 New car dealers 441210 Recreational vehicle dealers (including motor home & travel trailer dealers) 441120 Used car dealers 441229 All other motor vehicle dealers <b>Sporting Goods, Hobby, Book, &amp; Music Stores</b> 451211 Book stores 451120 Hobby, toy, & game stores 451140 Musical instrument & supplies stores 451212 News dealers & newsstands 451220 Prerecorded tape, compact disc, & record stores 451130 Sewing, needlework, & piece goods stores 451110 Sporting goods stores <b>Miscellaneous Store Retailers</b> 453920 Art dealers 453110 Florists 453220 Gift, novelty, & souvenir stores 453930 Manufactured (mobile) home dealers 453210 Office supplies & stationery stores 453910 Pet & pet supplies stores 453310 Used merchandise stores 453990 All other miscellaneous store retailers (including tobacco, candle, & trophy shops) <b>Nonstore Retailers</b> 454112 Electronic auctions 454111 Electronic shopping 454310 Fuel dealers 454113 Mail-order houses	<b>Transportation &amp; Warehousing</b> 481000 Air transportation 485510 Charter bus industry 484110 General freight trucking, local 484120 General freight trucking, long distance 485210 Interurban & rural bus transportation 486000 Pipeline transportation 482110 Rail transportation 487000 Scenic & sightseeing transportation 485410 School & employee bus transportation 484200 Specialized freight trucking (including household moving vans) 485300 Taxi & limousine service 485110 Urban transit systems 483000 Water transportation 485990 Other transit & ground passenger transportation 488000 Support activities for transportation (including motor vehicle towing) <b>Couriers &amp; Messengers</b> 492000 Couriers & messengers <b>Warehousing &amp; Storage Facilities</b> 493100 Warehousing & storage (except leases of miniwarehouses & self-storage units)	423940 Jewelry, watch, precious stone, & precious metals 423300 Lumber & other construction materials 423800 Machinery, equipment, & supplies 423500 Metal & mineral (except petroleum) 423100 Motor vehicle & motor vehicle parts & supplies 423400 Professional & commercial equipment & supplies 423930 Recyclable materials 423910 Sporting & recreational goods & supplies 423920 Toy & hobby goods & supplies 423990 Other miscellaneous durable goods <b>Merchant Wholesalers, Nondurable Goods</b> 424300 Apparel, piece goods, & notions 424800 Beer, wine, & distilled alcoholic beverage 424920 Books, periodicals, & newspapers 424600 Chemical & allied products 424210 Drugs & druggists' sundries 424500 Farm product raw materials 424910 Farm supplies 424930 Flower, nursery stock, & florists' supplies 424400 Grocery & related products 424950 Paint, varnish, & supplies 424100 Paper & paper products 424700 Petroleum & petroleum products 424940 Tobacco & tobacco products 424990 Other miscellaneous nondurable goods
		<b>Utilities</b> 221000 Utilities	<b>Wholesale Electronic Markets and Agents &amp; Brokers</b> 425110 Business to business electronic markets 425120 Wholesale trade agents & brokers
		<b>Wholesale Trade</b> <b>Merchant Wholesalers, Durable Goods</b> 423600 Electrical & electronic goods 423200 Furniture & home furnishing 423700 Hardware, & plumbing & heating equipment & supplies	<b>999999 Unclassified establishments (unable to classify)</b>



# 2010 Instructions for Schedule D

## Capital Gains and Losses

Use Schedule D (Form 1040) to report the following.

- The sale or exchange of a capital asset (defined on this page) not reported on another form or schedule.
- Gains from involuntary conversions (other than from casualty or theft) of capital assets not held for business or profit.
- Capital gain distributions not reported directly on Form 1040, line 13 (or effectively connected capital gain distributions not reported directly on Form 1040NR, line 14).
- Nonbusiness bad debts.

**Additional information.** See Pub. 544 and Pub. 550 for more details. For a comprehensive filled-in example of Schedule D, see Pub. 550.

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

### What's New

**Property acquired from a decedent who died after 2009.** Special rules apply when determining the basis and holding period of property acquired from someone who died after 2009. For details, see Pub. 4895.

### General Instructions

#### Other Forms You May Have To File

Use Form 4797 to report the following.

1. The sale or exchange of:
  - a. Property used in a trade or business;
  - b. Depreciable and amortizable property;
  - c. Oil, gas, geothermal, or other mineral property; and
  - d. Section 126 property.
2. The involuntary conversion (other than from casualty or theft) of property used in a trade or business and capital assets held for business or profit.
3. The disposition of noncapital assets other than inventory or property held primarily for sale to customers in the ordinary course of your trade or business.
4. Ordinary loss on the sale, exchange, or worthlessness of small business investment company (section 1242) stock.
5. Ordinary loss on the sale, exchange, or worthlessness of small business (section 1244) stock.
6. Ordinary gain or loss on securities held in connection with your trading business, if you previously made a mark-to-market election. See *Traders in Securities* on page D-3.

Use Form 4684 to report involuntary conversions of property due to casualty or theft.

Use Form 6781 to report gains and losses from section 1256 contracts and straddles.

Use Form 8824 to report like-kind exchanges. A like-kind exchange occurs when you exchange business or investment property for property of a like kind.

### Capital Asset

Most property you own and use for personal purposes, pleasure, or investment is a capital asset. For example, your house, furniture, car, stocks, and bonds are capital assets. A capital asset is any property held by you except the following.

- Stock in trade or other property included in inventory or held mainly for sale to customers. But see the *Tip* on this page.
- Accounts or notes receivable for services performed in the ordinary course of your trade or business or as an employee, or from the sale of stock in trade or other property held mainly for sale to customers.
- Depreciable property used in your trade or business, even if it is fully depreciated.
- Real estate used in your trade or business.
- Copyrights, literary, musical, or artistic compositions, letters or memoranda, or similar property (a) created by your personal efforts; (b) prepared or produced for you (in the case of letters, memoranda, or similar property); or (c) that you received from someone who created them or for whom they were created, as mentioned in (a) or (b), in a way (such as by gift) that entitled you to the basis of the previous owner. But see the *Tip* on this page.
- U.S. Government publications, including the Congressional Record, that you received from the Government, other than by purchase at the normal sales price, or that you got from someone who had received it in a similar way, if your basis is determined by reference to the previous owner's basis.
- Certain commodities derivative financial instruments held by a dealer and not connected to the dealer's activities as a dealer. See section 1221(a)(6).
- Certain hedging transactions entered into in the normal course of your trade or business. See section 1221(a)(7).
- Supplies regularly used in your trade or business.



**TIP** You can elect to treat as capital assets certain musical compositions or copyrights you sold or exchanged. See Pub. 550 for details.

### Basis and Recordkeeping

Basis is the amount of your investment in property for tax purposes. The basis of property you buy is usually its cost. You need to know your basis to figure any gain or loss on the sale or other disposition of the property. You must keep accurate records that show the basis and adjusted basis of your property. Your records should show the purchase price, including commissions; increases to basis, such as the cost of improvements; and decreases to basis, such as depreciation, nondividend distributions on stock, and stock splits.

For more information on basis, see page D-7 and these publications.

- Pub. 551, Basis of Assets.
- Pub. 550, Investment Income and Expenses (Including Capital Gains and Losses).

If you lost or did not keep records to determine your basis in securities, contact your broker for help.



The IRS partners with companies that offer Schedule D software that can import trades from many brokerage firms and accounting software to help you keep track of your adjusted basis in securities. To find out more, go to [www.irs.gov/efile](http://www.irs.gov/efile).

### Short Term or Long Term

Separate your capital gains and losses according to how long you held or owned the property. The holding period for short-term capital gains and losses is 1 year or less. The holding period for long-term capital gains and losses is more than 1 year. To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it.

If you disposed of property that you acquired by inheritance from someone who died before 2010, report the disposition as a long-term gain or loss, regardless of how long you held the property. If you acquired the property from someone who died after 2009, see Pub. 4895.

A nonbusiness bad debt must be treated as a short-term capital loss. See Pub. 550 for what qualifies as a nonbusiness bad debt and how to enter it on Schedule D.

## Capital Gain Distributions

These distributions are paid by a mutual fund (or other regulated investment company) or real estate investment trust from its net realized long-term capital gains. Distributions of net realized short-term capital gains are not treated as capital gains. Instead, they are included on Form 1099-DIV as ordinary dividends.

Enter on line 13 the total capital gain distributions paid to you during the year, regardless of how long you held your investment. This amount is shown in box 2a of Form 1099-DIV.

If there is an amount in box 2b, include that amount on line 11 of the Unrecaptured Section 1250 Gain Worksheet on page D-9 if you complete line 19 of Schedule D.

If there is an amount in box 2c, see *Exclusion of Gain on Qualified Small Business (QSB) Stock* on page D-4.

If there is an amount in box 2d, include that amount on line 4 of the 28% Rate Gain Worksheet on page D-8 if you complete line 18 of Schedule D.

If you received capital gain distributions as a nominee (that is, they were paid to you but actually belong to someone else), report on line 13 only the amount that belongs to you. Attach a statement showing the full amount you received and the amount you received as a nominee. See the Instructions for Schedule B for filing requirements for Forms 1099-DIV and 1096.

## Sale of Your Home

If you sold or exchanged your main home, do not report it on your tax return unless you cannot exclude all of your gain from income. Any gain you cannot exclude is taxable. Generally, if you meet the two following tests, you can exclude up to \$250,000 of gain. If both you and your spouse meet these tests and you file a joint return, you can exclude up to \$500,000 of gain (but only one spouse needs to meet the ownership requirement in *Test 1*).

**Test 1.** You owned and used the home as your main home for 2 years or more during the 5-year period ending on the date you sold or exchanged your home.

**Test 2.** You have not excluded gain on the sale or exchange of another main home during the 2-year period ending on the date of the sale or exchange of your home.

Even if you do not meet one or both of the above two tests, you still can claim an exclusion if you sold or exchanged the home because of a change in place of employment, health, or certain unforeseen circumstances. In this case, the maximum amount of gain you can exclude is reduced.

If your spouse died before the sale or exchange, you can exclude up to \$500,000 of gain if:

- The sale or exchange is no later than 2 years after your spouse's death,
- Just before your spouse's death, both spouses met the use requirement of *Test 1*, at least one spouse met the ownership re-

quirement of *Test 1*, and both spouses met *Test 2*, and

- You did not remarry before the sale or exchange.

You can choose to have the 5-year test period for ownership and use in *Test 1* suspended during any period you or your spouse serve outside the United States as a Peace Corps volunteer or serve on qualified official extended duty as a member of the uniformed services or Foreign Service of the United States, as an employee of the intelligence community, or outside the United States as an employee of the Peace Corps. This means you may be able to meet *Test 1* even if, because of your service, you did not actually use the home as your main home for at least the required 2 years during the 5-year period ending on the date of sale.

You cannot exclude any gain if:

- You acquired your home in a like-kind exchange in which all or part of the gain was not recognized, and
- You sold or exchanged the home during the 5-year period beginning on the date you acquired it.

See Pub. 523 for details, including how to report any taxable gain if:

- You (or your spouse if married) used any part of the home for business or rental purposes after May 6, 1997,
- There was a period of time after 2008 when the home was not your main home, or
- You cannot exclude all of your gain.

## Partnership Interests

A sale or other disposition of an interest in a partnership may result in ordinary income, collectibles gain (28% rate gain), or unrecaptured section 1250 gain. For details on 28% rate gain, see the instructions for line 18 on page D-8. For details on unrecaptured section 1250 gain, see the instructions for line 19 that begin on page D-8.

## Capital Assets Held for Personal Use

Generally, gain from the sale or exchange of a capital asset held for personal use is a capital gain. Report it on Schedule D, Part I or Part II. However, if you converted depreciable property to personal use, all or part of the gain on the sale or exchange of that property may have to be recaptured as ordinary income. Use Part III of Form 4797 to figure the amount of ordinary income recapture. The recapture amount is included on line 31 (and line 13) of Form 4797. Do not enter any gain from this property on line 32 of Form 4797. If you are not completing Part III for any other properties, enter "N/A" on line 32. If the total gain is more than the recapture amount, enter "From Form 4797" in column (a) of line 1 or line 8 of Schedule D, skip columns (b) through (e), and in column (f) enter the excess of the total gain over the recapture amount.

Loss from the sale or exchange of a capital asset held for personal use is not deductible. But if you had a loss from the sale or exchange of real estate held for personal use for which you received a Form 1099-S, you must report the transaction on Sched-

ule D even though the loss is not deductible. For example, you have a loss on the sale of a vacation home that is not your main home and you received a Form 1099-S for the transaction. Report the transaction on line 1 or 8, depending on how long you owned the home. Complete columns (a) through (e). Because the loss is not deductible, enter -0- in column (f).

## Capital Losses

You can deduct capital losses up to the amount of your capital gains plus \$3,000 (\$1,500 if married filing separately). You may be able to use capital losses that exceed this limit in future years. For details, see the instructions for line 21 on page D-9. Be sure to report all of your capital gains and losses (except nondeductible losses) even if you cannot use all of your losses in 2010.

## Nondeductible Losses

Do not deduct a loss from the direct or indirect sale or exchange of property between any of the following.

- Members of a family.
- A corporation and an individual owning more than 50% of the corporation's stock (unless the loss is from a distribution in complete liquidation of a corporation).
- A grantor and a fiduciary of a trust.
- A fiduciary and a beneficiary of the same trust.
- A fiduciary and a beneficiary of another trust created by the same grantor.
- An executor of an estate and a beneficiary of that estate, unless the sale or exchange was to satisfy a pecuniary bequest (that is, a bequest of a sum of money).
- An individual and a tax-exempt organization controlled by the individual or the individual's family.

See Pub. 544 for more details on sales and exchanges between related parties.

If you disposed of (a) an asset used in an activity to which the at-risk rules apply or (b) any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, see the Instructions for Form 6198.

If the loss is allowable under the at-risk rules, it then may be subject to the passive activity rules. See Form 8582 and its instructions for details on reporting capital gains and losses from a passive activity.

## Items for Special Treatment

- Transactions by a securities dealer. See section 1236.
- Bonds and other debt instruments. See Pub. 550.
- Certain real estate subdivided for sale that may be considered a capital asset. See section 1237.
- Gain on the sale of depreciable property to a more than 50% owned entity or to a trust of which you are a beneficiary. See Pub. 544.
- Gain on the disposition of stock in an interest charge domestic international sales corporation. See section 995(c).

- Gain on the sale or exchange of stock in certain foreign corporations. See section 1248.

- Transfer of property to a partnership that would be treated as an investment company if it were incorporated. See Pub. 541.

- Sales of stock received under a qualified public utility dividend reinvestment plan. See Pub. 550.

- Transfer of appreciated property to a political organization. See section 684.

- Transfer of property by a U.S. person to a foreign estate or trust. See section 684.

- If you give up your U.S. citizenship after June 16, 2008, you may be treated as having sold all your property for its fair market value on the day before you gave up your citizenship. This also applies to long-term U.S. residents who cease to be lawful permanent residents after June 16, 2008. For details, exceptions, and rules for reporting these deemed sales, see Pub. 519 and Form 8854.

- In general, no gain or loss is recognized on the transfer of property from an individual to a spouse or a former spouse if the transfer is incident to a divorce. See Pub. 504.

- Amounts received on the retirement of a debt instrument generally are treated as received in exchange for the debt instrument. See Pub. 550.

- Any loss on the disposition of converted wetland or highly erodible cropland that is first used for farming after March 1, 1986, is reported as a long-term capital loss on Schedule D, but any gain is reported as ordinary income on Form 4797.

- If qualified dividends that you reported on Form 1040, line 9b, or Form 1040NR, line 10b, include extraordinary dividends, any loss on the sale or exchange of the stock is a long-term capital loss to the extent of the extraordinary dividends. An extraordinary dividend is a dividend that equals or exceeds 10% (5% in the case of preferred stock) of your basis in the stock.

- Amounts received by shareholders in corporate liquidations. See Pub. 550.

- Cash received in lieu of fractional shares of stock as a result of a stock split or stock dividend. See Pub. 550.

- Load charges to acquire stock in a regulated investment company (including a mutual fund), which may not be taken into account in determining gain or loss on certain dispositions of the stock if reinvestment rights were exercised. See Pub. 550.

- The sale or exchange of S corporation stock or an interest in a trust held for more than 1 year, which may result in collectibles gain (28% rate gain). See the instructions for line 18 on page D-8.

- Gain or loss on the disposition of securities futures contracts. See Pub. 550.

- Gain on the constructive sale of certain appreciated financial positions. See Pub. 550.

- Certain constructive ownership transactions. Gain in excess of the gain you would have recognized if you had held a financial asset directly during the term of a derivative contract must be treated as ordinary income. See section 1260. If any por-

tion of the constructive ownership transaction was open in any prior year, you may have to pay interest. See section 1260(b) for details, including how to figure the interest. Include the interest as an additional tax on Form 1040, line 60 (or Form 1040NR, line 59). Write "Section 1260(b) interest" and the amount of the interest to the left of line 60 (or Form 1040NR, line 59). This interest is not deductible.

- The sale of publicly traded securities, if you elect to postpone gain by purchasing common stock or a partnership interest in a specialized small business investment company during the 60-day period that began on the date of the sale. See Pub. 550.

- The sale of qualified securities, held for at least 3 years, to an employee stock ownership plan or eligible worker-owned cooperative, if you elect to postpone gain by purchasing qualified replacement property. See Pub. 550.

- Gain or loss from the disposition of stock or other securities in an investment club. See Pub. 550.

## Wash Sales

A wash sale occurs when you sell or otherwise dispose of stock or securities (including a contract or option to acquire or sell stock or securities) at a loss and, within 30 days before or after the sale or disposition, you:

1. Buy substantially identical stock or securities,

2. Acquire substantially identical stock or securities in a fully taxable trade,

3. Enter into a contract or option to acquire substantially identical stock or securities, or

4. Acquire substantially identical stock or securities for your individual retirement arrangement (IRA) or Roth IRA.

You cannot deduct losses from wash sales unless the loss was incurred in the ordinary course of your business as a dealer in stock or securities. The basis of the substantially identical property (or contract or option to acquire such property) is its cost increased by the disallowed loss (except in the case of (4) above). For more details on wash sales, see Pub. 550.

Report a wash sale transaction on line 1 or 8. Enter the full amount of the (loss) in column (f). Directly below the line on which you reported the loss, enter "Wash Sale" in column (a), and enter as a positive amount in column (f) the amount of the loss not allowed.

## Traders in Securities

You are a trader in securities if you are engaged in the business of buying and selling securities for your own account. To be engaged in business as a trader in securities, all of the following statements must be true.

- You must seek to profit from daily market movements in the prices of securities and not from dividends, interest, or capital appreciation.

- Your activity must be substantial.

- You must carry on the activity with continuity and regularity.

The following facts and circumstances should be considered in determining if your activity is a business.

- Typical holding periods for securities bought and sold.

- The frequency and dollar amount of your trades during the year.

- The extent to which you pursue the activity to produce income for a livelihood.

- The amount of time you devote to the activity.

You are considered an investor, and not a trader, if your activity does not meet the above definition of a business. It does not matter whether you call yourself a trader or a "day trader."

Like an investor, a trader must report each sale of securities (taking into account commissions and any other costs of acquiring or disposing of the securities) on Schedule D or D-1 or on an attached statement containing all the same information for each sale in a similar format. However, if a trader previously made the mark-to-market election (see below), each transaction is reported in Part II of Form 4797 instead of on Schedules D and D-1. Regardless of whether a trader reports his or her gains and losses on Schedules D and D-1 or Form 4797, the gain or loss from the disposition of securities is not taken into account when figuring net earnings from self-employment on Schedule SE. See the Instructions for Schedule SE for an exception that applies to section 1256 contracts.

The limitation on investment interest expense that applies to investors does not apply to interest paid or incurred in a trading business. A trader reports interest expense and other expenses (excluding commissions and other costs of acquiring or disposing of securities) from a trading business on Schedule C (instead of Schedule A).

A trader also may hold securities for investment. The rules for investors generally will apply to those securities. Allocate interest and other expenses between your trading business and your investment securities.

## Mark-To-Market Election for Traders

A trader may make an election under section 475(f) to report all gains and losses from securities held in connection with a trading business as ordinary income (or loss), including those from securities held at the end of the year. Securities held at the end of the year are "marked to market" by treating them as if they were sold (and reacquired) for fair market value on the last business day of the year. Generally, the election must be made by the due date (not including extensions) of the tax return for the year prior to the year for which the election becomes effective. To be effective for 2010, the election must have been made by April 15, 2010.

Starting with the year the election becomes effective, a trader reports all gains and losses from securities held in connection with the trading business, including securities held at the end of the year, in Part II of Form 4797. If you previously made the election, see the Instructions for Form

4797. For details on making the mark-to-market election for 2011, see Pub. 550 or Rev. Proc. 99-17, 1999-1 C.B. 503. You can find Rev. Proc. 99-17 starting on the bottom of page 52 of Internal Revenue Bulletin 1999-7 at [www.irs.gov/pub/irs-irbs/irb99-07.pdf](http://www.irs.gov/pub/irs-irbs/irb99-07.pdf).

If you hold securities for investment, you must identify them as such in your records on the day you acquired them (for example, by holding the securities in a separate brokerage account). Securities held for investment are not marked-to-market.

## Short Sales

A short sale is a contract to sell property you borrowed for delivery to a buyer. At a later date, you either buy substantially identical property and deliver it to the lender or deliver property that you held but did not want to transfer at the time of the sale. Usually, your holding period is the amount of time you actually held the property eventually delivered to the lender to close the short sale. However, your gain when closing a short sale is short term if you (a) held substantially identical property for 1 year or less on the date of the short sale, or (b) acquired property substantially identical to the property sold short after the short sale but on or before the date you close the short sale. If you held substantially identical property for more than 1 year on the date of a short sale, any loss realized on the short sale is a long-term capital loss, even if the property used to close the short sale was held 1 year or less.

If you received a Form 1099-B for a short sale you entered into in 2010 but that did not close in 2010, report it on line 1 or line 8. Enter the sales price in column (d). If the short sale did not close in 2010, enter "Open Short Sale" in column (e) and -0- in column (f). When the short sale is closed in a later year, report any gain or loss on your return for that year.

## Gain or Loss From Options

Report on Schedule D gain or loss from the closing or expiration of an option that is not a section 1256 contract but is a capital asset in your hands. If an option you purchased expired, enter the expiration date in column (c) and enter "EXPIRED" in column (d). If an option that was granted (written) expired, enter the expiration date in column (b) and enter "EXPIRED" in column (e). Fill in the other columns as appropriate. See Pub. 550 for details.

## Undistributed Capital Gains

Include on line 11 the amount from box 1a of Form 2439. This represents your share of the undistributed long-term capital gains of the regulated investment company (including a mutual fund) or real estate investment trust.

If there is an amount in box 1b, include that amount on line 11 of the Unrecaptured Section 1250 Gain Worksheet on page D-9 if you complete line 19 of Schedule D.

If there is an amount in box 1c, see *Exclusion of Gain on Qualified Small Business (QSB) Stock* on this page.

If there is an amount in box 1d, include that amount on line 4 of the 28% Rate Gain

Worksheet on page D-8 if you complete line 18 of Schedule D.

Include on Form 1040, line 71, or Form 1040NR, line 66, the tax paid as shown in box 2 of Form 2439. Also check the box for Form 2439. Add to the basis of your stock the excess of the amount included in income over the amount of the credit for the tax paid. See Pub. 550 for details.

## Installment Sales

If you sold property (other than publicly traded stocks or securities) at a gain and you will receive a payment in a tax year after the year of sale, you generally must report the sale on the installment method unless you elect not to. Use Form 6252 to report the sale on the installment method. Also use Form 6252 to report any payment received in 2010 from a sale made in an earlier year that you reported on the installment method.

To elect out of the installment method, report the full amount of the gain on Schedule D on a timely filed return (including extensions) for the year of the sale. If your original return was filed on time, you can make the election on an amended return filed no later than 6 months after the due date of your return (excluding extensions). Write "Filed pursuant to section 301.9100-2" at the top of the amended return.

## Demutualization of Life Insurance Companies

Demutualization of a life insurance company occurs when a mutual life insurance company changes to a stock company. If you were a policyholder or annuitant of the mutual company, you may have received either stock in the stock company or cash in exchange for your equity interest in the mutual company. The basis of your equity interest in the mutual company is considered to be zero.

If the demutualization transaction qualifies as a tax-free reorganization, no gain is recognized on the exchange of your equity interest in the mutual company for stock. The company can advise you if the transaction is a tax-free reorganization. Because the basis of your equity interest in the mutual company is considered to be zero, your basis in the stock received is zero. Your holding period for the new stock includes the period you held an equity interest in the mutual company. If you received cash in exchange for your equity interest, you must recognize a capital gain in an amount equal to the cash received. If you held the equity interest for more than 1 year, report the gain as a long-term capital gain on line 8. If you held the equity interest for 1 year or less, report the gain as a short-term capital gain on line 1.

If the demutualization transaction does not qualify as a tax-free reorganization, you must recognize a capital gain in an amount equal to the cash and fair market value of the stock received. If you held the equity interest for more than 1 year, report the gain as a long-term capital gain on line 8. If you held the equity interest for 1 year or less, report the gain as a short-term capital gain on line 1. Your holding period for the

new stock begins on the day after you received the stock.

## Exclusion of Gain on Qualified Small Business (QSB) Stock

Section 1202 allows for an exclusion of up to 50% of the eligible gain on the sale or exchange of QSB stock. The section 1202 exclusion applies only to QSB stock held for more than 5 years. The exclusion can be up to 60% for certain empowerment zone business stock. See *Empowerment Zone Business Stock* on page D-5.

To be QSB stock, the stock must meet all of the following tests.

1. It must be stock in a C corporation (that is, not S corporation stock).

2. It must have been originally issued after August 10, 1993.

3. As of the date the stock was issued, the corporation was a domestic C corporation with total gross assets of \$50 million or less (a) at all times after August 9, 1993, and before the stock was issued, and (b) immediately after the stock was issued. Gross assets include those of any predecessor of the corporation. All corporations that are members of the same parent-subsidiary controlled group are treated as one corporation.

4. You must have acquired the stock at its original issue (either directly or through an underwriter), either in exchange for money or other property or as pay for services (other than as an underwriter) to the corporation. In certain cases, you may meet this test if you acquired the stock from another person who met the test (such as by gift or inheritance) or through a conversion or exchange of QSB stock you held.

5. During substantially all the time you held the stock:

a. The corporation was a C corporation,  
b. At least 80% of the value of the corporation's assets were used in the active conduct of one or more qualified businesses (defined below), and

c. The corporation was not a foreign corporation, DISC, former DISC, regulated investment company, real estate investment trust, REMIC, FASIT, cooperative, or a corporation that has made (or that has a subsidiary that has made) a section 936 election.



**SSBIC.** A specialized small business investment company (SSBIC) is treated as having met test 5b.

## Qualified Business

A qualified business is any business that is not one of the following.

- A business involving services performed in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, athletics, financial services, or brokerage services.

- A business whose principal asset is the reputation or skill of one or more employees.

- A banking, insurance, financing, leasing, investing, or similar business.

- A farming business (including the raising or harvesting of trees).
- A business involving the production of products for which percentage depletion can be claimed.
- A business of operating a hotel, motel, restaurant, or similar business.

For more details about limits and additional requirements that may apply, see Pub. 550 or section 1202.

### Empowerment Zone Business Stock

You generally can exclude up to 60% of your gain if you meet the following additional requirements.

1. The stock you sold or exchanged was stock in a corporation that qualified as an empowerment zone business during substantially all of the time you held the stock.
2. You acquired the stock after December 21, 2000.

Requirement 1 will still be met if the corporation ceased to qualify after the 5-year period that began on the date you acquired the stock. However, the gain that qualifies for the 60% exclusion cannot be more than the gain you would have had if you had sold the stock on the date the corporation ceased to qualify.

For more information about empowerment zone businesses, see section 1397C.

### Pass-Through Entities

If you held an interest in a pass-through entity (a partnership, S corporation, or mutual fund or other regulated investment company) that sold QSB stock, to qualify for the exclusion you must have held the interest on the date the pass-through entity acquired the QSB stock and at all times thereafter until the stock was sold.

### How To Report

Report on line 8 the entire gain realized on the sale of QSB stock. Complete all columns as indicated. Directly below the line on which you reported the gain, enter in column (a) "Section 1202 exclusion" and enter as a loss in column (f) the amount of the allowable exclusion. If you are completing line 18 of Schedule D, enter as a positive number the amount of your allowable exclusion on line 2 of the 28% Rate Gain Worksheet on page D-8; if you excluded 60% of the gain, enter  $\frac{2}{3}$  of the exclusion.

**Gain from Form 1099-DIV.** If you received a Form 1099-DIV with a gain in box 2c, part or all of that gain (which is also included in box 2a) may be eligible for the section 1202 exclusion. In column (a) of line 8, enter the name of the corporation whose stock was sold. In column (f), enter the amount of your allowable exclusion as a loss. If you are completing line 18 of Schedule D, enter as a positive number the amount of your allowable exclusion on line 2 of the 28% Rate Gain Worksheet on page D-8; if you excluded 60% of the gain, enter  $\frac{2}{3}$  of the exclusion.

**Gain from Form 2439.** If you received a Form 2439 with a gain in box 1c, part or all of that gain (which is also included in box 1a) may be eligible for the section 1202 exclusion. In column (a) of line 8, enter the

name of the corporation whose stock was sold. In column (f), enter the amount of your allowable exclusion as a loss. If you are completing line 18 of Schedule D, enter as a positive number the amount of your allowable exclusion on line 2 of the 28% Rate Gain Worksheet on page D-8; if you excluded 60% of the gain, enter  $\frac{2}{3}$  of the exclusion.

**Gain from an installment sale of QSB stock.** If all payments are not received in the year of sale, a sale of QSB stock that is not traded on an established securities market generally is treated as an installment sale and is reported on Form 6252. Figure the allowable section 1202 exclusion for the year by multiplying the total amount of the exclusion by a fraction, the numerator of which is the amount of eligible gain to be recognized for the tax year and the denominator of which is the total amount of eligible gain. In column (a) of line 8, enter the name of the corporation whose stock was sold. In column (f), enter the amount of your allowable exclusion as a loss. If you are completing line 18 of Schedule D, enter as a positive number the amount of your allowable exclusion on line 2 of the 28% Rate Gain Worksheet on page D-8; if you excluded 60% of the gain, enter  $\frac{2}{3}$  of the exclusion.

**Alternative minimum tax.** You must enter 7% of your allowable exclusion for the year on line 13 of Form 6251.

### Rollover of Gain From QSB Stock

If you sold QSB stock (defined on page D-4) that you held for more than 6 months, you can elect to postpone gain if you purchase other QSB stock during the 60-day period that began on the date of the sale. A pass-through entity also can make the election to postpone gain. The benefit of the postponed gain applies to your share of the entity's postponed gain if you held an interest in the entity for the entire period the entity held the QSB stock. If a pass-through entity sold QSB stock held for more than 6 months and you held an interest in the entity for the entire period the entity held the stock, you also can elect to postpone gain if you, rather than the pass-through entity, purchase the replacement QSB stock within the 60-day period. If you were a partner in a partnership that sold or bought QSB stock, see box 11 of the Schedule K-1 (Form 1065) sent to you by the partnership and Regulations section 1.1045-1.

You must recognize gain to the extent the sale proceeds exceed the cost of the replacement stock. Reduce the basis of the replacement stock by any postponed gain.

You must make the election no later than the due date (including extensions) for filing your tax return for the tax year in which the QSB stock was sold. If your original return was filed on time, you can make the election on an amended return filed no later than 6 months after the due date of your return (excluding extensions). Write "Filed pursuant to section 301.9100-2" at the top of the amended return.

To make the election, report the entire gain realized on the sale on line 1 or 8. Directly below the line on which you re-

ported the gain, enter in column (a) "Section 1045 rollover," and enter the amount of the postponed gain as a (loss) in column (f).

### Rollover of Gain From Empowerment Zone Assets

If you sold a qualified empowerment zone asset that you held for more than 1 year, you may be able to elect to postpone part or all of the gain that you would otherwise include on Schedule D. If you make the election, the gain on the sale generally is recognized only to the extent, if any, that the amount realized on the sale exceeds the cost of qualified empowerment zone assets (replacement property) you purchased during the 60-day period beginning on the date of the sale. The following rules apply.

- No portion of the cost of the replacement property may be taken into account to the extent the cost is taken into account to exclude gain on a different empowerment zone asset.
- The replacement property must qualify as an empowerment zone asset with respect to the same empowerment zone as the asset sold.
- You must reduce the basis of the replacement property by the amount of postponed gain.
- This election does not apply to any gain (a) treated as ordinary income or (b) attributable to real property, or an intangible asset, that is not an integral part of an enterprise zone business.
- The District of Columbia enterprise zone is not treated as an empowerment zone for this purpose.
- The election is irrevocable without IRS consent.

See section 1397C for the definition of empowerment zone and enterprise zone business. You can find out if your business is located within an empowerment zone by using the RC/EZ/EC Address Locator at [www.hud.gov/crlocator](http://www.hud.gov/crlocator).

Qualified empowerment zone assets are:

1. Tangible property, if:
  - a. You acquired the property after December 21, 2000,
  - b. The original use of the property in the empowerment zone began with you, and
  - c. Substantially all of the use of the property, during substantially all of the time that you held it, was in your enterprise zone business; and
2. Stock in a domestic corporation or a capital or profits interest in a domestic partnership, if:
  - a. You acquired the stock or partnership interest after December 21, 2000, solely in exchange for cash, from the corporation at its original issue (directly or through an underwriter) or from the partnership;
  - b. The business was an enterprise zone business (or a new business being organized as an enterprise zone business) as of the time you acquired the stock or partnership interest; and
  - c. The business qualified as an enterprise zone business during substantially all



of the time you held the stock or partnership interest.

**How to report.** Report the entire gain realized from the sale as you otherwise would without regard to the election. On Schedule D, line 8, enter "Section 1397B Rollover" in column (a) and enter as a loss in column (f) the amount of gain included on Schedule D that you are electing to postpone. If you are reporting the sale directly on Schedule D, line 8, use the line directly below the line on which you are reporting the sale.

See section 1397B for more details.

## Exclusion of Gain From DC Zone Assets

If you sold or exchanged a District of Columbia Enterprise Zone (DC Zone) asset that you acquired after 1997 and held for more than 5 years, you may be able to exclude the amount of qualified capital gain that you would otherwise include on Schedule D. The exclusion applies to an interest in, or property of, certain businesses operating in the District of Columbia.

**DC Zone asset.** A DC Zone asset is any of the following.

- DC Zone business stock.
- DC Zone partnership interest.
- DC Zone business property.

**Qualified capital gain.** Qualified capital gain is any gain recognized on the sale or exchange of a DC Zone asset that is a capital asset or property used in a trade or business. It does not include any of the following gains.

- Gain treated as ordinary income under section 1245.
- Section 1250 gain figured as if section 1250 applied to all depreciation rather than the additional depreciation.
- Gain attributable to real property, or an intangible asset, that is not an integral part of a DC Zone business.
- Gain from a related-party transaction. See *Sales and Exchanges Between Related Persons* in chapter 2 of Pub. 544.

See section 1400B for more details.

**How to report.** Report the entire gain realized from the sale or exchange as you otherwise would without regard to the exclusion. On Schedule D, line 8, enter "DC Zone Asset" in column (a) and enter as a loss in column (f) the amount of the allowable exclusion. If you are reporting the sale directly on Schedule D, line 8, use the line directly below the line on which you are reporting the sale.

## Exclusion of Gain From Qualified Community Assets

If you sold or exchanged a qualified community asset that you acquired after 2001 and held for more than 5 years, you may be able to exclude the qualified capital gain

that you would otherwise include on Schedule D. The exclusion applies to an interest in, or property of, certain renewal community businesses.

**Qualified community asset.** A qualified community asset is any of the following.

- Qualified community stock.
- Qualified community partnership interest.
- Qualified community business property.

**Qualified capital gain.** Qualified capital gain is any gain recognized on the sale or exchange of a qualified community asset but does not include any of the following.

- Gain treated as ordinary income under section 1245.
- Section 1250 gain figured as if section 1250 applied to all depreciation rather than the additional depreciation.
- Gain attributable to real property, or an intangible asset, that is not an integral part of a qualified community business.
- Gain from a related-party transaction. See *Sales and Exchanges Between Related Persons* in chapter 2 of Pub. 544.

See section 1400F for more details and special rules.

**How to report.** Report the entire gain realized from the sale or exchange as you otherwise would without regard to the exclusion. On Schedule D, line 8, enter "Qualified Community Asset" in column (a) and enter as a loss in column (f) the amount of the allowable exclusion. If you are reporting the sale directly on Schedule D, line 8, use the line directly below the line on which you are reporting the sale.

## Specific Instructions

### Lines 1 and 8

Enter all sales and exchanges of capital assets, including stocks, bonds, etc., and real estate (if not reported on Form 4684, 4797, 6252, 6781, or 8824). But do not report the sale or exchange of your main home unless required (see page D-2). Include these transactions even if you did not receive a Form 1099-B or 1099-S (or substitute statement) for the transaction. You can use stock ticker symbols or abbreviations to describe the property as long as they are based on the descriptions of the property as shown on Form 1099-B or 1099-S (or substitute statement).

You must enter the details of each transaction on a separate line of Schedule D. If you have more than five transactions to report on line 1 or line 8, you can report the additional transactions on Schedule D-1. Instead of reporting your transactions on Schedules D and D-1, you can report them on an attached statement containing all the same information as Schedules D and D-1 and in a similar format. Use as many

Schedules D-1 or attached statements as you need. Enter on Schedule D, lines 2 and 9, the combined totals from all your Schedules D-1 or the attached statements. Do not enter "available upon request" and summary totals in lieu of reporting the details of each transaction on Schedules D and D-1 or attached statements.

If you *e-file* your return but elect not to include your transactions on the electronic short-term capital gain (or loss) or long-term capital gain (or loss) records, you must attach Schedule D-1 (or a statement with the same information) to Form 8453 and mail the forms to the IRS.



*Add the following amounts reported to you for 2010 on Forms 1099-B and 1099-S (or substitute statements) that you are not reporting on another form or schedule included with your return: (a) proceeds from transactions involving stocks, bonds, and other securities; and (b) gross proceeds from real estate transactions (other than the sale of your main home if you are not required to report it). If this total is more than the total of lines 3 and 10, attach an explanation of the difference (for example, you were the nominee for the actual owner of the property).*

### Column (b)—Date Acquired

Enter in this column the date you acquired the asset. Use the trade date for stocks and bonds traded on an exchange or over-the-counter market. For stock or other property sold short, enter the date the stock or property was delivered to the broker or lender to close the short sale.

The date acquired for an asset you held on January 1, 2001, for which you made an election to recognize any gain in a deemed sale is the date of the deemed sale and reacquisition.

If you disposed of property that you acquired by inheritance from someone who died before 2010, report the gain or (loss) on line 8 and enter "INHERITED" in column (b) instead of the date you acquired the property. If you inherited the property from someone who died after 2009, see Pub. 4895.

If you sold a block of stock (or similar property) that you acquired through several different purchases, you may report the sale on one line and enter "VARIOUS" in column (b). However, you still must report the short-term gain or (loss) on the sale in Part I and the long-term gain or (loss) in Part II.

### Column (c)—Date Sold

Enter in this column the date you sold the asset. Use the trade date for stocks and bonds traded on an exchange or over-the-counter market. For stock or other property sold short, enter the date you sold the stock or property you borrowed to open the short sale transaction.

**Column (d)—Sales Price**

Enter in this column either the gross sales price or the net sales price from the sale. If you sold stocks or bonds and you received a Form 1099-B (or substitute statement) from your broker that shows gross sales price, enter that amount in column (d). But if Form 1099-B (or substitute statement) indicates that gross proceeds minus commissions and option premiums were reported to the IRS, enter that net amount in column (d). If you enter the net amount in column (d), do not include the commissions and option premiums from the sale in column (e).

You should not have received a Form 1099-B (or substitute statement) for a transaction merely representing the return of your original investment in a nontransferable obligation, such as a savings bond or a certificate of deposit. But if you did, report the amount shown on Form 1099-B (or substitute statement) in both columns (d) and (e).



*Be sure to add all sales price entries on lines 1 and 8, column (d), to amounts on lines 2 and 9, column (d). Enter the totals on lines 3 and 10.*

**Column (e)—Cost or Other Basis**

In general, the cost or other basis is the cost of the property plus purchase commissions and improvements, minus depreciation, amortization, and depletion. If you inherited the property, got it as a gift, or received it in a tax-free exchange, involuntary conversion, or “wash sale” of stock, you may not be able to use the actual cost as the basis. If you do not use the actual cost, attach an explanation of your basis.

If you sold stock, adjust your basis by subtracting all the nondividend distributions you received before the sale. Also adjust your basis for any stock splits. See Pub. 550 for details.

If you elected to recognize gain on an asset held on January 1, 2001, your basis in the asset is its closing market price or fair market value, whichever applies, on the date of the deemed sale and reacquisition, whether the deemed sale resulted in a gain or an unallowed loss.

You may elect to use an average basis for all shares of a mutual fund (or other regulated investment company) if you acquired the shares at various times and prices and you left the shares on deposit in an account handled by a custodian or agent who acquired or redeemed those shares. If you are reporting an average basis, include “AVGB” in column (a) of Schedule D. For

details on making the election and how to figure average basis, see Pub. 550.

The basis of property acquired by gift is generally the basis of the property in the hands of the donor. The basis of property acquired from a decedent who died before 2010 is generally the fair market value at the date of death. See Pub. 551 for details. If you sold property that you inherited from someone who died after 2009, see Pub. 4895.

Increase the cost or other basis of an original issue discount (OID) debt instrument by the amount of OID that has been included in gross income for that instrument. See Pub. 550 for details.

If a charitable contribution deduction is allowed because of a bargain sale of property to a charitable organization, the adjusted basis for purposes of determining gain from the sale is the amount that has the same ratio to the adjusted basis as the amount realized has to the fair market value. See Pub. 544 for details.

Increase your cost or other basis by any expense of sale, such as broker’s fees, commissions, state and local transfer taxes, and option premiums, before making an entry in column (e), unless you reported the net sales price in column (d).

For more details, see Pub. 551.

**Capital Loss Carryover Worksheet—Lines 6 and 14**

*Keep for Your Records*



Use this worksheet to figure your capital loss carryovers from 2009 to 2010 if your 2009 Schedule D, line 21, is a loss and (a) that loss is a smaller loss than the loss on your 2009 Schedule D, line 16, or (b) the amount on your 2009 Form 1040, line 41 (or your 2009 Form 1040NR, line 38, if applicable), reduced by any amount on your 2009 Form 8914, line 6, is less than zero. Otherwise, you do not have any carryovers.

1. Enter the amount from your 2009 Form 1040, line 41, or your 2009 Form 1040NR, line 38. If a loss, enclose the amount in parentheses . . . . .	1.	_____
2. Did you file Form 8914 (to claim an exemption amount for housing a Midwestern displaced individual) for 2009? <input type="checkbox"/> No. Enter -0- <input type="checkbox"/> Yes. Enter the amount from your 2009 Form 8914, line 6 } . . . . .	2.	_____
3. Subtract line 2 from line 1. If the result is less than zero, enclose it in parentheses . . . . .	3.	_____
4. Enter the loss from your 2009 Schedule D, line 21, as a positive amount . . . . .	4.	_____
5. Combine lines 3 and 4. If zero or less, enter -0- . . . . .	5.	_____
6. Enter the <b>smaller</b> of line 4 or line 5 . . . . . <b>If line 7 of your 2009 Schedule D is a loss, go to line 7; otherwise, enter -0- on line 7 and go to line 11.</b>	6.	_____
7. Enter the loss from your 2009 Schedule D, line 7, as a positive amount . . . . .	7.	_____
8. Enter any gain from your 2009 Schedule D, line 15. If a loss, enter -0- . . . . .	8.	_____
9. Add lines 6 and 8 . . . . .	9.	_____
10. <b>Short-term capital loss carryover for 2010.</b> Subtract line 9 from line 7. If zero or less, enter -0-. If more than zero, also enter this amount on Schedule D, line 6 . . . . . <b>If line 15 of your 2009 Schedule D is a loss, go to line 11; otherwise, skip lines 11 through 15.</b>	10.	_____
11. Enter the loss from your 2009 Schedule D, line 15, as a positive amount . . . . .	11.	_____
12. Enter any gain from your 2009 Schedule D, line 7. If a loss, enter -0- . . . . .	12.	_____
13. Subtract line 7 from line 6. If zero or less, enter -0- . . . . .	13.	_____
14. Add lines 12 and 13 . . . . .	14.	_____
15. <b>Long-term capital loss carryover for 2010.</b> Subtract line 14 from line 11. If zero or less, enter -0-. If more than zero, also enter this amount on Schedule D, line 14 . . . . .	15.	_____

**Column (f)—Gain or (Loss)**

You must make a separate entry in this column for each transaction reported on lines 1 and 8 and any other line(s) that applies to you. For lines 1 and 8, subtract the amount in column (e) from the amount in column (d). Enter negative amounts in parentheses.

**Line 18**

If you checked “Yes” on line 17, complete the worksheet below if either of the following apply for 2010.

- You reported in Part II a section 1202 exclusion from the eligible gain on qualified small business stock (see page D-4).
- You reported in Part II a collectibles gain or (loss). A collectibles gain or (loss) is any long-term gain or deductible long-term loss from the sale or exchange of a collectible that is a capital asset.

Collectibles include works of art, rugs, antiques, metals (such as gold, silver, and platinum bullion), gems, stamps, coins, alcoholic beverages, and certain other tangible property.

Include on the worksheet any gain (but not loss) from the sale or exchange of an interest in a partnership, S corporation, or trust held for more than 1 year and attributable to unrealized appreciation of collectibles. For details, see Regulations section 1.1(h)-1. Also, attach the statement required under Regulations section 1.1(h)-1(e).

**Line 19**

If you checked “Yes” on line 17, complete the worksheet on page D-9 if any of the following apply for 2010.

- You sold or otherwise disposed of section 1250 property (generally, real property that you depreciated) held more than 1 year.
- You received installment payments for section 1250 property held more than 1 year for which you are reporting gain on the installment method.
- You received a Schedule K-1 from an estate or trust, partnership, or S corporation

that shows “unrecaptured section 1250 gain.”

- You received a Form 1099-DIV or Form 2439 from a real estate investment trust or regulated investment company (including a mutual fund) that reports “unrecaptured section 1250 gain.”
- You reported a long-term capital gain from the sale or exchange of an interest in a partnership that owned section 1250 property.

**Instructions for the Unrecaptured Section 1250 Gain Worksheet**

**Lines 1 through 3.** If you had more than one property described on line 1, complete lines 1 through 3 for each property on a separate worksheet. Enter the total of the line 3 amounts for all properties on line 3 and go to line 4.

**Line 4.** To figure the amount to enter on line 4, follow the steps below for each installment sale of trade or business property held more than 1 year.

**Step 1.** Figure the smaller of (a) the depreciation allowed or allowable, or (b) the total gain for the sale. This is the smaller of line 22 or line 24 of your 2010 Form 4797 (or the comparable lines of Form 4797 for the year of sale) for the property.

**Step 2.** Reduce the amount figured in step 1 by any section 1250 ordinary income recapture for the sale. This is the amount from line 26g of your 2010 Form 4797 (or the comparable line of Form 4797 for the year of sale) for the property. The result is your total unrecaptured section 1250 gain that must be allocated to the installment payments received from the sale.

**Step 3.** Generally, the amount of section 1231 gain on each installment payment is treated as unrecaptured section 1250 gain until the total unrecaptured section 1250 gain figured in step 2 has been used in full. Figure the amount of gain treated as unrecaptured section 1250 gain for installment payments received in 2010 as the smaller of (a) the amount from line 26 or line 37 of your 2010 Form 6252, whichever applies, or (b) the amount of unrecaptured section 1250 gain remaining to be reported. This amount is generally the total unrecaptured

section 1250 gain for the sale reduced by all gain reported in prior years (excluding section 1250 ordinary income recapture). However, if you chose not to treat all of the gain from payments received after May 6, 1997, and before August 24, 1999, as unrecaptured section 1250 gain, use only the amount you chose to treat as unrecaptured section 1250 gain for those payments to reduce the total unrecaptured section 1250 gain remaining to be reported for the sale. Include this amount on line 4.

**Line 10.** Include on line 10 your share of the partnership’s unrecaptured section 1250 gain that would result if the partnership had transferred all of its section 1250 property in a fully taxable transaction immediately before you sold or exchanged your interest in that partnership. If you recognized less than all of the realized gain, the partnership will be treated as having transferred only a proportionate amount of each section 1250 property. For details, see Regulations section 1.1(h)-1. Also attach the statement required under Regulations section 1.1(h)-1(e).

**Line 12.** An example of an amount to include on line 12 is unrecaptured section 1250 gain from the sale of a vacation home you previously used as a rental property but converted to personal use prior to the sale. To figure the amount to enter on line 12, follow the applicable instructions below.

**Installment sales.** To figure the amount to include on line 12, follow the steps below for each installment sale of property held more than 1 year for which you did not make an entry in Part I of your Form 4797 for the year of sale.

- Step 1. Figure the smaller of (a) the depreciation allowed or allowable, or (b) the total gain for the sale. This is the smaller of line 22 or line 24 of your 2010 Form 4797 (or the comparable lines of Form 4797 for the year of sale) for the property.
- Step 2. Reduce the amount figured in step 1 by any section 1250 ordinary income recapture for the sale. This is the amount from line 26g of your 2010 Form 4797 (or the comparable line of Form 4797 for the year of sale) for the property. The result is

**28% Rate Gain Worksheet—Line 18**

Keep for Your Records



1. Enter the total of all collectibles gain or (loss) from items you reported on line 8, column (f), of Schedules D and D-1	1.	_____
2. Enter as a positive number the amount of any section 1202 exclusion you reported on line 8, column (f), of Schedules D and D-1, for which you excluded 50% of the gain, plus 2/3 of any section 1202 exclusion you reported on line 8, column (f), of Schedules D and D-1, for which you excluded 60% of the gain . . . . .	2.	_____
3. Enter the total of all collectibles gain or (loss) from Form 4684, line 4 (but only if Form 4684, line 15, is more than zero); Form 6252; Form 6781, Part II; and Form 8824. . . . .	3.	_____
4. Enter the total of any collectibles gain reported to you on: <ul style="list-style-type: none"> <li>• Form 1099-DIV, box 2d;</li> <li>• Form 2439, box 1d; and</li> <li>• Schedule K-1 from a partnership, S corporation, estate, or trust.</li> </ul>	4.	_____
5. Enter your long-term capital loss carryovers from Schedule D, line 14, and Schedule K-1 (Form 1041), box 11, code C . . . . .	5.	( _____ )
6. If Schedule D, line 7, is a (loss), enter that (loss) here. Otherwise, enter -0- . . . . .	6.	( _____ )
7. Combine lines 1 through 6. If zero or less, enter -0-. If more than zero, also enter this amount on Schedule D, line 18 . . . . .	7.	_____

your total unrecaptured section 1250 gain that must be allocated to the installment payments received from the sale.

• **Step 3.** Generally, the amount of capital gain on each installment payment is treated as unrecaptured section 1250 gain until the total unrecaptured section 1250 gain figured in step 2 has been used in full. Figure the amount of gain treated as unrecaptured section 1250 gain for installment payments received in 2010 as the smaller of (a) the amount from line 26 or line 37 of your 2010 Form 6252, whichever applies, or (b) the amount of unrecaptured section 1250 gain remaining to be reported. This amount is generally the total unrecaptured section 1250 gain for the sale reduced by all gain reported in prior years (excluding section 1250 ordinary income recapture). However, if you chose not to treat all of the gain from payments received after May 6, 1997, and before August 24, 1999, as unrecaptured section 1250 gain, use only the amount you chose to treat as unrecaptured

section 1250 gain for those payments to reduce the total unrecaptured section 1250 gain remaining to be reported for the sale. Include this amount on line 12.

**Other sales or dispositions of section 1250 property.** For each sale of property held more than 1 year (for which you did not make an entry in Part I of Form 4797), figure the smaller of (a) the depreciation allowed or allowable, or (b) the total gain for the sale. This is the smaller of line 22 or line 24 of Form 4797 for the property. Next, reduce that amount by any section 1250 ordinary income recapture for the sale. This is the amount from line 26g of Form 4797 for the property. The result is the total unrecaptured section 1250 gain for the sale. Include this amount on line 12.

- That loss is more than the loss on line 21, or
- The amount on Form 1040, line 41 (or Form 1040NR, line 39, if applicable), is less than zero.

To figure any capital loss carryover to 2011, you will use the Capital Loss Carryover Worksheet in the 2011 Instructions for Schedule D. If you want to figure your carryover to 2011 now, see Pub. 550.



*You will need a copy of your 2010 Form 1040 and Schedule D to figure your capital loss carryover to 2011.*

### Line 21

You have a capital loss carryover from 2010 to 2011 if you have a loss on line 16 and either:

## Unrecaptured Section 1250 Gain Worksheet—Line 19

Keep for Your Records



**If you are not reporting a gain on Form 4797, line 7, skip lines 1 through 9 and go to line 10.**

1. If you have a section 1250 property in Part III of Form 4797 for which you made an entry in Part I of Form 4797 (but not on Form 6252), enter the <b>smaller</b> of line 22 or line 24 of Form 4797 for that property. If you did not have any such property, go to line 4. If you had more than one such property, see instructions . . . . .	1.	<input type="text"/>
2. Enter the amount from Form 4797, line 26g, for the property for which you made an entry on line 1 . . . . .	2.	<input type="text"/>
3. Subtract line 2 from line 1 . . . . .	3.	<input type="text"/>
4. Enter the total unrecaptured section 1250 gain included on line 26 or line 37 of Form(s) 6252 from installment sales of trade or business property held more than 1 year (see instructions) . . . . .	4.	<input type="text"/>
5. Enter the total of any amounts reported to you on a Schedule K-1 from a partnership or an S corporation as "unrecaptured section 1250 gain" . . . . .	5.	<input type="text"/>
6. Add lines 3 through 5 . . . . .	6.	<input type="text"/>
7. Enter the <b>smaller</b> of line 6 or the gain from Form 4797, line 7 . . . . .	7.	<input type="text"/>
8. Enter the amount, if any, from Form 4797, line 8 . . . . .	8.	<input type="text"/>
9. Subtract line 8 from line 7. If zero or less, enter -0- . . . . .	9.	<input type="text"/>
10. Enter the amount of any gain from the sale or exchange of an interest in a partnership attributable to unrecaptured section 1250 gain (see instructions) . . . . .	10.	<input type="text"/>
11. Enter the total of any amounts reported to you on a Schedule K-1, Form 1099-DIV, or Form 2439 as "unrecaptured section 1250 gain" from an estate, trust, real estate investment trust, or mutual fund (or other regulated investment company) . . . . .	11.	<input type="text"/>
12. Enter the total of any unrecaptured section 1250 gain from sales (including installment sales) or other dispositions of section 1250 property held more than 1 year for which you did not make an entry in Part I of Form 4797 for the year of sale (see instructions) . . . . .	12.	<input type="text"/>
13. Add lines 9 through 12 . . . . .	13.	<input type="text"/>
14. If you had any section 1202 gain or collectibles gain or (loss), enter the total of lines 1 through 4 of the <b>28% Rate Gain Worksheet</b> on page D-8. Otherwise, enter -0- . . . . .	14.	<input type="text"/>
15. Enter the (loss), if any, from Schedule D, line 7. If Schedule D, line 7, is zero or a gain, enter -0- . . . . .	15.	<input type="text"/>
16. Enter your long-term capital loss carryovers from Schedule D, line 14, and Schedule K-1 (Form 1041), box 11, code C* . . . . .	16.	<input type="text"/>
17. Combine lines 14 through 16. If the result is a (loss), enter it as a positive amount. If the result is zero or a gain, enter -0- . . . . .	17.	<input type="text"/>
18. <b>Unrecaptured section 1250 gain.</b> Subtract line 17 from line 13. If zero or less, enter -0-. If more than zero, enter the result here and on Schedule D, line 19 . . . . .	18.	<input type="text"/>

\*If you are filing Form 2555 or 2555-EZ (relating to foreign earned income), see the footnote in the Foreign Earned Income Tax Worksheet on page 38 of the Form 1040 instructions before completing this line.



Complete this worksheet only if line 18 or line 19 of Schedule D is more than zero. Otherwise, complete the Qualified Dividends and Capital Gain Tax Worksheet in the Instructions for Form 1040, line 44 (or in the Instructions for Form 1040NR, line 42) to figure your tax.

- Exception: Do not** use the Qualified Dividends and Capital Gain Tax Worksheet or this worksheet to figure your tax if:
- Line 15 or line 16 of Schedule D is zero or less **and** you have no qualified dividends on Form 1040, line 9b (or Form 1040NR, line 10b); or
  - Form 1040, line 43 (or Form 1040NR, line 41) is zero or less.

Instead, see the instructions for Form 1040, line 44 (or Form 1040NR, line 42).

1.	Enter your taxable income from Form 1040, line 43 (or Form 1040NR, line 41). (However, if you are filing Form 2555 or 2555-EZ (relating to foreign earned income), enter instead the amount from line 3 of the Foreign Earned Income Tax Worksheet in the Instructions for Form 1040, line 44) . . . . .	1.	<input type="text"/>
2.	Enter your qualified dividends from Form 1040, line 9b (or Form 1040NR, line 10b) . . . . .	2.	<input type="text"/>
3.	Enter the amount from Form 4952 (used to figure investment interest expense deduction), line 4g . . . . .	3.	<input type="text"/>
4.	Enter the amount from Form 4952, line 4e* . . . . .	4.	<input type="text"/>
5.	Subtract line 4 from line 3. If zero or less, enter -0- . . . . .	5.	<input type="text"/>
6.	Subtract line 5 from line 2. If zero or less, enter -0-*** . . . . .	6.	<input type="text"/>
7.	Enter the <b>smaller</b> of line 15 or line 16 of Schedule D . . . . .	7.	<input type="text"/>
8.	Enter the <b>smaller</b> of line 3 or line 4 . . . . .	8.	<input type="text"/>
9.	Subtract line 8 from line 7. If zero or less, enter -0-*** . . . . .	9.	<input type="text"/>
10.	Add lines 6 and 9 . . . . .	10.	<input type="text"/>
11.	Add lines 18 and 19 of Schedule D** . . . . .	11.	<input type="text"/>
12.	Enter the <b>smaller</b> of line 9 or line 11 . . . . .	12.	<input type="text"/>
13.	Subtract line 12 from line 10 . . . . .	13.	<input type="text"/>
14.	Subtract line 13 from line 1. If zero or less, enter -0- . . . . .	14.	<input type="text"/>
15.	Enter: <ul style="list-style-type: none"> <li>• \$34,000 if single or married filing separately;</li> <li>• \$68,000 if married filing jointly or qualifying widow(er); or</li> <li>• \$45,550 if head of household</li> </ul> } . . . . .	15.	<input type="text"/>
16.	Enter the <b>smaller</b> of line 1 or line 15 . . . . .	16.	<input type="text"/>
17.	Enter the <b>smaller</b> of line 14 or line 16 . . . . .	17.	<input type="text"/>
18.	Subtract line 10 from line 1. If zero or less, enter -0- . . . . .	18.	<input type="text"/>
19.	Enter the <b>larger</b> of line 17 or line 18 . . . . .	19.	<input type="text"/>
20.	Subtract line 17 from line 16. This amount is taxed at 0%. . . . .	20.	<input type="text"/>
<b>If lines 1 and 16 are the same, skip lines 21 through 33 and go to line 34. Otherwise, go to line 21.</b>			
21.	Enter the <b>smaller</b> of line 1 or line 13 . . . . .	21.	<input type="text"/>
22.	Enter the amount from line 20 (if line 20 is blank, enter -0-) . . . . .	22.	<input type="text"/>
23.	Subtract line 22 from line 21. If zero or less, enter -0- . . . . .	23.	<input type="text"/>
24.	Multiply line 23 by 15% (.15) . . . . .	24.	<input type="text"/>
<b>If Schedule D, line 19, is zero or blank, skip lines 25 through 30 and go to line 31. Otherwise, go to line 25.</b>			
25.	Enter the <b>smaller</b> of line 9 above or Schedule D, line 19 . . . . .	25.	<input type="text"/>
26.	Add lines 10 and 19 . . . . .	26.	<input type="text"/>
27.	Enter the amount from line 1 above . . . . .	27.	<input type="text"/>
28.	Subtract line 27 from line 26. If zero or less, enter -0- . . . . .	28.	<input type="text"/>
29.	Subtract line 28 from line 25. If zero or less, enter -0- . . . . .	29.	<input type="text"/>
30.	Multiply line 29 by 25% (.25) . . . . .	30.	<input type="text"/>
<b>If Schedule D, line 18, is zero or blank, skip lines 31 through 33 and go to line 34. Otherwise, go to line 31.</b>			
31.	Add lines 19, 20, 23, and 29 . . . . .	31.	<input type="text"/>
32.	Subtract line 31 from line 1 . . . . .	32.	<input type="text"/>
33.	Multiply line 32 by 28% (.28) . . . . .	33.	<input type="text"/>
34.	Figure the tax on the amount on <b>line 19</b> . If the amount on line 19 is less than \$100,000, use the Tax Table to figure the tax. If the amount on line 19 is \$100,000 or more, use the Tax Computation Worksheet . . . . .	34.	<input type="text"/>
35.	Add lines 24, 30, 33, and 34 . . . . .	35.	<input type="text"/>
36.	Figure the tax on the amount on <b>line 1</b> . If the amount on line 1 is less than \$100,000, use the Tax Table to figure the tax. If the amount on line 1 is \$100,000 or more, use the Tax Computation Worksheet . . . . .	36.	<input type="text"/>
37.	<b>Tax on all taxable income (including capital gains and qualified dividends).</b> Enter the <b>smaller</b> of line 35 or line 36. Also include this amount on Form 1040, line 44 (or Form 1040NR, line 42). (If you are filing Form 2555 or 2555-EZ, do not enter this amount on Form 1040, line 44. Instead, enter it on line 4 of the Foreign Earned Income Tax Worksheet in the Form 1040 instructions) . . . . .	37.	<input type="text"/>

\*If applicable, enter instead the smaller amount you entered on the dotted line next to line 4e of Form 4952.  
 \*\*If you are filing Form 2555 or 2555-EZ, see the footnote in the Foreign Earned Income Tax Worksheet in the Instructions for Form 1040, line 44, before completing this line.



# 2010 Instructions for Schedule E (Form 1040)

## Supplemental Income and Loss

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

### What's New

**Increase in section 179 expense.** You may now deduct up to \$500,000 of the cost of section 179 property placed in service in 2010. This deduction is phased out if the cost of the property exceeds \$2,000,000. The cost of certain qualified real property placed in service in 2010 may also be deducted but is limited to \$250,000. For more details, see Pub. 527 and Pub. 946.

**Extension of special allowance.** The special first-year depreciation allowance has been extended to property placed in service in 2010. See Pub. 527 and Pub. 946 for details on which property is eligible for the special allowance.

**Reportable transaction penalties limited.** The penalties for failure to disclose a reportable transaction have changed. See Pub. 550 and the Instructions for Form 8886 for more details.

**Excess farm losses.** If you file Schedule E because you have an interest in a partnership or S corporation involved in a farming business, any losses you have from farming businesses may be reduced or eliminated. See page E-6 and the Instructions for Schedule F for more details.

### General Instructions

#### Other Schedules and Forms You May Have To File

- Schedule A to deduct interest, taxes, and casualty losses not related to your business.
- Form 3520 to report certain transactions with foreign trusts and receipt of certain large gifts or bequests from certain foreign persons.
- Form 4562 to claim depreciation (including the special allowance) on assets placed in service in 2010, to claim amorti-

zation that began in 2010, to make an election under section 179 to expense certain property, or to report information on listed property.

Use Schedule E (Form 1040) to report income or loss from rental real estate, royalties, partnerships, S corporations, estates, trusts, and residual interests in REMICs.

You can attach your own schedule(s) to report income or loss from any of these sources. Use the same format as on Schedule E.

Enter separately on Schedule E the total income and the total loss for each part. Enclose loss figures in (parentheses).

zation that began in 2010, to make an election under section 179 to expense certain property, or to report information on listed property.

- Form 4684 to report a casualty or theft gain or loss involving property used in your trade or business or income-producing property.

- Form 4797 to report sales, exchanges, and involuntary conversions (not from a casualty or theft) of trade or business property.

- Form 6198 to figure your allowable loss from an at-risk activity.

- Form 8082 to notify the IRS of any inconsistent tax treatment for an item on your return.

- Form 8582 to figure allowable passive activity loss.

- Form 8824 to report like-kind exchanges.

- Form 8826 to claim a credit for expenditures to improve access to your business for individuals with disabilities.

- Form 8873 to figure your extraterritorial income exclusion.

- Form 8910 to claim a credit for placing a new alternative motor vehicle in service for business use.

**Single-member limited liability company (LLC).** In most cases, a single-member domestic LLC is not treated as a separate entity for federal income tax purposes. If you are the sole member of a domestic LLC, file Schedule E (or Schedule C, C-EZ, or F, if applicable). However, you can elect to treat a domestic LLC as a corporation. See Form 8832 for details on the election and the tax treatment of a foreign LLC.

**Information returns.** You may have to file information returns for wages paid to employees, certain payments of fees and other nonemployee compensation, interest, rents, royalties, real estate transactions, annuities, and pensions. You generally use Form 1099-MISC, Miscellaneous Income, to report rents and payments of fees and other nonemployee compensation. For details,

see the 2010 General Instructions for Certain Information Returns (Forms 1098, 1099, 3921, 3922, 5498, and W-2G).

If you received cash of more than \$10,000 in one or more related transactions in your trade or business, you may have to file Form 8300. For details, see Pub. 1544.

### Reportable Transaction Disclosure Statement

Use Form 8886 to disclose information for each reportable transaction in which you participated. Form 8886 must be filed for each tax year that your federal income tax liability is affected by your participation in the transaction. You may have to pay a penalty if you are required to file Form 8886 but do not do so. You may also have to pay interest and penalties on any reportable transaction understatements. The following are reportable transactions.

- Any listed transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS.

- Any transaction offered to you or a related party under conditions of confidentiality for which you paid an advisor a fee of at least \$50,000.

- Certain transactions for which you or a related party have contractual protection against disallowance of the tax benefits.

- Certain transactions resulting in a loss of at least \$2 million in any single tax year or \$4 million in any combination of tax years. (At least \$50,000 for a single tax year if the loss arose from a foreign currency transaction defined in section 988(c)(1), whether or not the loss flows through from an S corporation or partnership.)

- Certain transactions of interest entered into after November 1, 2006, that are the same or substantially similar to transactions that the IRS has identified by notice, regulation, or other form of published guidance as transactions of interest.

See the Instructions for Form 8886 for more details.

## At-Risk Rules

In most cases, you must complete Form 6198 to figure your allowable loss if you have:

- A loss from an activity carried on as a trade or business or for the production of income, and
- Amounts in the activity for which you are not at risk.

The at-risk rules in most cases limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the activity. However, the at-risk rules do not apply to losses from an activity of holding real property placed in service before 1987. They also do not apply to losses from your interest acquired before 1987 in a pass-through entity engaged in such activity. The activity of holding mineral property does not qualify for this exception.

In most cases, you are not at risk for amounts such as the following.

- Nonrecourse loans used to finance the activity, to acquire property used in the activity, or to acquire your interest in the activity that are not secured by your own property (other than property used in the activity). However, there is an exception for certain nonrecourse financing borrowed by you in connection with the activity of holding real property (other than mineral property). See *Qualified nonrecourse financing* below.

- Cash, property, or borrowed amounts used in the activity (or contributed to the activity, or used to acquire your interest in the activity) that are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).

- Amounts borrowed for use in the activity from a person who has an interest in the activity (other than as a creditor) or who is related under section 465(b)(3)(C) to a person (other than you) having such an interest.

**Qualified nonrecourse financing.** Qualified nonrecourse financing is treated as an amount at risk if it is secured by real property used in an activity of holding real property subject to the at-risk rules. Qualified nonrecourse financing is financing for which no one is personally liable for repayment and is:

- Borrowed by you in connection with the activity of holding real property (other than mineral property),
- Not convertible from a debt obligation to an ownership interest, and
- Loaned or guaranteed by any federal, state, or local government, or borrowed by you from a qualified person.

**Qualified person.** A qualified person is a person who actively and regularly engages in the business of lending money, such as a

bank or savings and loan association. A qualified person cannot be:

- Related to you (unless the nonrecourse financing obtained is commercially reasonable and on substantially the same terms as loans involving unrelated persons),
- The seller of the property (or a person related to the seller), or
- A person who receives a fee due to your investment in real property (or a person related to that person).

For more details about the at-risk rules, see the Instructions for Form 6198 and Pub. 925.

## Passive Activity Loss Rules

The passive activity loss rules may limit the amount of losses you can deduct. These rules apply to losses in Parts I, II, and III, and line 40 of Schedule E.

Losses from passive activities may be subject first to the at-risk rules. Losses deductible under the at-risk rules are then subject to the passive activity loss rules.

You can deduct losses from passive activities in most cases only to the extent of income from passive activities. An exception applies to certain rental real estate activities (explained later on this page).

### Passive Activity

A passive activity is any business activity in which you did not materially participate and any rental activity, except as explained later on this page. If you are a limited partner, you in most cases are not treated as having materially participated in the partnership's activities for the year.

The rental of real or personal property is a rental activity under the passive activity loss rules in most cases, but exceptions apply. If your rental of property is not treated as a rental activity, you must determine whether it is a trade or business activity, and if so, whether you materially participated in the activity for the tax year.

See the Instructions for Form 8582 to determine whether you materially participated in the activity and for the definition of "rental activity."

See Pub. 925 for special rules that apply to rentals of:

- Substantially nondepreciable property,
- Property incidental to development activities, and
- Property related to activities in which you materially participate.

### Activities That Are Not Passive Activities

**Activities of real estate professionals.** If you were a real estate professional for 2010, any rental real estate activity in which you materially participated is not a passive activity. You were a real estate pro-

fessional for the year only if you met both of the following conditions.

- More than half of the personal services you performed in trades or businesses during the year were performed in real property trades or businesses in which you materially participated.
- You performed more than 750 hours of services during the year in real property trades or businesses in which you materially participated.

If you are married filing jointly, either you or your spouse must meet both of the above conditions without taking into account services performed by the other spouse.

A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trade or business. Services you performed as an employee are not treated as performed in a real property trade or business unless you owned more than 5% of the stock (or more than 5% of the capital or profits interest) in the employer.

For purposes of this rule, each interest in rental real estate is a separate activity unless you elect to treat all your interests in rental real estate as one activity. To make this election, attach a statement to your original tax return that declares you are a qualifying taxpayer for the year and you are making the election under section 469(c)(7)(A). The election applies for the year made and all later years in which you are a real estate professional. You can revoke the election only if your facts and circumstances materially change.

If you were a real estate professional for 2010, complete Schedule E, line 43.

**Other activities.** The rental of your home that you also used for personal purposes is not a passive activity. See the instructions for line 2 on page E-4.

A working interest in an oil or gas well you held directly or through an entity that did not limit your liability is not a passive activity even if you did not materially participate.

Royalty income not derived in the ordinary course of a trade or business reported on Schedule E in most cases is not considered income from a passive activity.

For more details on passive activities, see the Instructions for Form 8582 and Pub. 925.

### Exception for Certain Rental Real Estate Activities

If you meet all of the following conditions, your rental real estate losses are not limited by the passive activity loss rules. If you do not meet all of these conditions, see the Instructions for Form 8582 to find out if you must complete and attach Form 8582 to figure any losses allowed.

1. Rental real estate activities are your only passive activities.

2. You do not have any prior year unallowed losses from any passive activities.

3. All of the following apply if you have an overall net loss from these activities:

a. You actively participated (defined below) in all of the rental real estate activities;

b. If married filing separately, you lived apart from your spouse all year;

c. Your overall net loss from these activities is \$25,000 or less (\$12,500 or less if married filing separately);

d. You have no current or prior year unallowed credits from passive activities; and

e. Your modified adjusted gross income (defined below) is \$100,000 or less (\$50,000 or less if married filing separately).

**Active participation.** You can meet the active participation requirement without regular, continuous, and substantial involvement in real estate activities. But you must have participated in making management decisions or arranging for others to provide services (such as repairs) in a significant and *bona fide* sense. Such management decisions include:

- Approving new tenants,
- Deciding on rental terms,
- Approving capital or repair expenditures, and
- Other similar decisions.

You are not considered to actively participate if, at any time during the tax year, your interest (including your spouse's interest) in the activity was less than 10% by value of all interests in the activity. If you are a limited partner, you are also not treated as actively participating in a partnership's rental real estate activities.

**Modified adjusted gross income.** This is your adjusted gross income from Form 1040, line 38, or Form 1040NR, line 37, without taking into account:

- Any allowable passive activity loss,
- Rental real estate losses allowed for real estate professionals (see *Activities of real estate professionals* on page E-2),
- Taxable social security or tier 1 railroad retirement benefits,
- Deductible contributions to a traditional IRA or certain other qualified retirement plans under section 219,
- The student loan interest deduction,
- The tuition and fees deduction,
- The domestic production activities deduction,
- The deduction for one-half of self-employment tax,
- The exclusion from income of interest from series EE and I U.S. savings bonds used to pay higher education expenses, and

- Any excluded amounts under an employer's adoption assistance program.

## Recordkeeping

You must keep records to support items reported on Schedule E in case the IRS has questions about them. If the IRS examines your tax return, you may be asked to explain the items reported. Good records will help you explain any item and arrive at the correct tax with a minimum of effort. If you do not have records, you may have to spend time getting statements and receipts from various sources. If you cannot produce the correct documents, you may have to pay additional tax and be subject to penalties.

## Specific Instructions

**Filers of Form 1041.** If you are a fiduciary filing Schedule E with Form 1041, enter the estate's or trust's employer identification number (EIN) in the space for "Your social security number."

## Part I



*Before you begin, see the instructions for lines 3 and 4 on page E-4 to determine if you should report your rental real estate and royalty income on Schedule C, Schedule C-EZ, or Form 4835 instead of Schedule E.*

## Income or Loss From Rental Real Estate and Royalties

Use Part I to report the following.

- Income and expenses from rental real estate (including personal property leased with real estate).
- Royalty income and expenses.
- For an estate or trust **only**, farm rental income and expenses based on crops or livestock produced by the tenant. **Do not** use Form 4835 or Schedule F (Form 1040) for this purpose.

If you own a part interest in a rental real estate property, report only your part of the income and expenses on Schedule E.

Complete lines 1 and 2 for each rental real estate property. Leave these lines blank for each royalty property.

If you have more than three rental real estate or royalty properties, complete and attach as many Schedules E as you need to list them. But fill in the "Totals" column on only one Schedule E. The figures in the "Totals" column on that Schedule E should be the combined totals for all properties reported on your Schedules E. If you are also using page 2 of Schedule E, use the

same Schedule E on which you entered the combined totals for Part I.

**Personal property.** Do not use Schedule E to report income and expenses from the rental of personal property, such as equipment or vehicles. Instead, use Schedule C or C-EZ if you are in the business of renting personal property. You are in the business of renting personal property if the primary purpose for renting the property is income or profit and you are involved in the rental activity with continuity and regularity.

If your rental of personal property is not a business, see the instructions for Form 1040, lines 21 and 36, to find out how to report the income and expenses.

**Husband-wife qualified joint venture.** Do not use Schedule E to report income and expenses from a rental real estate business that is a qualified joint venture conducted by you and your spouse, if you file a joint return for the tax year.

If you and your spouse each materially participate as the only members of a jointly owned and operated business and you file a joint return for the tax year, you can make an election to be taxed as a qualified joint venture instead of a partnership. This election in most cases will not increase the total tax owed on the joint return, but it does give each of you credit for social security earnings on which retirement benefits are based and for Medicare coverage. For an explanation of "material participation," see the instructions for Schedule C, line G.

To make the election, you must divide all items of income, gain, loss, deduction, and credit attributable to the business between you and your spouse in accordance with your respective interests in the venture. Each of you must file a separate Schedule C or C-EZ. On each line of your separate Schedule C or C-EZ, you must enter your share of the applicable income, deduction, or loss. Each of you also must file a separate Schedule SE to pay SE tax, as applicable (but see the *Note* below regarding rental income reported on Schedule E). See the instructions for Schedules C or C-EZ and SE and Pub. 527 for more details.

As long as you remain qualified, your election cannot be revoked without IRS consent.

For more information on qualified joint ventures, go to IRS.gov. Enter "QJV election" in the search box and select "Benefits of Qualified Joint Ventures for Family Businesses."

**Note.** Rental income reported on Schedule E is not taxable for self-employment tax purposes. Electing qualified joint venture status and using the Schedule C or C-EZ does not alter the application of the self-employment tax or the passive loss limitation rules.

**Extraterritorial income exclusion.** Except as otherwise provided in the Internal Reve-



nue Code, gross income includes all income from whatever source derived. Gross income, however, does not include extraterritorial income that is qualifying foreign trade income under certain circumstances. Use Form 8873 to figure the extraterritorial income exclusion. Report it on Schedule E as explained in the Instructions for Form 8873.

**Chapter 11 bankruptcy cases.** If you were a debtor in a chapter 11 bankruptcy case, see *Chapter 11 Bankruptcy Cases* under *Income* in the Instructions for Form 1040.

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## Line 1

For rental real estate property only, show all of the following.

- The kind of property you rented (for example, townhouse, commercial building, mobile home, or self-storage unit).
- The street address, city or town, state, and ZIP code. If the property is located in a foreign country, enter the city, province or state, country, and postal code.
- Your percentage of ownership in the property, if less than 100%.

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## Line 2

If you rented out a dwelling unit that you also used for personal purposes during the year, you may not be able to deduct all the expenses for the rental part. "Dwelling unit" (unit) means a house, apartment, condominium, or similar property.

A day of personal use is any day, or part of a day, that the unit was used by:

- You for personal purposes,
- Any other person for personal purposes, if that person owns part of the unit (unless rented to that person under a "shared equity" financing agreement),
- Anyone in your family (or in the family of someone else who owns part of the unit), unless the unit is rented at a fair rental price to that person as his or her main home,
- Anyone who pays less than a fair rental price for the unit, or
- Anyone under an agreement that lets you use some other unit.

Do not count as personal use:

- Any day you spent working substantially full time repairing and maintaining the unit, even if family members used it for recreational purposes on that day, or
- Any days you used the unit as your main home before or after renting it or offering it for rent, if you rented or tried to rent it for at least 12 consecutive months (or for a period of less than 12 consecutive months at the end of which you sold or exchanged it).

Check "Yes" if you or your family used the unit for personal purposes in 2010 more than the greater of:

- 14 days, or

- 10% of the total days it was rented to others at a fair rental price.

Otherwise, check "No."

If you checked "No" you can deduct all your expenses for the rental part, subject to the *At-Risk Rules* and the *Passive Activity Loss Rules* explained beginning on page E-2.

If you checked "Yes" and rented the unit out for fewer than 15 days in 2010, do not report the rental income and do not deduct any rental expenses. If you itemize deductions on Schedule A, you can deduct allowable interest, taxes, and casualty losses.

If you checked "Yes" and rented the unit out for at least 15 days in 2010, you may not be able to deduct all your rental expenses. You can deduct all the following expenses for the rental part on Schedule E.

- Mortgage interest.
- Real estate taxes.
- Casualty losses.
- Other rental expenses not related to your use of the unit as a home, such as advertising expenses and rental agents' fees.

If any income is left after deducting these expenses, you can deduct other expenses, including depreciation, up to the amount of remaining income. You can carry over to 2011 the amounts you cannot deduct.



*Regardless of whether you answered "No" or "Yes" to Question 2, expenses related to days of personal use do not qualify as rental expenses. You must allocate your expenses based on the number of days of personal use to total use of the property. For example, you used your property for personal use for 7 days and rented it for 63 days. In most cases, 10% (7÷70) of your expenses are not rental expenses and cannot be deducted on Schedule E.*

See Pub. 527 for details.

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## Line 3

If you received rental income from real estate (including personal property leased with real estate), report the income on line 3. Use a separate column (A, B, or C) for each rental property. Include income received for renting a room or other space. If you received services or property instead of money as rent, report the fair market value of what you received as rental income.

Be sure to enter the total of all your rents in the "Totals" column even if you have only one property.

If you provided significant services to the renter, such as maid service, report the rental activity on Schedule C or C-EZ, not on Schedule E. Significant services do not include the furnishing of heat and light, cleaning of public areas, trash collection, or similar services.

If you were a real estate dealer, include on line 3 only the rent received from real estate (including personal property leased with this real estate) you held for the primary purpose of renting to produce income. Do not use Schedule E to report income and expenses from rentals of real estate you held for sale to customers in the ordinary course of your business as a real estate dealer. Instead use Schedule C or C-EZ for those rentals.

For more details on rental income, use TeleTax topic 414 (see *What is TeleTax?* in the Instructions for Form 1040), or see Pub. 527.

**Rental income from farm production or crop shares.** Report farm rental income and expenses on Form 4835 if:

- You are an individual,
- You received rental income based on crops or livestock produced by the tenant, and
- You did not materially participate in the management or operation of the farm.

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## Line 4

Report on line 4 royalties from oil, gas, or mineral properties (not including operating interests); copyrights; and patents. Use a separate column (A, B, or C) for each royalty property. Be sure to enter the total of all your royalties in the "Totals" column even if you have only one source of royalties.

If you received \$10 or more in royalties during 2010, the payer should send you a Form 1099-MISC or similar statement by January 31, 2011, showing the amount you received.

If you are in business as a self-employed writer, inventor, artist, etc., report your royalty income and expenses on Schedule C or C-EZ.

You may be able to treat amounts received as "royalties" for the transfer of a patent or amounts received on the disposal of coal and iron ore as the sale of a capital asset. For details, see Pub. 544.

Enter on line 4 the gross amount of royalty income, even if state or local taxes were withheld from oil or gas payments you received. Include taxes withheld by the producer on line 16.

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## General Instructions for Lines 5 Through 21

Enter your rental and royalty expenses for each property in the appropriate column. You can deduct all ordinary and necessary expenses, such as taxes, interest, repairs, insurance, management fees, agents' commissions, and depreciation.

Do not deduct the value of your own labor or amounts paid for capital investments or capital improvements.

Enter your total expenses for mortgage interest (line 12), total expenses before depreciation expense or depletion (line 19), and depreciation expenses or depletion (line 20) in the "Totals" column even if you have only one property.

**Renting out part of your home.** If you rent out only part of your home or other property, deduct the part of your expenses that applies to the rented part.

**Credit or deduction for access expenditures.** You may be able to claim a tax credit for eligible expenditures paid or incurred in 2010 to provide access to your business for individuals with disabilities. See Form 8826 for details.

You can also elect to deduct up to \$15,000 of qualified costs paid or incurred in 2010 to remove architectural or transportation barriers to individuals with disabilities and the elderly.

You cannot take both the credit and the deduction for the same expenditures.

---

## Line 6

You can deduct ordinary and necessary auto and travel expenses related to your rental activities, including 50% of meal expenses incurred while traveling away from home. In most cases you can either deduct your actual expenses or take the standard mileage rate. You must use actual expenses if you used more than four vehicles simultaneously in your rental activities (as in fleet operations). You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

You can use the standard mileage rate for 2010 only if you:

- Owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, or
- Leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).

If you take the standard mileage rate, multiply the number of miles driven in connection with your rental activities by 50 cents. Include this amount and your parking fees and tolls on line 6.



*You cannot deduct rental or lease payments, depreciation, or your actual auto expenses if you use the standard mileage rate.*

If you deduct actual auto expenses:

- Include on line 6 the rental activity portion of the cost of gasoline, oil, repairs, insurance, tires, license plates, etc., and
- Show auto rental or lease payments on line 18 and depreciation on line 20.

If you claim any auto expenses (actual or the standard mileage rate), you must complete Part V of Form 4562 and attach Form 4562 to your tax return.

See Pub. 527 and Pub. 463 for details.

---

## Line 10

Include on line 10 fees for tax advice and the preparation of tax forms related to your rental real estate or royalty properties.

Do not deduct legal fees paid or incurred to defend or protect title to property, to recover property, or to develop or improve property. Instead, you must capitalize these fees and add them to the property's basis.

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## Lines 12 and 13

In most cases, to determine the interest expense allocable to your rental activities, you must have records to show how the proceeds of each debt were used. Specific tracing rules apply for allocating debt proceeds and repayment. See Pub. 535 for details.

If you have a mortgage on your rental property, enter on line 12 the amount of interest you paid for 2010 to banks or other financial institutions. Be sure to enter the total of all your mortgage interest in the "Totals" column even if you have only one property.

Do not deduct prepaid interest when you paid it. You can deduct it only in the year to which it is properly allocable. Points, including loan origination fees, charged only for the use of money must be deducted over the life of the loan.

If you paid \$600 or more in interest on a mortgage during 2010, the recipient should send you a Form 1098 or similar statement by January 31, 2011, showing the total interest received from you.

If you paid more mortgage interest than is shown on your Form 1098 or similar statement, see Pub. 535 to find out if you can deduct part or all of the additional interest. If you can, enter the entire deductible amount on line 12. Attach a statement to your return explaining the difference. On the dotted line next to line 12, enter "See attached."

**Note.** If the recipient was not a financial institution or you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 13.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage, and the other person received Form 1098, report your share of the deductible interest on line 13. Attach a statement to your return showing the name and address of the person who received Form 1098. On the dotted line next to line 13, enter "See attached."

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## Line 14

You can deduct the cost of repairs made to keep your property in good working condition. Repairs in most cases do not add sig-

nificant value to the property or extend its life. Examples of repairs are fixing a broken lock or painting a room. Improvements that increase the value of the property or extend its life, such as replacing a roof or renovating a kitchen, must be capitalized and depreciated (that is, they cannot be deducted in full in the year they are paid or incurred). See the instructions for line 20 on this page.

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## Line 17

You can deduct the cost of ordinary and necessary telephone calls related to your rental activities or royalty income (for example, calls to the renter). However, the base rate (including taxes and other charges) for local telephone service for the first telephone line into your residence is a personal expense and is not deductible.

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## Line 18

Enter on line 18 any ordinary and necessary expenses not listed on lines 5 through 17 and line 20.

You may be able to deduct, on line 18, part or all of the cost of modifying existing commercial buildings to make them energy efficient. For details, see section 179D, Notice 2006-52, and Notice 2008-40. You can find Notice 2006-52 on page 1175 of Internal Revenue Bulletin 2006-26 at [www.irs.gov/irb/2006-26\\_IRB/ar11.html](http://www.irs.gov/irb/2006-26_IRB/ar11.html). You can find Notice 2008-40 on page 725 of Internal Revenue Bulletin 2008-14 at [www.irs.gov/irb/2008-14\\_IRB/ar12.html](http://www.irs.gov/irb/2008-14_IRB/ar12.html).

---

## Line 20

Depreciation is the annual deduction you must take to recover the cost or other basis of business or investment property having a useful life substantially beyond the tax year. Land is not depreciable.

Depreciation starts when you first use the property in your business or for the production of income. It ends when you deduct all your depreciable cost or other basis or no longer use the property in your business or for the production of income.

See the Instructions for Form 4562 to figure the amount of depreciation to enter on line 20. Be sure to enter the total of all your depreciation in the "Totals" column even if you have only one property.

You must complete and attach Form 4562 only if you are claiming:

- Depreciation on property first placed in service during 2010,
- Depreciation on listed property (defined in the Instructions for Form 4562), including a vehicle, regardless of the date it was placed in service, or
- A section 179 expense deduction or amortization of costs that began in 2010.

See Pub. 527 for more information on depreciation of residential rental property.

See Pub. 946 for a more comprehensive guide to depreciation.

If you have an economic interest in mineral property, you may be able to take a deduction for depletion. Mineral property includes oil and gas wells, mines, and other natural deposits (including geothermal deposits). See Pub. 535 for details.

**Separating cost of land and buildings.** If you buy buildings and your cost includes the cost of the land on which they stand, you must divide the cost between the land and the buildings to figure the basis for depreciation of the buildings. The part of the cost that you allocate to each asset is the ratio of the fair market value of that asset to the fair market value of the whole property at the time you buy it.

If you are not certain of the fair market values of the land and the buildings, you can divide the cost between them based on their assessed values for real estate tax purposes.

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## Line 22

If you have amounts for which you are not at risk, use Form 6198 to determine the amount of your deductible loss. Enter that amount in the appropriate column of Schedule E, line 22. In the space to the left of line 22, enter "Form 6198." Attach Form 6198 to your return. For details on the at-risk rules, see page E-2.

---

## Line 23

Do not complete line 23 if the amount on line 22 is from royalty properties.

If you have a rental real estate loss from a passive activity (defined on page E-2), the amount of loss you can deduct may be limited by the passive activity loss rules. You may need to complete Form 8582 to figure the amount of loss, if any, to enter on line 23. See the Instructions for Form 8582 to determine if your loss is limited.

If your rental real estate loss is not from a passive activity or you meet the exception for certain rental real estate activities (explained on page E-2), you do not have to complete Form 8582. Enter the loss from line 22 on line 23.

If you have an unallowed rental real estate loss from a prior year that after completing Form 8582 you can deduct this year, include that loss on line 23.

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## Parts II and III

If you need more space in Part II or III to list your income or losses, attach a continuation sheet using the same format as shown in Part II or III. However, be sure to complete the "Totals" columns for lines 29a and 29b, or lines 34a and 34b, as appropriate. If you also completed Part I on more than one Schedule E, use the same Sched-

ule E on which you entered the combined totals in Part I.

**Tax preference items.** If you are a partner, a shareholder in an S corporation, or a beneficiary of an estate or trust, you must take into account your share of preferences and adjustments from these entities for the alternative minimum tax on Form 6251 or Schedule I (Form 1041).

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## Part II

### Income or Loss From Partnerships and S Corporations

If you are a member of a partnership or joint venture or a shareholder in an S corporation, use Part II to report your share of the partnership or S corporation income (even if not received) or loss.

You should receive a Schedule K-1 from the partnership or S corporation. You should also receive a copy of the Partner's or Shareholder's Instructions for Schedule K-1. Your copy of Schedule K-1 and its instructions will tell you where on your return to report your share of the items. If you did not receive these instructions with your Schedule K-1, see the instructions for Form 1040 or Form 1040NR for how to get tax forms, instructions, and publications. Do not attach Schedules K-1 to your return. Keep them for your records.

If you are treating items on your tax return differently from the way the partnership (other than an electing large partnership) or S corporation reported them on its return, you may have to file Form 8082. If you are a partner in an electing large partnership, you must report the items shown on Schedule K-1 (Form 1065-B) on your tax return the same way the partnership reported the items on Schedule K-1.

**Special rules that limit losses.** Please note the following.

- If you have an interest in a partnership or S corporation that is involved in a farming business, your losses may be limited if the partnership accepted certain subsidies. You will be notified on the K-1 if the partnership or S corporation received one of these subsidies. Use Worksheet 1 on the last page of these instructions to determine if you have an excess farm loss. See the Instructions for Schedule F for more details on how to complete the worksheet.



*If you have other farming businesses requiring you to file Schedule F or any Schedule C activity of processing a farm commodity, you should use one of the worksheets beginning on page F-9 of the instructions for Schedule F instead of Worksheet 1 on the last page of these instructions.*

- If you have a current year loss, or a prior year unallowed loss, from a partnership or an S corporation, see *At-Risk Rules* and *Passive Activity Loss Rules* beginning on page E-2.

Partners and S corporation shareholders should get a separate statement of income, expenses, deductions, and credits for each activity engaged in by the partnership and S corporation. If you are subject to the at-risk rules for any activity, check the box on the appropriate line in Part II, column (e) of Schedule E, and use Form 6198 to figure the amount of any deductible loss. If the activity is nonpassive, enter any deductible loss from Form 6198 on the appropriate line in Part II, column (h) of Schedule E.

- If you have a passive activity loss, in most cases you need to complete Form 8582 to figure the amount of the allowable loss to enter in Part II, column (f), for that activity. But if you are a general partner or an S corporation shareholder reporting your share of a partnership or an S corporation loss from a rental real estate activity and you meet all of the conditions listed on page E-2 under *Exception for Certain Rental Real Estate Activities*, you do not have to complete Form 8582. Instead, enter your allowable loss in Part II, column (f).

If you have passive activity income, complete Part II, column (g), for that activity.

If you have nonpassive income or losses, complete Part II, columns (h) through (j), as appropriate.

### Domestic Partnerships

See the Schedule K-1 instructions before entering on your return other partnership items from a passive activity or income or loss from any publicly traded partnership.

You can deduct unreimbursed ordinary and necessary expenses you paid on behalf of the partnership if you were required to pay these expenses under the partnership agreement. See the instructions for line 27 on page E-7 for how to report these expenses.

Report allowable interest expense paid or incurred from debt-financed acquisitions in Part II or on Schedule A depending on the type of expenditure to which the interest is allocated. See Pub. 535 for details.

If you claimed a credit for federal tax on gasoline or other fuels on your 2009 Form 1040 or Form 1040NR based on information received from the partnership, enter as income in column (g) or column (j), whichever applies, the amount of the credit claimed for 2009.

Part or all of your share of partnership income or loss from the operation of the business may be considered net earnings from self-employment that must be reported on Schedule SE. Enter the amount from Schedule K-1 (Form 1065), box 14, code A (or from Schedule K-1 (Form 1065-B), box 9 (code J1)), on Schedule SE,

after you reduce this amount by any allowable expenses attributable to that income.

## Foreign Partnerships

Follow the instructions below in addition to the instructions above for *Domestic Partnerships*.

If you are a U.S. person, you may have received Forms 1099-B, 1099-DIV, and 1099-INT reporting your share of certain partnership income, because payors of income to the foreign partnership in most cases are required to allocate and report payments of that income directly to each of the partners of the foreign partnership. If you received both Schedule K-1 and Form 1099 for the same type and source of partnership income, report only the income shown on Schedule K-1 in accordance with its instructions.

If you are not a U.S. person, you may have received Forms 1042-S reporting your share of certain partnership income, because payors of income to the foreign partnership in most cases are required to allocate and report payments of that income directly to each of the partners of the foreign partnership. If you received both Schedule K-1 and Form 1042-S for the same type and source of partnership income, report the income on your return as follows.

- For all income effectively connected with the conduct of a trade or business in the United States, report only the income shown on Schedule K-1 in accordance with its instructions.

- For all income **not** effectively connected with the conduct of a trade or business in the United States, report on page 4 of Form 1040NR only the income shown on Form 1042-S (if you are required to file Form 1040NR).

**Requirement to file Form 8865.** If you are a U.S. person, you may have to file Form 8865 if any of the following applies.

1. You controlled a foreign partnership (that is, you owned more than a 50% direct or indirect interest in the partnership).

2. You owned at least a 10% direct or indirect interest in a foreign partnership while U.S. persons controlled that partnership.

3. You had an acquisition, disposition, or change in proportional interest of a foreign partnership that:

- a. Increased your direct interest to at least 10% or reduced your direct interest of at least 10% to less than 10%, or

- b. Changed your direct interest by at least a 10% interest.

4. You contributed property to a foreign partnership in exchange for a partnership interest if:

- a. Immediately after the contribution, you owned, directly or indirectly, at least a 10% interest in the partnership, or

- b. The value of the property you contributed, when added to the value of any other property you or any related person contributed to the partnership during the 12-month period ending on the date of transfer, exceeds \$100,000.

Also, you may have to file Form 8865 to report certain dispositions by a foreign partnership of property you previously contributed to that partnership if you were a partner at the time of the disposition.

For more details, including penalties for failing to file Form 8865, see Form 8865 and its separate instructions.

## S Corporations

If you are a shareholder in an S corporation, your share of the corporation's aggregate losses and deductions (combined income, losses, and deductions) is in most cases limited to the adjusted basis of your corporate stock and any debt the corporation owes you. Any loss or deduction not allowed this year because of the basis limitation can be carried forward and deducted in a later year subject to the basis limitation for that year.

If you are claiming a deduction for your share of an aggregate loss, attach to your return a computation of the adjusted basis of your corporate stock and of any debt the corporation owes you. See the Schedule K-1 instructions for details.

After applying the basis limitation, the deductible amount of your aggregate losses and deductions may be further reduced by the at-risk rules and the passive activity loss rules. See page E-2.

Distributions of prior year accumulated earnings and profits of S corporations are dividends and are reported on Form 1040, line 9a.

Interest expense relating to the acquisition of shares in an S corporation may be fully deductible on Schedule E. For details, see Pub. 535.

Your share of the net income of an S corporation is not subject to self-employment tax.

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## Line 27

If you answered "Yes" on line 27, follow the instructions below. If you fail to follow these instructions, the IRS may send you a notice of additional tax due because the amounts reported by the partnership or S corporation on Schedule K-1 do not match the amounts you reported on your tax return.

### Losses Not Allowed in Prior Years Due to the At-Risk or Basis Limitations

- Enter your total prior year unallowed losses that are now deductible on a separate line in column (h) of line 28. Do not combine these losses with, or net them against,

any current year amounts from the partnership or S corporation.

- Enter "PYA" in column (a) of the same line.

### Prior Year Unallowed Losses From a Passive Activity Not Reported on Form 8582

- Enter on a separate line in column (f) of line 28 your total prior year unallowed losses not reported on Form 8582. Such losses include prior year unallowed losses now deductible because you did not have an overall loss from all passive activities or you disposed of your entire interest in a passive activity in a fully taxable transaction. Do not combine these losses with, or net them against, any current year amounts from the partnership or S corporation.

- Enter "PYA" in column (a) of the same line.

### Unreimbursed Partnership Expenses

- You can deduct unreimbursed ordinary and necessary partnership expenses you paid on behalf of the partnership on Schedule E if you were required to pay these expenses under the partnership agreement (except amounts deductible only as itemized deductions, which you must enter on Schedule A).

- Enter unreimbursed partnership expenses from nonpassive activities on a separate line in column (h) of line 28. Do not combine these expenses with, or net them against, any other amounts from the partnership.

- If the expenses are from a passive activity and you are not required to file Form 8582, enter the expenses related to a passive activity on a separate line in column (f) of line 28. Do not combine these expenses with, or net them against, any other amounts from the partnership.

- Enter "UPE" in column (a) of the same line.

---

## Line 28

For nonpassive income or loss (and passive income or losses for which you are not filing Form 8582), enter in the applicable column of line 28 your current year ordinary income or loss from the partnership or S corporation. Report each related item required to be reported on Schedule E (including items of income or loss stated separately on Schedule K-1) in the applicable column of a separate line following the line on which you reported the current year ordinary income or loss. Also enter a description of the related item (for example, depletion) in column (a) of the same line.

If you are required to file Form 8582, see the Instructions for Form 8582 before completing Schedule E.

---

## Part III

### Income or Loss From Estates and Trusts

If you are a beneficiary of an estate or trust, use Part III to report your part of the income (even if not received) or loss. You should receive a Schedule K-1 (Form 1041) from the fiduciary. Your copy of Schedule K-1 and its instructions will tell you where on your return to report the items from Schedule K-1. Do not attach Schedule K-1 to your return. Keep it for your records.

If you are treating items on your tax return differently from the way the estate or trust reported them on its return, you may have to file Form 8082.

If you have estimated taxes credited to you from a trust (Form 1041, Schedule K-1, box 13, code A), enter "ES payment claimed" and the amount on the dotted line next to line 37. Do not include this amount in the total on line 37. Instead, enter the amount on Form 1040, line 62, or Form 1040NR, line 61.

A U.S. person who transferred property to a foreign trust may have to report the income received by the trust as a result of the transferred property if, during 2010, the trust had a U.S. beneficiary. See section 679. An individual who received a distribution from, or who was the grantor of or transferor to, a foreign trust must also complete Part III of Schedule B (Form 1040A or 1040) and may have to file Form 3520. In addition, the owner of a foreign trust must ensure that the trust files an annual information return on Form 3520-A.

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## Part IV

### Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)

If you are the holder of a residual interest in a REMIC, use Part IV to report your total share of the REMIC's taxable income or loss for each quarter included in your tax year. You should receive Schedule Q (Form 1066) and instructions from the REMIC for each quarter. Do not attach Schedules Q to your return. Keep them for your records.

If you are treating REMIC items on your tax return differently from the way the REMIC reported them on its return, you may have to file Form 8082.

If you are the holder of a residual interest in more than one REMIC, attach a continuation sheet using the same format as in Part IV. Enter the combined totals of columns (d) and (e) on Schedule E, line 39. If you also completed Part I on more than one Schedule E, use the same Schedule E on which you entered the combined totals in Part I.

REMIC income or loss is not income or loss from a passive activity.

**Note.** If you are the holder of a regular interest in a REMIC, do not use Schedule E to report the income you received. Instead, report it on Form 1040, line 8a.

**Column (c).** Report the total of the amounts shown on Schedule(s) Q, line 2c. This is the smallest amount you are allowed to report as your taxable income (Form 1040, line 43). It is also the smallest amount you are allowed to report as your alternative minimum taxable income (AMTI) on Form 6251, line 28.

If the amount in column (c) is larger than your taxable income would otherwise be, enter the amount from column (c) on Form 1040, line 43. Similarly, if the amount in column (c) is larger than your AMTI would otherwise be, enter the amount from column (c) on Form 6251, line 28. Enter "Sch. Q" on the dotted line to the left of this amount on Form 1040, line 43, and Form 6251, line 28, if applicable.

**Note.** These rules also apply to estates and trusts that hold a residual interest in a REMIC. Be sure to make the appropriate entries on the comparable lines on Form 1041.



*Do not include the amount shown in column (c) in the total on Schedule E, line 39.*

**Column (e).** Report the total of the amounts shown on Schedule(s) Q, line 3b. If you itemize your deductions, include this amount on Schedule A (Form 1040), line 23.

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## Part V Summary

### Line 42

You will not be charged a penalty for underpayment of estimated tax if:

1. Your gross farming or fishing income for 2009 or 2010 is at least two-thirds of your gross income, and
2. You file your 2010 tax return and pay the tax due by March 1, 2011.

# Worksheet 1 — Excess farm loss from an interest in a partnership or S corporation involved in farming business(es)

Keep for Your Records



*In determining if you have an excess farm loss, do not take into account any deductions for losses arising by reason of fire, storm, or other casualty, or by reason of disease or drought, involving your farm businesses.*

1. Enter the amount from your 2010 Schedule(s) E, line 31. If this amount is less than \$300,000 (\$150,000 if married filing separately), stop here. You do not have an excess farm loss in 2010. If more than \$300,000 (\$150,000 if married filing separately), continue to line 2 . . . . .	1.	_____	
2. Subtract \$300,000 (\$150,000 if married filing separately) from line 1 . . . . .			2. _____
3. Enter the amount from your 2010 Schedule(s) E, line 30 . . . . .	3.	_____	
4. Is line 3 greater than or equal to line 2? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 5 . . . . .			
5. Enter your net gain/loss from the sale of farming business property reported on Form 4797 . . . . .	5.	_____	
6. Enter your net gain/loss from the sale of farming business property reported on Schedule D . . . . .	6.	_____	
7. Combine line 5 and line 6. If zero or less, enter -0- . . . . .			7. _____
8. Add line 3 and line 7. Is this greater than or equal to line 2? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 9 . . . . .			8. _____
9. Enter the amount from your 2009 Schedule(s) E, line 32 . . . . .	9.	_____	
10. Enter your combined net gain/loss from the sale of farming business property reported on your 2009 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	10.	_____	
11. Enter the amount from your 2008 Schedule(s) E, line 32 . . . . .	11.	_____	
12. Enter your combined net gain/loss from the sale of farming business property reported on your 2008 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	12.	_____	
13. Enter the amount from your 2007 Schedule(s) E, line 32 . . . . .	13.	_____	
14. Enter your combined net gain/loss from the sale of farming business property reported on your 2007 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	14.	_____	
15. Enter the amount from your 2006 Schedule(s) E, line 32 . . . . .	15.	_____	
16. Enter your combined net gain/loss from the sale of farming business property reported on your 2006 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	16.	_____	
17. Enter the amount from your 2005 Schedule(s) E, line 32 . . . . .	17.	_____	
18. Enter your combined net gain/loss from the sale of farming business property reported on your 2005 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	18.	_____	
19. Combine lines 9 through 18. If zero or less, enter -0- . . . . .			19. _____
20. Enter the greater of line 19 or \$300,000 (\$150,000 if married filing separately) . . . . .			20. _____
21. Add line 8 and line 20 . . . . .			21. _____
22. <b>Excess farm loss.</b> Subtract line 1 from line 21. If zero or less, you have an excess farm loss that reduces the amount of loss you can deduct this year. If you have more than one farming business with an overall loss this year, allocate the excess farm loss amount on a <i>pro rata</i> basis among those farming businesses. . . . .			22. _____



# 2010 Instructions for Schedule F

## Profit or Loss From Farming

Use Schedule F (Form 1040) to report farm income and expenses. File it with Form 1040, 1040NR, 1041, 1065, or 1065-B.

Your farming activity may subject you to state and local taxes and other requirements such as business licenses and fees. Check with your state and local governments for more information.

**Additional information.** Pub. 225 has more information and examples to help you complete your farm tax return. It also lists important dates that apply to farmers.

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

### What's New

**Increase in section 179 expense.** You may now deduct up to \$500,000 of the cost of section 179 property placed in service in 2010. This deduction is phased out if the cost of the property exceeds \$2,000,000. The cost of certain qualified real property placed in service in 2010 may also be deducted but is limited to \$250,000. For more details, see Pub. 946.

**Extension of special allowance.** The special first-year depreciation allowance has been extended to property placed in service in 2010. See Pub. 946 for details on which property is eligible for the special allowance.

**Increased deduction for start-up costs.** If your farming business began in 2010, you can deduct up to \$5,000 of certain business start-up costs paid or incurred after October 22, 2004, in tax years before 2010, and up to \$10,000 of certain business start-up costs paid or incurred in 2010. See page F-6 for more details.

**Standard mileage rate.** The business standard mileage rate for 2010 decreased to 50 cents per mile. See page F-5 for more details.

**New credit for small employer health insurance premiums.** If your line 17 expenses include the cost of providing health insurance coverage to your employees, you must reduce your expenses by the amount of any credit determined on Form 8941. See page F-5 and Form 8941 and its instructions.

**Limitation on excess farm losses.** If you received certain subsidies in 2010, your losses may be reduced or eliminated. See page F-7.

**Reportable transaction penalties limited.** The penalties for failure to disclose a reportable transaction have changed. See Pub. 550 and the Instructions for Form 8886 for more details.

### General Instructions

#### Other Schedules and Forms You May Have To File

- Schedule E, Part I, to report rental income from pastureland based on a flat charge. However, report on Schedule F, line 10, pasture income received from taking care of someone else's livestock. Also use Schedule E, Part I, to report farm rental income and expenses of a trust or estate based on crops or livestock produced by a tenant.

- Schedule J to figure your tax by averaging your farm income over the previous 3 years. Doing so may reduce your tax.

- Schedule SE to pay self-employment tax on income from your farming business.

- Form 3800 to claim any general business credits.

- Form 4562 to claim depreciation (including the special allowance) on assets placed in service in 2010, to claim amortization that began in 2010, to make an election under section 179 to expense certain property, or to report information on vehicles and other listed property.

- Form 4684 to report a casualty or theft gain or loss involving farm business property, including purchased livestock held for draft, breeding, sport, or dairy purposes. See Pub. 225 for more information on how to report various farm losses, such as losses due to death of livestock or damage to crops or other farm property.

- Form 4797 to report sales, exchanges, or involuntary conversions (other than from a casualty or theft) of certain farm property. Also use this form to report sales of livestock held for draft, breeding, sport, or dairy purposes.

- Form 4835 to report rental income based on crop or livestock shares produced by a tenant if you did not materially participate in the management or operation of a farm. This income is not subject to self-employment tax. See Pub. 225.

- Form 6198 to figure your allowable loss if you have a business loss and you have amounts invested in the business for which you are not at risk.

- Form 8582 to figure your deductible loss from passive activities.

- Form 8824 to report like-kind exchanges.

- Form 8903 to take a deduction for income from domestic production activities.

**Single-member limited liability company (LLC).** Generally, a single-member domestic LLC is not treated as a separate entity for federal income tax purposes. If you are the sole member of a domestic LLC engaged in the business of farming, file Schedule F. However, you can elect to treat a domestic LLC as a corporation. See Form 8832 for details on the election.

**Heavy highway vehicle use tax.** If you use certain highway trucks, truck-trailers, tractor trailers, or buses in your farming business, you may have to pay a federal highway motor vehicle use tax. See the Instructions for Form 2290 to find out if you owe this tax.

**Information returns.** You may have to file information returns for wages paid to employees, certain payments of fees and other nonemployee compensation, interest, rents, royalties, real estate transactions, annuities, and pensions. You may also have to file an information return if you sold \$5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or other similar basis for resale. For details, see the 2010 General Instructions for Certain Information Returns (Forms 1098, 1099, 3921, 3922, 5498, and W-2G).

If you received cash of more than \$10,000 in one or more related transactions in your farming business, you may have to file Form 8300. For details, see Pub. 1544.

**Reportable transaction disclosure statement.** If you entered into a reportable transaction in 2010, you must file Form 8886 to disclose information if your federal income tax liability is affected by your participation in the transaction. You may have to pay a penalty if you are required to file Form 8886 but do not do so. You may also have to pay interest and penalties on any reportable transaction understatements. For more information on reportable transactions, see *Reportable Transaction Disclosure Statement* in the instructions for Schedule C.

### Husband-Wife Farm

If you and your spouse jointly own and operate a farm as an unincorporated business and share in the profits and losses, you each can be taxed as a partnership and file Form 1065, or you each can file Schedule F as a qualified joint venture.

## Qualified Joint Venture

If you and your spouse each materially participate as the only members of a jointly owned and operated farm, and you file a joint return for the tax year, you can elect to be treated as a qualified joint venture instead of a partnership. This election in most cases will not increase the total tax owed on the joint return, but it does give each of you credit for social security earnings on which retirement benefits are based and for Medicare coverage without filing a partnership return. For an explanation of “material participation,” see the instructions for Schedule C, line G, and the instructions for line E on this page.

**Making the election.** To make this election, you must divide all items of income, gain, loss, deduction, and credit attributable to the farming business between you and your spouse in accordance with your respective interests in the venture. Each of you must file a separate Schedule F. On each line of your separate Schedule F, you must enter your share of the applicable income, deduction, or loss. Each of you must also file a separate Schedule SE to pay self-employment tax, as applicable.

As long as you remain qualified, your election cannot be revoked without IRS consent.

For more information on qualified joint ventures, go to [IRS.gov](http://IRS.gov). Enter “QJV election” in the search box and select “Benefits of Qualified Joint Ventures for Family Businesses.”

## Exception—Community Income

If you and your spouse wholly own an unincorporated farming business as community property under the community property laws of a state, foreign country, or U.S. possession, the income and deductions are reported as follows.

- If only one spouse participates in the business, all of the income from that business is the self-employment earnings of the spouse who carried on the business.
- If both spouses participate, the income and deductions are allocated to the spouses based on their distributive shares.
- If either or both you and your spouse are partners in a partnership, see Pub. 541.
- If you and your spouse elected to treat the business as a qualifying joint venture, see *Husband-Wife Farm* on page F-1.

The only states with community property laws are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. A change in your reporting position will be treated as a conversion of the entity.

## Estimated Tax

If you had to make estimated tax payments for 2010 and you underpaid your estimated tax, you will not be charged a penalty if both of the following apply.

- Your gross farming or fishing income for 2009 or 2010 is at least two-thirds of your gross income.
- You file your 2010 tax return and pay the tax due by March 1, 2011.

For details, see chapter 15 of Pub. 225.

## Specific Instructions

**Filers of Forms 1041, 1065, and 1065-B.** Do not complete the block labeled “Social security number (SSN).” Instead, enter the employer identification number (EIN) issued to the estate, trust, or partnership on line D.

## Line B

On line B, enter one of the 14 principal agricultural activity codes listed in Part IV on page 2 of Schedule F. Select the code that best describes the source of most of your income.

## Line C

If you use the cash method, check box 1, “Cash.” Complete Schedule F, Parts I and II. In most cases, report income in the year in which you actually or constructively received it and deduct expenses in the year you paid them. However, if the payment of an expenditure creates an asset having a useful life that extends substantially beyond the close of the year, it may not be deductible or may be deductible only in part for the year of the payment. See chapter 2 of Pub. 225.

If you use an accrual method, check box 2, “Accrual.” Complete Schedule F, Parts II, III, and Part I, line 11. Generally, report income in the year in which you earned it and deduct expenses in the year you incurred them, even if you did not pay them in that year. Accrual basis taxpayers are put on a cash basis for deducting business expenses owed to a related cash-basis taxpayer. Other rules determine the timing of deductions based on economic performance. See Pub. 538.

**Farming syndicates.** Farming syndicates cannot use the cash method of accounting. A farming syndicate may be a partnership, any other noncorporate group, or an S corporation if:

- The interests in the business have at any time been offered for sale in a way that would require registration with any federal or state agency, or
- More than 35% of the loss during any tax year is shared by limited partners or limited entrepreneurs. A limited partner is one who can lose only the amount invested or required to be invested in the partnership. A limited entrepreneur is a person who does not take any active part in managing the business.

## Line D

Enter on line D the employer identification number (EIN) that was issued to you. Do not enter your SSN. Do not enter another taxpayer’s EIN (for example, from any Forms 1099-MISC that you received). **If you do not have an EIN, leave line D blank.**

You need an EIN only if you have a qualified retirement plan or are required to file employment, excise, alcohol, tobacco,

or firearms returns, or are a payer of gambling winnings. If you need an EIN, see the Instructions for Form SS-4.

**Single-member LLCs.** If you are the sole owner of an LLC that is not treated as a separate entity for federal income tax purposes, you may have an EIN that was issued to the LLC (and in the LLC’s legal name) if you are required to file employment tax returns and certain excise tax returns. However, you should **enter on line D only the EIN issued to you and in your name as the sole proprietor of your farming business.** If you do not have such an EIN, leave line D blank. Do not enter on line D the EIN issued to the LLC.

**Single-member limited liability companies (LLCs) with employees.** Single-member LLCs that are disregarded as entities separate from their owner for federal income tax purposes are required to file employment tax returns using the LLC’s name and employer identification number (EIN) rather than the LLC owner’s name and EIN. Single-member LLCs not previously needing an EIN may need to obtain an EIN for the payment and reporting of these taxes. For more information, see the Instructions for Form SS-4.

**Filers of Forms 1041, 1065, and 1065-B.** Enter on line D the EIN issued to the estate, trust, or partnership.

## Line E

**Material participation.** For the definition of material participation for purposes of the passive activity rules, see the instructions for Schedule C, line G, on page C-3. If you meet any of the material participation tests described in those instructions, check the “Yes” box.

If you are a retired or disabled farmer, you are treated as materially participating in a farming business if you materially participated 5 or more of the 8 years preceding your retirement or disability. Also, a surviving spouse is treated as materially participating in a farming activity if he or she actively manages the farm and the real property used for farming meets the estate tax rules for special valuation of farm property passed from a qualifying decedent.

Check the “No” box if you did not materially participate. If you checked “No” and you have a loss from this business, see *Limit on passive losses* below. If you have a profit from this business activity but have current year losses from other passive activities or prior year unallowed passive activity losses, see the Instructions for Form 8582.

**Limit on passive losses.** If you checked the “No” box and you have a loss from this business, you may have to use Form 8582 to figure your allowable loss, if any, to enter on Schedule F, line 36. In most cases, you can deduct losses from passive activities only to the extent of income from passive activities. For details, see Pub. 925.



## Part I. Farm Income—Cash Method

In Part I, show income received for items listed on lines 1 through 10. In most cases, include both the cash actually or constructively received and the fair market value of goods or other property received for these items. Income is constructively received when it is credited to your account or set aside for you to use. However, direct payments or counter-cyclical payments received under the Farm Security and Rural Investment Act of 2002 are required to be included in income only in the year of actual receipt.

If you ran the farm yourself and received rents based on crop shares or farm production, report these rents as income on line 4.

**Sales of livestock because of weather-related conditions.** If you sold livestock because of drought, flood, or other weather-related conditions, you can elect to report the income from the sale in the year after the year of sale if all of the following apply.

- Your main business is farming.
- You can show that you sold the livestock only because of weather-related conditions.
- Your area qualified for federal aid.

See chapter 3 of Pub. 225 for details.

**Chapter 11 bankruptcy.** If you were a debtor in a chapter 11 bankruptcy case during 2010, see *Chapter 11 Bankruptcy Cases* under *Income* in the instructions for Form 1040 and page SE-2 of the instructions for Schedule SE (Form 1040).

**Forms 1099 or CCC-1099-G.** If you received Forms 1099 or CCC-1099-G showing amounts paid to you, first determine if the amounts are to be included with farm income. Then use the following chart to determine where to report the income on Schedule F. Include the Form 1099 or CCC-1099-G amounts in the total amount reported on that line.

Form	Where to report
1099-PATR . . . . .	Line 5a
1099-A . . . . .	Line 7b
1099-MISC for crop insurance . . . . .	Line 8a
1099-G or CCC-1099-G	
• for disaster payments . . . . .	Line 8a
• for other agricultural program payments . . . . .	Line 6a

You may also receive Form 1099-MISC for other types of income. In this case, report it on whichever line best describes the income. For example, if you received a Form 1099-MISC for custom farming work, include this amount on line 9, "Custom hire (machine work) income."

## Lines 5a and 5b

If you received distributions from a cooperative in 2010, you should receive a Form 1099-PATR. On line 5a, show your total distributions from cooperatives. This includes patronage dividends, nonpatronage distributions, per-unit retain allocations, and redemptions of nonqualified written notices of allocation and per-unit retain certificates.

Show patronage dividends received in cash and the dollar amount of qualified written notices of allocation. If you received property as patronage dividends, report the fair market value of the property as income. Include cash advances received from a marketing cooperative. If you received per-unit retains in cash, show the amount of cash. If you received qualified per-unit retain certificates, show the stated dollar amount of the certificates.

Do not include as income on line 5b patronage dividends from buying personal or family items, capital assets, or depreciable assets. Enter these amounts on line 5a only. Because you do not report patronage dividends from these items as income, you must subtract the amount of the dividend from the cost or other basis of these items.

## Lines 6a and 6b

Enter on line 6a the total of the following amounts.

- Direct payments.
- Counter-cyclical payments.
- Price support payments.
- Market gain from the repayment of a secured Commodity Credit Corporation (CCC) loan for less than the original loan amount.
- Diversion payments.
- Cost-share payments (sight drafts).
- Payments in the form of materials (such as fertilizer or lime) or services (such as grading or building dams).

These amounts are government payments you received and are usually reported to you on Form 1099-G. You may also receive Form CCC-1099-G from the Department of Agriculture showing the amounts and types of payments made to you.

On line 6b, report only the taxable amount. For example, do not report the market gain shown on Form CCC-1099-G on line 6b if you elected to report CCC loan proceeds as income in the year received (see *Lines 7a Through 7c* next). No gain results from redemption of the commodity because you previously reported the CCC loan proceeds as income. You are treated as repurchasing the commodity for the amount of the loan repayment. However, if you did not report the CCC loan proceeds under the election, you must report the market gain on line 6b.

If you received a direct or counter-cyclical payment in 2010, your farm losses may be reduced or eliminated. See page F-7 for more details.

## Lines 7a Through 7c

**Commodity Credit Corporation (CCC) loans.** In most cases, you do not report CCC loan proceeds as income. However, if you pledge part or all of your production to secure a CCC loan, you can elect to report the loan proceeds as income in the year you receive them, instead of the year you sell the crop. If you make this election (or made the election in a prior year), report loan proceeds you received in 2010 on line 7a. Attach a statement to your return showing the details of the loan(s).

**Forfeited CCC loans.** Include the full amount forfeited on line 7b, even if you reported the loan proceeds as income. This amount may be reported to you on Form 1099-A.

If you did not elect to report the loan proceeds as income, also include the forfeited amount on line 7c.

If you did elect to report the loan proceeds as income, you generally will not have an entry on line 7c. But if the amount forfeited is different from your basis in the commodity, you may have an entry on line 7c.

See chapter 3 of Pub. 225 for details on the tax consequences of electing to report CCC loan proceeds as income or forfeiting CCC loans.

If you received a CCC loan in 2010, your farm losses may be reduced or eliminated. See page F-7 for more details.

## Lines 8a Through 8d

In most cases, you must report crop insurance proceeds in the year you receive them. Federal crop disaster payments are treated as crop insurance proceeds. However, if 2010 was the year of damage, you can elect to include certain proceeds in income for 2011. To make this election, check the box on line 8c and attach a statement to your return. See chapter 3 of Pub. 225 for a description of the proceeds for which an election can be made and for what you must include in your statement.

In most cases, if you elect to defer any eligible crop insurance proceeds, you must defer all such crop insurance proceeds (including federal crop disaster payments).

Enter on line 8a the total crop insurance proceeds you received in 2010, even if you elect to include them in income for 2011.

Enter on line 8b the taxable amount of the proceeds you received in 2010. Do not include proceeds you elect to include in income for 2011.

Enter on line 8d the amount, if any, of crop insurance proceeds you received in 2009 and elected to include in income for 2010.

## Line 10

Use this line to report income not shown on lines 1 through 9, such as the following.

- Illegal federal irrigation subsidies. See chapter 3 of Pub. 225.
- Bartering income.

- Income from cancellation of debt. In most cases, if a debt is canceled or forgiven, you must include the canceled amount in income. If a federal agency, financial institution, or credit union canceled or forgave a debt you owed of \$600 or more, it should send you a Form 1099-C, or similar statement, by January 31, 2011, showing the amount of debt canceled in 2010. However, you may be able to exclude the canceled debt from income. See Pub. 4681 for details.

- State gasoline or fuel tax refunds you received in 2010.

- The amount of credit for alcohol and cellulosic biofuel fuels claimed on Form 6478.

- The amount of credit for biodiesel and renewable diesel fuels claimed on Form 8864.

- The amount of credit for federal tax paid on fuels claimed on your 2009 Form 1040. For information on including the credit in income, see chapter 2 of Pub. 510.

- Any recapture of excess depreciation on any listed property, including any section 179 expense deduction, if the business use percentage of that property decreased to 50% or less in 2010. Use Part IV of Form 4797 to figure the recapture. See the instructions for Schedule C, line 13, for the definition of listed property.

- The inclusion amount on leased listed property (other than vehicles) when the business use percentage drops to 50% or less. See chapter 5 of Pub. 946 to figure the amount.

- Any recapture of the deduction for clean-fuel vehicles and clean-fuel vehicle refueling property used in your farming business. For details on how to figure recapture, see Regulations section 1.179A-1.

- Any income from breeding fees, or fees from renting teams, machinery, or land.

- The gain or loss on the sale of commodity futures contracts if the contracts were made to protect you from price changes. These are a form of business insurance and are considered hedges. If you had a loss in a closed futures contract, enclose the amount of the loss in parentheses.



*For property acquired and hedging positions established, you must clearly identify on your books and records both the hedging transaction and the item(s) or aggregate risk being hedged.*

Purchase or sales contracts are not true hedges if they offset losses that already occurred. If you bought or sold commodity futures with the hope of making a profit due to favorable price changes, report the profit or loss on Form 6781 instead of this line.

## Part II. Farm Expenses

Do not deduct the following.

- Personal or living expenses (such as taxes, insurance, or repairs on your home) that do not produce farm income.

- Expenses of raising anything you or your family used.

- The value of animals you raised that died.

- Inventory losses.

- Personal losses.

If you were repaid for any part of an expense, you must subtract the amount you were repaid from the deduction.

**Capitalizing costs of property.** If you produced real or tangible personal property or acquired property for resale, certain expenses must be included in inventory costs or capitalized. These expenses include the direct costs of the property and the share of any indirect costs allocable to that property. However, these rules generally do not apply to expenses of:

1. Producing any plant that has a preproductive period of 2 years or less,

2. Raising animals, or

3. Replanting certain crops if they were lost or damaged by reason of freezing temperatures, disease, drought, pests, or casualty.



*Exceptions (1) and (2) do not apply to tax shelters, farming syndicates, partnerships, or corporations required to use the accrual method of accounting under section 447 or 448(a)(3).*

If you capitalize your expenses, do not reduce your deductions on lines 12 through 34e by the capitalized expenses. Instead, enter the total amount capitalized in parentheses on line 34f (to indicate a negative amount) and enter "263A" in the space to the left of the total. See *Preproductive period expenses* on page F-7 for details.

But you may be able to currently deduct rather than capitalize the expenses of producing a plant with a preproductive period of more than 2 years. See *Election to deduct certain preproductive period expenses* next.

**Election to deduct certain preproductive period expenses.** If the preproductive period of any plant you produce is more than 2 years, you can elect to currently deduct the expenses rather than capitalize them. But you cannot make this election for the costs of planting or growing citrus or almond groves incurred before the end of the fourth tax year beginning with the tax year you planted them in their permanent grove. You are treated as having made the election by deducting the preproductive period ex-

penses in the first tax year for which you can make this election and by applying the special rules, discussed later on this page.



*In the case of a partnership or S corporation, the election must be made by the partner, shareholder, or member. This election cannot be made by tax shelters, farming syndicates, partnerships, or corporations required to use the accrual method of accounting under section 447 or 448(a)(3).*

Unless you obtain IRS consent, you must make this election for the first tax year in which you engage in a farming business involving the production of property subject to the capitalization rules. You cannot revoke this election without IRS consent.

**Special rules.** If you make the election to deduct preproductive expenses for plants:

- Any gain you realize when disposing of the plants is ordinary income up to the amount of the preproductive expenses you deducted, and

- The alternative depreciation rules apply to property placed in service in any tax year your election is in effect.

For details, see *Uniform Capitalization Rules* in chapter 6 of Pub. 225.

**Prepaid farm supplies.** In most cases, if you use the cash method of accounting and your prepaid farm supplies are more than 50% of your other deductible farm expenses, your deduction for those supplies may be limited. Prepaid farm supplies include expenses for feed, seed, fertilizer, and similar farm supplies not used or consumed during the year. They also include the cost of poultry that would be allowable as a deduction in a later tax year if you were to (a) capitalize the cost of poultry bought for use in your farming business and deduct it ratably over the lesser of 12 months or the useful life of the poultry, and (b) deduct the cost of poultry bought for resale in the year you sell or otherwise dispose of it.

If the limit applies, you can deduct prepaid farm supplies that do not exceed 50% of your other deductible farm expenses in the year of payment. You can deduct the excess only in the year you use or consume the supplies (other than poultry, which is deductible as explained above). For details and exceptions to these rules, see chapter 4 of Pub. 225.

Whether or not this 50% limit applies, your expenses for livestock feed paid during the year but consumed in the later year may be subject to the rules explained later in the line 18 instructions.

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## Line 12

You can deduct the actual expenses of operating your car or truck or take the standard mileage rate. You must use actual expenses if you used your vehicle for hire or you used five or more vehicles simultaneously in your farming business (such as in fleet operations). You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

You can take the standard mileage rate for 2010 only if you:

- Owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, or
- Leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).

If you take the standard mileage rate:

- Multiply the number of business miles driven by 50 cents, and
- Add to this amount your parking fees and tolls, and enter the total on line 12.

Do not deduct depreciation, rent or lease payments, or your actual operating expenses.

If you deduct actual expenses:

- Include on line 12 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc., and
- Show depreciation on line 16 and rent or lease payments on line 26a.

If you claim any car or truck expenses (actual or the standard mileage rate), you must provide the information requested on Form 4562, Part V. Be sure to attach Form 4562 to your return.

For details, see chapter 4 of Pub. 463.

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## Line 14

Deductible conservation expenses generally are those that are paid to conserve soil and water for land used in farming, to prevent erosion of land used for farming, or for endangered species recovery. These expenses include (but are not limited to) costs for the following:

- The treatment or movement of earth, such as leveling, grading, conditioning, terracing, contour furrowing, and the restoration of soil fertility.
- The construction, control, and protection of diversion channels, drainage ditches, irrigation ditches, earthen dams, watercourses, outlets, and ponds.
- The eradication of brush.
- The planting of windbreaks.
- The achievement of site-specific management actions recommended in recovery plans approved pursuant to the Endangered Species Act of 1973.

These expenses can be deducted only if they are consistent with a conservation plan approved by the Natural Resources Conservation Service of the Department of Agriculture or a recovery plan approved pursuant to the Endangered Species Act of 1973, for the area in which your land is

located. If no plan exists, the expenses must be consistent with a plan of a comparable state agency. You cannot deduct the expenses if they were paid or incurred for land used in farming in a foreign country.

Do not deduct expenses you paid or incurred to drain or fill wetlands, or to prepare land for center pivot irrigation systems.

Your deduction cannot exceed 25% of your gross income from farming (excluding certain gains from selling assets such as farm machinery and land). If your conservation expenses are more than the limit, the excess can be carried forward and deducted in later tax years. However, the amount deductible for any one year cannot exceed the 25% gross income limit for that year.

For details, see chapter 5 of Pub. 225.

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## Line 15

Enter amounts paid for custom hire or machine work (the machine operator furnished the equipment).

Do not include amounts paid for rental or lease of equipment you operated yourself. Instead, report those amounts on line 26a.

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## Line 16

You can deduct depreciation of buildings, improvements, cars and trucks, machinery, and other farm equipment of a permanent nature.

Do not deduct depreciation on your home, furniture or other personal items, land, livestock you bought or raised for resale, or other property in your inventory.

You can also elect under section 179 to expense a portion of the cost of certain property you bought in 2010 for use in your farming business. The section 179 election is made on Form 4562.

For information about depreciation and the section 179 deduction, see Pub. 946 and chapter 7 of Pub. 225. For details on the special depreciation allowance, see chapter 3 of Pub. 946.

See the Instructions for Form 4562 for information on when you must complete and attach Form 4562.

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## Line 17

Deduct contributions to employee benefit programs that are not an incidental part of a pension or profit-sharing plan included on line 25. Examples are accident and health plans, group-term life insurance, and dependent care assistance programs. If you made contributions on your behalf as a self-employed person to a dependent care assistance program, complete Form 2441, Parts I and III, to figure your deductible contributions to that program.

Contributions you made on your behalf as a self-employed person to an accident and health plan or for group-term life insurance are not deductible on Schedule F. However, you may be able to deduct on

Form 1040, line 29 (or on Form 1040NR, line 29), the amount you paid for health insurance on behalf of yourself, your spouse, and dependents even if you do not itemize your deductions. See the instructions for Form 1040, line 29, or Form 1040NR, line 29, for details.

You must reduce your line 17 deduction by the amount of any credit for small employer health insurance premiums determined on Form 8941. See Form 8941 and its instructions to determine which expenses are eligible for the credit.

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## Line 18

If you use the cash method, you cannot deduct when paid the cost of feed your livestock will consume in a later year unless all of the following apply.

- The payment was for the purchase of feed rather than a deposit.
- The prepayment had a business purpose and was not made merely to avoid tax.
- Deducting the prepayment will not materially distort your income.

If all of the above apply, you can deduct the prepaid feed when paid, subject to the overall limit for *Prepaid farm supplies* explained on page F-4. If all of the above do not apply, you can deduct the prepaid feed only in the year it is consumed.

---

## Line 20

Do not include the cost of transportation incurred in purchasing livestock held for resale as freight paid. Instead, add these costs to the cost of the livestock and deduct them when the livestock is sold.

---

## Line 22

Deduct on this line premiums paid for farm business insurance. Deduct on line 17 amounts paid for employee accident and health insurance. Amounts credited to a reserve for self-insurance or premiums paid for a policy that pays for your lost earnings due to sickness or disability are not deductible. For details, see chapter 6 of Pub. 535.

---

## Lines 23a and 23b

**Interest allocation rules.** The tax treatment of interest expense differs depending on its type. For example, home mortgage interest and investment interest are treated differently. "Interest allocation" rules require you to allocate (classify) your interest expense so it is deducted (or capitalized) on the correct line of your return and receives the right tax treatment. These rules could affect how much interest you are allowed to deduct on Schedule F.

In most cases, you allocate interest expense by tracing how the proceeds of the loan are used. See chapter 4 of Pub. 535 for details.

If you paid interest on a debt secured by your main home and any of the proceeds from that debt were used in your farming

business, see chapter 4 of Pub. 535 to figure the amount to include on lines 23a and 23b.

**How to report.** If you have a mortgage on real property used in your farming business (other than your main home), enter on line 23a the interest you paid for 2010 to banks or other financial institutions for which you received a Form 1098 (or similar statement). If you did not receive a Form 1098, enter the interest on line 23b.

If you paid more mortgage interest than is shown on Form 1098, see chapter 4 of Pub. 535 to find out if you can deduct the additional interest. If you can, include the amount on line 23a. Attach a statement to your return explaining the difference and enter "See attached" in the margin next to line 23a.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage and the other person received the Form 1098, include your share of the interest on line 23b. Attach a statement to your return showing the name and address of the person who received the Form 1098. In the margin next to line 23b, enter "See attached."

Do not deduct interest you prepaid in 2010 for later years; include only the part that applies to 2010.

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## Line 24

Enter the amounts you paid for farm labor. Do not include amounts paid to yourself. Reduce your deduction by the amounts claimed on:

- Form 5884, Work Opportunity Credit, line 2;
- Form 8844, Empowerment Zone and Renewal Community Employment Credit, line 2;
- Form 8845, Indian Employment Credit, line 4; and
- Form 8932, Credit for Employer Differential Wage Payments, line 2.

Include the cost of boarding farm labor but not the value of any products they used from the farm. Include only what you paid household help to care for farm laborers.



*If you provided taxable fringe benefits to your employees, such as personal use of a car, do not include in farm labor the amounts you depreciated or deducted elsewhere.*

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## Line 25

Enter your deduction for contributions to employee pension, profit-sharing, or annuity plans. If the plan included you as a self-employed person, enter contributions made as an employer on your behalf on Form 1040, line 28 (or on Form 1040NR, line 28), not on Schedule F.

In most cases, you must file the applicable form listed next if you maintain a pension, profit-sharing, or other funded-deferred compensation plan. The filing requirement is not affected by whether or not the plan qualified under the

Internal Revenue Code, or whether or not you claim a deduction for the current tax year. There is a penalty for failure to timely file these forms.

**Form 5500-EZ.** File this form if you have a one-participant retirement plan that meets certain requirements. A one-participant plan is a plan that covers only you (or you and your spouse).

**Form 5500-SF.** File this form if you have a small plan (fewer than 100 participants in most cases) that meets certain requirements.

**Form 5500.** File this form for a plan that does not meet the requirements for filing Form 5500-EZ or Form 5500-SF.

For details, see Pub. 560.

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## Lines 26a and 26b

If you rented or leased vehicles, machinery, or equipment, enter on line 26a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an inclusion amount. See *Leasing a Car* in chapter 4 of Pub. 463 to figure this amount.

Enter on line 26b amounts paid to rent or lease other property such as pasture or farmland.

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## Line 27

Enter amounts you paid for incidental repairs and maintenance of farm buildings, machinery, and equipment that do not add to the property's value or appreciably prolong its life.

Do not deduct repairs or maintenance on your home.

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## Line 31

You can deduct the following taxes on this line.

- Real estate and personal property taxes on farm business assets.
- Social security and Medicare taxes you paid to match what you are required to withhold from farm employees' wages.
- Federal unemployment tax.
- Federal highway use tax.
- Contributions to state unemployment insurance fund or disability benefit fund if they are considered taxes under state law.

Do not deduct the following taxes on this line.

- Federal income taxes, including your self-employment tax. However, you can deduct one-half of your self-employment tax on Form 1040, line 27 or Form 1040NR, line 27.
- Estate and gift taxes.
- Taxes assessed for improvements, such as paving and sewers.
- Taxes on your home or personal use property.
- State and local sales taxes on property purchased for use in your farming business.

Instead, treat these taxes as part of the cost of the property.

- Other taxes not related to your farming business.

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## Line 32

Enter amounts you paid for gas, electricity, water, and other utilities for business use on the farm. Do not include personal utilities. You cannot deduct the base rate (including taxes) of the first telephone line into your residence, even if you use it for your farming business. But you can deduct expenses you paid for your farming business that are more than the cost of the base rate for the first phone line. For example, if you had a second phone line, you can deduct the business percentage of the charges for that line, including the base rate charges.

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## Lines 34a Through 34f

Include all ordinary and necessary farm expenses not deducted elsewhere on Schedule F, such as advertising, office supplies, etc. Do not include fines or penalties paid to a government for violating any law.

**At-risk loss deduction.** Any loss from this activity that was not allowed as a deduction last year because of the at-risk rules is treated as a deduction allocable to this activity in 2010. However, for the loss to be deductible, the amount "at risk" must be increased.

**Bad debts.** See chapter 10 of Pub. 535.

**Business start-up costs.** If your farming business began in 2010, you can elect to deduct up to \$5,000 of certain business start-up costs paid or incurred after October 22, 2004, in tax years before 2010, and up to \$10,000 of certain business start-up costs paid or incurred in tax years beginning in 2010. The \$5,000 limit is reduced (but not below zero) by the amount by which your start-up costs exceed \$50,000, and the \$10,000 limit is reduced (but not below zero) by the amount by which your start-up costs exceed \$60,000. Your remaining start-up costs can be amortized over a 180-month period, beginning with the month the farming business began. For details, see chapters 4 and 7 of Pub. 225. For amortization that begins in 2010, you must complete and attach Form 4562.

**Business use of your home.** You may be able to deduct certain expenses for business use of your home, subject to limitations. Use the worksheet in Pub. 587 to figure your allowable deduction. Do not use Form 8829.

**Forestation and reforestation costs.** Reforestation costs are generally capital expenditures. However, for each qualified timber property, you can elect to expense up to \$10,000 (\$5,000 if married filing separately) of qualifying reforestation costs paid or incurred in 2010.

You can elect to amortize the remaining costs over 84 months. For amortization that begins in 2010, you must complete and attach Form 4562.

The amortization election does not apply to trusts, and the expense election does not apply to estates and trusts. For details on reforestation expenses, see chapters 4 and 7 of Pub. 225.

**Legal and professional fees.** You can include on this line fees charged by accountants and attorneys that are ordinary and necessary expenses directly related to your farming business. Include fees for tax advice and for the preparation of tax forms related to your farming business. Also include expenses incurred in resolving asserted tax deficiencies related to your farming business.

**Tools.** You can deduct the amount you paid for tools that have a short life or cost a small amount, such as shovels and rakes.

**Travel, meals, and entertainment.** In most cases, you can deduct expenses for farm business travel and 50% of your business meals and entertainment. But there are exceptions and limitations. See the instructions for Schedule C, lines 24a and 24b.

**Preproductive period expenses.** If you had preproductive period expenses in 2010 that you are capitalizing, enter the total of these expenses in parentheses on line 34f (to indicate a negative amount) and enter "263A" in the space to the left of the total.

For details, see page F-4, *Capitalizing costs of property*, and *Uniform Capitalization Rules* in chapter 6 of Pub. 225.

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## Line 35

If line 34f is a negative amount, subtract it from the total of lines 12 through 34e. Enter the result on line 35.

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## Line 36

If you have a loss, the amount of loss you can deduct this year may be limited. If you checked the "No" box on line E, also see the Instructions for Form 8582.

**Individuals.** Enter your net profit or deductible loss here and on Form 1040, line 18, and Schedule SE, line 1a. Complete line 37 before entering the loss on line 36.

**Nonresident aliens.** Enter the net profit or deductible loss here and on Form 1040NR, line 19. You should also enter this amount on Schedule SE, line 1a if you are covered under the U.S. social security system due to an international social security agreement currently in effect. See the Schedule SE instructions for information on international social security agreements.

**Partnerships.** Enter the net profit or deductible loss here and on Form 1065, line 5 (or Form 1065-B, line 7). Because the excess farm loss rules are applied at the partner level, the partnership will notify each partner on the Schedule K-1 if the partnership received one of the subsidies discussed later. Each partner should complete one of the excess farm loss worksheets to determine if there is an excess farm loss.

**Trusts and estates.** Enter the net profit or deductible loss here and on Form 1041, line 6. If you have a loss, complete line 37 to

determine the amount of your loss at risk before entering the loss on line 36.

**Community income.** If you and your spouse had community income and are filing separate returns, see page SE-2 of the instructions for Schedule SE before figuring self-employment tax.

**Earned income credit.** If you have a net profit on line 36, this amount is earned income and may qualify you for the earned income credit if you meet certain conditions. See the instructions for Form 1040, lines 64a and 64b, for details.

**Conservation Reserve Program (CRP) payments.** If you received social security retirement or disability benefits in addition to CRP payments, the CRP payments are not subject to self-employment tax. You will deduct these payments from your net farm profit or loss on line 1b of Schedule SE. Do not make any adjustment on Schedule F.

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## Line 37

**Excess farm loss rules.** If you received certain subsidies in 2010, your farm loss may be reduced or eliminated. Check box 37b if you received one of the subsidies below.

- Any direct or counter-cyclical payments under title I of the Food, Conservation, and Energy Act of 2008 (or any payment you elected instead of this payment).
- Any Commodity Credit Corporation loan.

Your excess farm loss for a year is the amount by which your total deductions from your farming businesses exceed your total gross income or gain from your farming businesses, plus a threshold amount. The threshold amount is the greater of \$300,000 (\$150,000 if your filing status is married filing separately) or your total net profit or loss from farming businesses for the last five years (2005-2009), including for each of those years any net gain from the sale of property used in your farming businesses. To determine if you have an excess farm loss, use one of the worksheets beginning on page F-9.

**Farming businesses defined.** For purposes of calculating your excess farm loss for the year, farming business has the meaning used in section 263A(e)(4) (generally the trade or business of farming, including operating a nursery or sod farm or raising or harvesting of trees bearing fruit, nuts, or other crops, or ornamental trees).

Farming business also includes the trade or business of processing a farm commodity even if it is not incidental to your farm. Additionally, farming business includes participating in a cooperative that processes a farm commodity. As a result, any activity reported on Schedule C that involves processing a farm commodity must be included when determining your excess farm loss, and any losses from that Schedule C activity may be limited by the excess farm loss rules. Farming business also includes any interest in a partnership or S corporation involved in a farming business.

The worksheets beginning on page F-9 may be used to determine if you have an excess farm loss. These worksheets are provided for your recordkeeping purposes only, and which worksheet you should use will depend on the nature and extent of your farming businesses.

Any excess farm loss not allowed in 2010 may be carried forward and deducted on Schedule F in the first year in which you do not have an excess farm loss. In determining your excess farm loss for a year in which you received a subsidy described above, do not take into account any deduction for losses from fire, storm, or other casualty, or from disease or drought involving any farming business. Also, you must determine your excess farm loss before calculating any limits due to passive activity on Form 8582.

**At-risk rules.** In most cases, if you have a loss from a farming activity and amounts invested in the activity for which you are not at risk, you must complete Form 6198 to figure your allowable loss. The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the activity.

Check box 37b if you have amounts invested in this activity for which you are not at risk, such as the following.

- Nonrecourse loans used to finance the activity, to acquire property used in the activity, or to acquire the activity that are not secured by your own property (other than property used in the activity). However, there is an exception for certain nonrecourse financing borrowed by you in connection with holding real property.
- Cash, property, or borrowed amounts used in the activity (or contributed to the activity, or used to acquire the activity) that are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).
- Amounts borrowed for use in the activity from a person who has an interest in the activity, other than as a creditor, or who is related under section 465(b)(3)(C) to a person (other than you) having such an interest.

**Figuring your deductible loss.** Before determining your deductible loss, you must check box 37a or 37b to determine if your loss on line 36 is further limited by the excess farm loss rules or the at-risk rules. Follow the instructions below that apply to your box 37 activity.

**Box 37a because all your investment is at risk and you did not receive a subsidy.** If all your investment amounts are at risk in this activity and you did not receive a subsidy, check box 37a. If you checked the "Yes" box on line E, enter your loss on line 36 and on Form 1040, line 18, and Schedule SE, line 1a. Nonresident aliens – enter the deductible loss on Form 1040NR, line 19 (and Schedule SE, line 1a if applicable – see *Nonresident aliens* under the line 36 instructions, earlier). Estates and trusts – enter the deductible loss on Form 1041, line 6.

But if you checked the "No" box on line E, you may need to complete Form 8582 to

figure your allowable loss to enter on line 36. See the Instructions for Form 8582.

**Box 37b because all your investment is at risk and you received a subsidy.** Use one of the worksheets beginning on page F-9 to determine if you have an excess farm loss that reduces the amount of loss you can deduct this year. If you have more than one farming business with an overall loss this year, allocate the excess farm loss amount on a *pro rata* basis among those farming businesses.

If you checked the “Yes” box on line E, enter that amount on Form 1040, line 18, and Schedule SE, line 1a. Nonresident aliens – enter the deductible loss on Form 1040NR, line 19 (and Schedule SE, line 1a if applicable – see *Nonresident aliens* under the line 36 instructions, earlier). Estates and trusts – enter the deductible loss on Form 1041, line 6. Partnerships – enter this amount on Form 1065, line 5 (or Form 1065-B, line 7).

But if you checked the “No” box on line E, see the Instructions for Form 8582 to determine your further loss limitation. If your at-risk amount is zero or less, enter -0- on line 36. Be sure to attach Form 6198 to your return.

**Box 37b because some investment is not at risk and you received a subsidy.** Use one of the worksheets beginning on the next page to determine if you have an excess farm loss that reduces the amount of loss you can deduct this year. If you have more than one farming business with an overall loss this year, allocate the excess farm loss amount on a *pro rata* basis among those farming businesses.

If you checked the “Yes” box on line E, first complete Form 6198 to determine the amount of your deductible loss and enter that amount on Form 1040, line 18, and Schedule SE, line 1a. Nonresident aliens – enter the deductible loss on Form 1040NR, line 19 (and Schedule SE, line 1a if applicable – see *Nonresident aliens* under the line 36 instructions, earlier). Estates and trusts – enter the deductible loss on Form 1041, line 6. Partnerships – do not complete Form 6198; enter your profit or loss on line 36 and on Form 1065, line 5 (or Form 1065-B, line 7).

But if you checked the “No” box on line E, see the Instructions for Form 8582 to determine your further loss limitation. If your at-risk amount is zero or less, enter -0- on line 36. Be sure to attach Form 6198 to your return.

**Box 37b because some investment is at risk and you did not receive a subsidy.** If you checked box 37b because some invest-

ment amount in this activity is not at risk and you did not receive a subsidy, first complete Form 6198 to determine the amount of your deductible loss. If you checked the “Yes” box on line E, enter that amount on line 36 and on Form 1040, line 18, and Schedule SE, line 1a. Nonresident aliens – enter the deductible loss on Form 1040NR, line 19 (and Schedule SE, line 1a if applicable – see *Nonresident aliens* under the line 36 instructions, earlier). Estates and trusts – enter the deductible loss on Form 1041, line 6. Partnerships – do not complete Form 6198; enter your profit or loss on line 36 and on Form 1065, line 5 (or Form 1065-B, line 7).

But if you checked the “No” box on line E, see the Instructions for Form 8582 to determine your further loss limitation. If your at-risk amount is zero or less, enter -0- on line 36. Be sure to attach Form 6198 to your return.



*If you checked box 37b because some investment is not at risk and you do not attach Form 6198, the processing of your return may be delayed.*

Any loss from this activity not allowed for 2010 only because of the at-risk rules is treated as a deduction allocable to the activity in 2011.

For details, see Pub. 925 and the Instructions for Form 6198.

**Excess farm loss worksheets.** You may complete one of these worksheets to determine if you have an excess farm loss in 2010. Do not attach these worksheets to your return; keep them for your records. You will need them next year when any excess farm loss may be deducted, as discussed above. Which worksheet you should use depends on your farming business, or businesses, as explained in *Farming businesses defined*, earlier.

- Use Worksheet 1 if your farming business or businesses include only profit or loss reported on Schedule F (including multiple copies of Schedule F).

- Use Worksheet 2 if your farming businesses include Schedule F and any Schedule C activity of processing a farm commodity.

- Use Worksheet 3 if your farming businesses include Schedule F and a Schedule E interest in a partnership or S corporation involved in a farming business.

- Use Worksheet 4 if your farming businesses include Schedule F, Schedule C activity of processing a farm commodity, a

Schedule E interest in a partnership or S corporation involved in a farming business, and farm rental income or loss reported on Form 4835.

- Use Worksheet 5 if your farming business is limited to only farm rental income or loss reported on Form 4835.

If you file multiple copies of Schedule F, Schedule C, or Schedule E as part of your farming businesses, you must combine the income, deductions, and net gain/loss for purposes of determining whether you have an excess farm loss on the worksheets. If you sold any property used in your farming businesses, you must include any gain or loss on the sale of that property (reported on Form 4797, Sales of Business Property, or Schedule D (Form 1040), Capital Gains and Losses). Be sure to include the gain or loss attributable to property used in your farming business or businesses, as defined earlier in *Farming businesses defined*. Do not include gain or loss attributable to property used in nonfarming businesses or nonbusiness property.

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## Part III. Farm Income—Accrual Method

If you use an accrual method, report farm income when you earn it, not when you receive it. In most cases, you must include animals and crops in your inventory if you use this method. See Pub. 225 for exceptions, inventory methods, how to change methods of accounting, and rules that require certain costs to be capitalized or included in inventory.

**Chapter 11 bankruptcy.** If you were a debtor in a chapter 11 bankruptcy case during 2010, see the instructions for Form 1040 and page SE-2 of the instructions for Schedule SE (Form 1040).

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### Lines 39a Through 41c

See the instructions for lines 5a through 7c on page F-3.

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### Line 44

See the instructions for line 10 that begin on page F-3.

# Excess Farm Loss Worksheet 1—Schedule F farming business only *Keep for Your Records*



**CAUTION:** In determining if you have an excess farm loss, do not take into account any deductions for losses arising by reason of fire, storm, or other casualty, or by reason of disease or drought, involving your farming business.

1. Enter the amount from your 2010 Schedule(s) F, line 35. Is this amount less than 300,000 (150,000 if married filing separately)? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 2 . . . . .	1.	_____	
2. Subtract 300,000 (150,000 if married filing separately) from line 1 . . . . .	2.	_____	
3. Enter the amount from your 2010 Schedule(s) F, line 11 . . . . .	3.	_____	
4. Is line 3 greater than or equal to line 2? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 5.			
5. Enter your net gain/loss from the sale of farming business property reported on Form 4797 . . . . .	5.	_____	
6. Enter your net gain/loss from the sale of farming business property reported on Schedule D . . . . .	6.	_____	
7. Combine line 5 and line 6. If zero or less, enter -0- . . . . .			7. _____
8. Add line 3 and line 7. Is this greater than or equal to line 2? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 9 . . . . .			8. _____
9. Enter the amount from your 2009 Schedule(s) F, line 36 . . . . .	9.	_____	
10. Enter your combined net gain/loss from the sale of farming business property reported on your 2009 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	10.	_____	
11. Enter the amount from your 2008 Schedule(s) F, line 36 . . . . .	11.	_____	
12. Enter your combined net gain/loss from the sale of farming business property reported on your 2008 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	12.	_____	
13. Enter the amount from your 2007 Schedule(s) F, line 36 . . . . .	13.	_____	
14. Enter your combined net gain/loss from the sale of farming business property reported on your 2007 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	14.	_____	
15. Enter the amount from your 2006 Schedule(s) F, line 36 . . . . .	15.	_____	
16. Enter your combined net gain/loss from the sale of farming business property reported on your 2006 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	16.	_____	
17. Enter the amount from your 2005 Schedule(s) F, line 36 . . . . .	17.	_____	
18. Enter your combined net gain/loss from the sale of farming business property reported on your 2005 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	18.	_____	
19. Combine lines 9 through 18. If zero or less, enter -0- . . . . .			19. _____
20. Enter the greater of line 19 or 300,000 (150,000 if married filing separately) . . . . .			20. _____
21. Add line 8 and line 20 . . . . .			21. _____
22. <b>Excess farm loss.</b> Subtract line 1 from line 21. If zero or less, you have an excess farm loss that reduces the amount of loss you can deduct this year. If you have more than one farming business with an overall loss this year, allocate the excess farm loss amount on a <i>pro rata</i> basis among those farming businesses . . . . .			22. _____

# Excess Farm Loss Worksheet 2—Schedule F farming business(es) and Schedule C activity of processing a farm commodity

Keep for Your Records



CAUTION: In determining if you have an excess farm loss, do not take into account any deductions for losses arising by reason of fire, storm, or other casualty, or by reason of disease or drought, involving your farming businesses.

1. Enter the amount from your 2010 Schedule(s) F, line 35 . . . . .	1.	_____	
2. Enter the total amount from your 2010 Schedule(s) C, line 28 and line 30 . . . . .	2.	_____	
3. Add lines 1 and 2. Is this amount less than 300,000 (150,000 if married filing separately)? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 4 . . . . .			3.
4. Subtract 300,000 (150,000 if married filing separately) from line 3 . . . . .			4.
5. Enter the amount from your 2010 Schedule(s) F, line 11 . . . . .	5.	_____	
6. Enter the amount from your 2010 Schedule(s) C, line 7 . . . . .	6.	_____	
7. Combine line 5 and line 6 . . . . .			7.
8. Is line 7 greater than or equal to line 4? If yes, stop here. You do not have an excess farm in 2010. If no, continue to line 9.			
9. Enter your net gain/loss from the sale of farming business property reported on Form 4797 . . . . .	9.	_____	
10. Enter your net gain/loss from the sale of farming business property reported on Schedule D . . . . .	10.	_____	
11. Combine line 9 and line 10. If zero or less, enter -0- . . . . .			11.
12. Add line 7 and line 11. Is this greater than or equal to line 4? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 13 . . . . .			12.
13. Enter the amount from your 2009 Schedule(s) F, line 36 . . . . .	13.	_____	
14. Enter the amount from your 2009 Schedule(s) C, line 31 . . . . .	14.	_____	
15. Enter your combined net gain/loss from the sale of farming business property reported on your 2009 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	15.	_____	
16. Enter the amount from your 2008 Schedule(s) F, line 36 . . . . .	16.	_____	
17. Enter the amount from your 2008 Schedule(s) C, line 31 . . . . .	17.	_____	
18. Enter your combined net gain/loss from the sale of farming business property reported on your 2008 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	18.	_____	
19. Enter the amount from your 2007 Schedule(s) F, line 36 . . . . .	19.	_____	
20. Enter the amount from your 2007 Schedule(s) C, line 31 . . . . .	20.	_____	
21. Enter your combined net gain/loss from the sale of farming business property reported on your 2007 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	21.	_____	
22. Enter the amount from your 2006 Schedule(s) F, line 36 . . . . .	22.	_____	
23. Enter the amount from your 2006 Schedule(s) C, line 31 . . . . .	23.	_____	
24. Enter your combined net gain/loss from the sale of farming business property reported on your 2006 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	24.	_____	
25. Enter the amount from your 2005 Schedule(s) F, line 36 . . . . .	25.	_____	
26. Enter the amount from your 2005 Schedule(s) C, line 31 . . . . .	26.	_____	
27. Enter your combined net gain/loss from the sale of farming business property reported on your 2005 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	27.	_____	
28. Combine lines 13 through 27. If zero or less, enter -0- . . . . .			28.
29. Enter the greater of line 28 or 300,000 (150,000 if married filing separately) . . . . .			29.
30. Add line 12 and line 29 . . . . .			30.
31. <b>Excess farm loss.</b> Subtract line 3 from line 30. If zero or less, you have an excess farm loss that reduces the amount of loss you can deduct this year. If you have more than one farming business with an overall loss this year, allocate the excess farm loss amount on a <i>pro rata</i> basis among those farming businesses . . . . .			31.



# Excess Farm Loss Worksheet 3—Schedule F farming business(es) and Schedule E partnership or S corporation income or loss from farming business(es)

Keep for Your Records



CAUTION: In determining if you have an excess farm loss, do not take into account any deductions for losses arising by reason of fire, storm, or other casualty, or by reason of disease or drought, involving your farming businesses.

1. Enter the amount from your 2010 Schedule(s) F, line 35 . . . . .	1.	_____	
2. Enter the amount from your 2010 Schedule(s) E, line 31 . . . . .	2.	_____	
3. Add lines 1 and 2. Is this amount less than 300,000 (150,000 if married filing separately)? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 4 . . . . .	3.		_____
4. Subtract 300,000 (150,000 if married filing separately) from line 3 . . . . .	4.		_____
5. Enter the amount from your 2010 Schedule(s) F, line 11 . . . . .	5.	_____	
6. Enter the amount from your 2010 Schedule(s) E, line 30 . . . . .	6.	_____	
7. Combine line 5 and line 6 . . . . .	7.		_____
8. Is line 7 greater than or equal to line 4? If yes, stop here. You do not have an excess farm in 2010. If no, continue to line 9.			
9. Enter your net gain/loss from the sale of farming business property reported on Form 4797 . . . . .	9.	_____	
10. Enter your net gain/loss from the sale of farming business property reported on Schedule D . . . . .	10.	_____	
11. Combine line 9 and line 10. If zero or less, enter -0- . . . . .	11.		_____
12. Add line 7 and line 11. Is this greater than or equal to line 4? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 13 . . . . .	12.		_____
13. Enter the amount from your 2009 Schedule(s) F, line 36 . . . . .	13.	_____	
14. Enter the amount from your 2009 Schedule(s) E, line 32 . . . . .	14.	_____	
15. Enter your combined net gain/loss from the sale of farming business property reported on your 2009 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	15.		_____
16. Enter the amount from your 2008 Schedule(s) F, line 36 . . . . .	16.	_____	
17. Enter the amount from your 2008 Schedule(s) E, line 32 . . . . .	17.	_____	
18. Enter your combined net gain/loss from the sale of farming business property reported on your 2008 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	18.		_____
19. Enter the amount from your 2007 Schedule(s) F, line 36 . . . . .	19.	_____	
20. Enter the amount from your 2007 Schedule(s) E, line 32 . . . . .	20.	_____	
21. Enter your combined net gain/loss from the sale of farming business property reported on your 2007 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	21.		_____
22. Enter the amount from your 2006 Schedule(s) F, line 36 . . . . .	22.	_____	
23. Enter the amount from your 2006 Schedule(s) E, line 32 . . . . .	23.	_____	
24. Enter your combined net gain/loss from the sale of farming business property reported on your 2006 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	24.		_____
25. Enter the amount from your 2005 Schedule(s) F, line 36 . . . . .	25.	_____	
26. Enter the amount from your 2005 Schedule(s) E, line 32 . . . . .	26.	_____	
27. Enter your combined net gain/loss from the sale of farming business property reported on your 2005 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	27.		_____
28. Combine lines 13 through 27. If zero or less, enter -0- . . . . .	28.		_____
29. Enter the greater of line 28 or 300,000 (150,000 if married filing separately) . . . . .	29.		_____
30. Add line 12 and line 29 . . . . .	30.		_____
31. <b>Excess farm loss.</b> Subtract line 3 from line 30. If zero or less, you have an excess farm loss that reduces the amount of loss you can deduct this year. If you have more than one farming business with an overall loss this year, allocate the excess farm loss amount on a <i>pro rata</i> basis among those farming businesses . . . . .	31.		_____

**Excess Farm Loss Worksheet 4—Schedule F farming business(es), Schedule C activity of processing a farm commodity, Schedule E partnership or S corporation income or loss from farming business(es), and Form 4835 rental income or loss**

Keep for Your Records



CAUTION: In determining if you have an excess farm loss, do not take into account any deductions for losses arising by reason of fire, storm, or other casualty, or by reason of disease or drought, involving your farming businesses.

- |   |     |       |
|---|-----|-------|
| 1. Enter the amount from your 2010 Schedule(s) F, line 35 . . . . .   | 1.  | _____ |
| 2. Enter the total amount from your 2010 Schedule(s) C, line 28 and line 30, for activity of processing a farm commodity . . . . .  | 2.  | _____ |
| 3. Enter the amount from your 2010 Schedule(s) E, line 31, for interest in a partnership or S corporation involved in farming businesses . . . . .  | 3.  | _____ |
| 4. Enter the amount from your 2010 Form 4835, line 31 . . . . .   | 4.  | _____ |
| 5. Add lines 1, 2, 3, and 4. Is this amount less than 300,000 (150,000 if married filing separately)? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 6 . . . . .   | 5.  | _____ |
| 6. Subtract 300,000 (150,000 if married filing separately) from line 5 . . . . .  | 6.  | _____ |
| 7. Enter the amount from your 2010 Schedule(s) F, line 11 . . . . .   | 7.  | _____ |
| 8. Enter the amount from your 2010 Schedule(s) C, line 7 . . . . .  | 8.  | _____ |
| 9. Enter the amount from your 2010 Schedule(s) E, line 30 . . . . .   | 9.  | _____ |
| 10. Enter the amount from your 2010 Form 4835, line 7 . . . . .   | 10. | _____ |
| 11. Combine lines 7, 8, 9, and 10 . . . . .   | 11. | _____ |
| 12. Is line 11 greater than or equal to line 6? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 13.   |     |       |
| 13. Enter your net gain/loss from the sale of farming business property reported on Form 4797 . . . . .   | 13. | _____ |
| 14. Enter your net gain/loss from the sale of farming business property reported on Schedule D . . . . .  | 14. | _____ |
| 15. Combine line 13 and line 14. If zero or less, enter -0- . . . . .   | 15. | _____ |
| 16. Add lines 11 and 15. Is this greater than or equal to line 6? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 17 . . . . .  | 16. | _____ |
| TIP: Lines 17 through 43 help you calculate the threshold amount discussed in the instructions. The threshold amount is the greater of \$300,000 (\$150,000 if married filing separately) or your total net profit or loss from farming businesses for the last five years (2005-2009), including for each of those years any net gain from the sale of property used in your farming businesses. |     |       |
| 17. Enter the amount from your 2009 Schedule(s) F, line 36 . . . . .  | 17. | _____ |
| 18. Enter the amount from your 2009 Schedule(s) C, line 31 . . . . .  | 18. | _____ |
| 19. Enter the amount from your 2009 Schedule(s) E, line 32 . . . . .  | 19. | _____ |
| 20. Enter the amount from your 2009 Form 4835, line 32 . . . . .  | 20. | _____ |
| 21. Enter your combined net gain/loss from the sale of farming business property reported on your 2009 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .   | 21. | _____ |
| 22. Enter the amount from your 2008 Schedule(s) F, line 36 . . . . .  | 22. | _____ |
| 23. Enter the amount from your 2008 Schedule(s) C, line 31 . . . . .  | 23. | _____ |
| 24. Enter the amount from your 2008 Schedule(s) E, line 32 . . . . .  | 24. | _____ |
| 25. Enter the amount from your 2008 Form 4835, line 32 . . . . .  | 25. | _____ |
| 26. Enter your combined net gain/loss from the sale of farming business property reported on your 2008 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .   | 26. | _____ |
| 27. Enter the amount from your 2007 Schedule(s) F, line 36 . . . . .  | 27. | _____ |
| 28. Enter the amount from your 2007 Schedule(s) C, line 31 . . . . .  | 28. | _____ |

(Continued on next page)

## Excess Farm Loss Worksheet 4 (Continued)

29.	Enter the amount from your 2007 Schedule(s) E, line 32 . . . . .	29.	_____
30.	Enter the amount from your 2007 Form 4835, line 32 . . . . .	30.	_____
31.	Enter your combined net gain/loss from the sale of farming business property reported on your 2007 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	31.	_____
32.	Enter the amount from your 2006 Schedule(s) F, line 36 . . . . .	32.	_____
33.	Enter the amount from your 2006 Schedule(s) C, line 31 . . . . .	33.	_____
34.	Enter the amount from your 2006 Schedule(s) E, line 32 . . . . .	34.	_____
35.	Enter the amount from your 2006 Form 4835, line 32 . . . . .	35.	_____
36.	Enter your combined net gain/loss from the sale of farming business property reported on your 2006 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	36.	_____
37.	Enter the amount from your 2005 Schedule(s) F, line 36 . . . . .	37.	_____
38.	Enter the amount from your 2005 Schedule(s) C, line 31 . . . . .	38.	_____
39.	Enter the amount from your 2005 Schedule(s) E, line 32 . . . . .	39.	_____
40.	Enter the amount from your 2005 Form 4835, line 32 . . . . .	40.	_____
41.	Enter your combined net gain/loss from the sale of farming business property reported on your 2005 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	41.	_____
42.	Combine lines 17 through 41. If zero or less, enter -0- . . . . .	42.	_____
43.	Enter the greater of line 42 or 300,000 (150,000 if married filing separately) . . . . .	43.	_____
44.	Add lines 16 and 43 . . . . .	44.	_____
45.	<b>Excess farm loss.</b> Subtract line 5 from line 44. If zero or less, you have an excess farm loss that reduces the amount of loss you can deduct this year. If you have more than one farming business with an overall loss this year, allocate the excess farm loss amount on a <i>pro rata</i> basis among those farming businesses . . . . .	45.	_____

# Excess Farm Loss Worksheet 5—Form 4835 for farm rental income or loss from farming business

Keep for Your Records



CAUTION: In determining if you have an excess farm loss, do not take into account any deductions for losses arising by reason of fire, storm, or other casualty, or by reason of disease or drought, involving your farming business.

1. Enter the amount from your 2010 Form 4835, line 31. Is this amount less than 300,000 (150,000 if married filing separately)? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 2 . . . . .	1.	_____	
2. Subtract 300,000 (150,000 if married filing separately) from line 1 . . . . .	2.	_____	
3. Enter the amount from your 2010 Form 4835, line 7 . . . . .	3.	_____	
4. Is line 3 greater than or equal to line 2? If yes, stop here. You do not have an excess farm in 2010. If no, continue to line 5.			
5. Enter your net gain/loss from the sale of farming business property reported on Form 4797 . . . . .	5.	_____	
6. Enter your net gain/loss from the sale of farming business property reported on Schedule D . . . . .	6.	_____	
7. Combine line 5 and line 6. If zero or less, enter -0- . . . . .			7. _____
8. Add line 3 and line 7. Is this greater than or equal to line 2? If yes, stop here. You do not have an excess farm loss in 2010. If no, continue to line 9 . . . . .			8. _____
9. Enter the amount from your 2009 Form 4835, line 32 . . . . .	9.	_____	
10. Enter your combined net gain/loss from the sale of farming business property reported on your 2009 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	10.	_____	
11. Enter the amount from your 2008 Form 4835, line 32 . . . . .	11.	_____	
12. Enter your combined net gain/loss from the sale of farming business property reported on your 2008 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	12.	_____	
13. Enter the amount from your 2007 Form 4835, line 32 . . . . .	13.	_____	
14. Enter your combined net gain/loss from the sale of farming business property reported on your 2007 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	14.	_____	
15. Enter the amount from your 2006 Form 4835, line 32 . . . . .	15.	_____	
16. Enter your combined net gain/loss from the sale of farming business property reported on your 2006 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	16.	_____	
17. Enter the amount from your 2005 Form 4835, line 32 . . . . .	17.	_____	
18. Enter your combined net gain/loss from the sale of farming business property reported on your 2005 Form 4797 and Schedule D. If zero or less, enter -0- . . . . .	18.	_____	
19. Combine lines 9 through 18. If zero or less, enter -0- . . . . .			19. _____
20. Enter the greater of line 19 or 300,000 (150,000 if married filing separately) . . . . .			20. _____
21. Add lines 8 and 20 . . . . .			21. _____
22. <b>Excess farm loss.</b> Subtract line 1 from line 21. If zero or less, you have an excess farm loss that reduces the amount of loss you can deduct this year. If you have more than one farming business with an overall loss this year, allocate the excess farm loss amount on a <i>pro rata</i> basis among those farming businesses . . . . .			22. _____



# 2010 Instructions for Schedule J

## Income Averaging for Farmers and Fishermen

Use Schedule J (Form 1040) to elect to figure your 2010 income tax by averaging, over the previous 3 years (base years), all or part of your 2010 taxable income from your trade or business of farming or fishing. This election may give you a lower tax if your 2010 income from farming or fishing is high and your taxable income for one or more of the 3 prior years was low.

In order to qualify for this election, you are not required to have been in the business of farming or fishing during any of the base years.

You may elect to average farming or fishing income even if your filing status was not the same in the election year and the base years.

This election does not apply when figuring your alternative minimum tax on Form 6251. Also, you do not have to recompute, because of this election, the tax liability of any minor child who was required to use your tax rates in the prior years.

### General Instructions

#### Prior Year Tax Returns

You may need copies of your original or amended income tax returns for 2007, 2008, and 2009 to figure your tax on Schedule J.

If you need copies of your tax returns, use Form 4506. There is a \$57 fee (subject to change) for each return requested. If your main home, principal place of business, or tax records are located in a federally declared disaster area, this fee will be waived. If you want a free transcript of your tax return or account, use Form 4506-T. See your Form 1040 instructions to find out how to get these forms.

Keep a copy of your 2010 income tax return to use for income averaging in 2011, 2012, or 2013.

#### Definitions

**Farming business.** A farming business is the trade or business of cultivating land or raising or harvesting any agricultural or horticultural commodity. This includes:

1. Operating a nursery or sod farm;
2. Raising or harvesting of trees bearing fruits, nuts, or other crops;
3. Raising ornamental trees (but not evergreen trees that are more than 6 years old when severed from the roots);
4. Raising, shearing, feeding, caring for, training, and managing animals; and
5. Leasing land to a tenant engaged in a farming business, but only if the lease payments are (a) based on a share of the tenant's production (not a fixed amount), and (b) determined under a written agree-

ment entered into before the tenant begins significant activities on the land.

A farming business does not include:

- Contract harvesting of an agricultural or horticultural commodity grown or raised by someone else, or
- Merely buying or reselling plants or animals grown or raised by someone else.

**Fishing business.** A fishing business is the trade or business of fishing in which the fish harvested, either in whole or in part, are intended to enter commerce or enter commerce through sale, barter, or trade. This includes:

1. The catching, taking, or harvesting of fish;
2. The attempted catching, taking, or harvesting of fish;
3. Any other activity which can reasonably be expected to result in the catching, taking, or harvesting of fish;
4. Any operations at sea in support of, or in preparation for, any activity described in (1) through (3) above;
5. Leasing a fishing vessel, but only if the lease payments are (a) based on a share of the catch (or a share of the proceeds from the sale of the catch) from the lessee's use of the vessel in a fishing business (not a fixed payment), and (b) determined under a written lease entered into before the lessee begins any significant fishing activities resulting in the catch; and
6. Compensation as a crew member on a vessel engaged in a fishing business, but only if the compensation is based on a share of the catch (or a share of the proceeds from the sale of the catch).

The word fish means finfish, mollusks, crustaceans, and all other forms of marine animal and plant life other than marine mammals and birds.

A fishing business does not include any scientific research activity which is conducted by a scientific research vessel.

**Settlement from Exxon Valdez litigation.** You will be treated as engaged in a fishing business with respect to any qualified settlement income you received if either of the following applies.

1. You were a plaintiff in the civil action *In re Exxon Valdez*, No. 89-095-CV (HRH) (Consolidated) (D. Alaska); or
2. All of the following apply.
  - a. You were a beneficiary of a plaintiff described in (1) above,
  - b. You acquired the right to receive qualified settlement income from that plaintiff, and
  - c. You were the spouse or an immediate relative of that plaintiff.

Qualified settlement income is any taxable interest and punitive damage awards you received (whether as lump sums or periodic payments) in connection with the Exxon Valdez civil action described above. Qualified settlement income includes all such awards, whether received before or after the judgment and whether related to a settlement or a judgment.

#### Additional Information

See Pub. 225 and Regulations section 1.1301-1T for more information.

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## Specific Instructions

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### Line 2a

#### Elected Farm Income

To figure your elected farm income, first figure your taxable income from farming or fishing. This includes all income, gains, losses, and deductions attributable to your farming or fishing business. If you conduct both farming and fishing businesses, you must figure your elected farm income by combining income, gains, losses, and deductions attributable to your farming and fishing businesses.

Elected farm income also includes any gain or loss from the sale or other disposition of property regularly used in your farming or fishing business for a substantial period of time. However, if such gain or loss is realized after cessation of the farming or fishing business, the gain or loss is treated as attributable to a farming or fishing business only if the property is sold within a reasonable time after cessation of the farming or fishing business. A sale or other disposition within 1 year of the cessation is considered to be within a reasonable time.

Elected farm income does not include income, gain, or loss from the sale or other disposition of land or from the sale of development rights, grazing rights, and other similar rights.

You should find your income, gains, losses, and deductions from farming or fishing reported on different tax forms, such as:

- 2010 Form 1040, line 7, or Form 1040NR, line 8, income from wages and other compensation you received (a) as a shareholder in an S corporation engaged in a farming or fishing business or (b) as a crew member on a vessel engaged in a fishing business (but see *Fishing business* on page J-1);
- 2010 Form 1040, line 21, or Form 1040NR, line 21, income from Exxon Valdez litigation;
- 2010 Form 1040, line 27, or Form 1040NR, line 27, deduction for one-half of self-employment tax, but only to the extent that deduction is attributable to your farming or fishing business;
- 2010 Form 1040, line 43, or Form 1040NR, line 41, CCF reduction, except to the extent that any earnings (without regard to the carryback of any net operating or net capital loss) from the operation of agreement vessels in the fisheries of the United States or in the foreign or domestic commerce of the United States are not attributable to your fishing business;
- Schedule C or C-EZ;
- Schedule D;
- Schedule E, Part II;
- Schedule F;

- Form 4797; and
- Form 4835.

Your elected farm income is the amount of your taxable income from farming or fishing that you elect to include on line 2a. However, you do not have to include all of your taxable income from farming or fishing on line 2a. It may be to your advantage to include less than the entire amount, depending on how the amount you include on line 2a affects your tax bracket for the current and prior 3 tax years.

If you received certain subsidies in 2010, your elected farm income cannot include excess farm losses. See the Instructions for Schedule F (Form 1040).

Your elected farm income cannot exceed your taxable income.

---

### Lines 2b and 2c

Complete lines 2b and 2c if the amount of your elected farm income on line 2a includes net capital gain. Net capital gain is the excess, if any, of net long-term capital gain over net short-term capital loss.

**Line 2b.** Enter on line 2b the portion of your elected farm income on line 2a treated as a net capital gain. The amount you enter on line 2b cannot exceed the **smaller** of your total net capital gain or the net capital gain attributable to your farming or fishing business.

**Line 2c.** Enter on line 2c the **smaller** of line 2b or the unrecaptured section 1250 gain attributable to your farming or fishing business, if any.

---

### Line 4

Figure the tax on the amount on line 3 using:

- The 2010 Tax Table, Tax Computation Worksheet, or Qualified Dividends and Capital Gain Tax Worksheet from the 2010 Instructions for Form 1040 or Form 1040NR;
- The 2010 Foreign Earned Income Tax Worksheet from the 2010 Instructions for Form 1040; or
- The Schedule D Tax Worksheet in the 2010 Instructions for Schedule D.

Enter the tax on line 4.

---

### Line 5

If you used Schedule J to figure your tax for:

- 2009 (that is, you entered the amount from the 2009 Schedule J, line 23, on line 44 of your 2009 Form 1040, on line 41 of your 2009 Form 1040NR, or on Form 1040X for 2009), enter on line 5 the amount from your 2009 Schedule J, line 11.
- 2008 but not 2009, enter on line 5 the amount from your 2008 Schedule J, line 15.

- 2007 but not 2008 or 2009, enter on line 5 the amount from your 2007 Schedule J, line 3.

If you figured your tax for 2007, 2008, and 2009 without using Schedule J, enter on line 5 the taxable income from your 2007 tax return (or as previously adjusted by the IRS, or corrected on an amended return). But if that amount is zero or less, complete the worksheet on page J-3 to figure the amount to enter on line 5.

If you did not file a tax return for 2007, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2007 for at least 3 years after April 18, 2011 (or the date you file your 2010 tax return, if later).

#### Instructions for 2007 Taxable Income Worksheet

**Line 2.** Any net capital loss deduction on your 2007 Schedule D, line 21, is not allowed for income averaging purposes to the extent it did not reduce your capital loss carryover to 2008. This could happen if the taxable income before subtracting exemptions—shown on your 2007 Form 1040, line 41, or your 2007 Form 1040NR, line 38 (or as previously adjusted)—was less than zero. Enter on line 2 the amount by which your 2007 capital loss carryover to 2008 (the sum of your short- and long-term capital loss carryovers) exceeds the excess of the loss on your 2007 Schedule D, line 16, over the loss on your 2007 Schedule D, line 21. If you had any Net Operating Loss (NOL) carrybacks to 2007, be sure you refigured your 2007 capital loss carryover to 2008.

**Line 3.** If you had an NOL for 2007, enter the amount of that NOL from line 25 of the 2007 Form 1045, Schedule A, you filed with Form 1045 or Form 1040X. If you did not have an NOL for 2007, enter the portion, if any, of the NOL carryovers and carrybacks to 2007 that were not used in 2007 and were carried to years after 2007.

**Example.** John Farmington, who is single, did not use income averaging for 2007, 2008, or 2009. For 2010, John has \$18,000 of elected farm income on Schedule J, line 2a. The taxable income before subtracting exemptions on his 2007 Form 1040, line 41, is \$4,250. A deduction for exemptions of \$3,400 is shown on line 42, and line 43, taxable income, is \$850. However, John had a \$21,450 NOL for 2008, \$9,000 of which was remaining to carry to 2007 after the NOL was carried back to 2006. To complete line 1 of the 2007 Taxable Income Worksheet, John combines the \$9,000 NOL deduction with the \$850 from his 2007 Form 1040, line 43. The result is a negative \$8,150, John's 2007 taxable income, which he enters as a positive amount on line 1 of the 2007 Taxable Income Worksheet.

When John filed his 2007 tax return, he had a \$3,000 net capital loss deduction on Schedule D, line 21 (which was also en-

tered on Form 1040, line 13), a \$7,000 loss on Schedule D, line 16, and a \$4,000 capital loss carryover to 2008. However, when John carried back the 2008 NOL (\$9,000 of which was carried to 2007), he refigured his 2007 capital loss carryover to 2008 as \$7,000. John adds the \$3,000 from Schedule D, line 21, and the \$7,000 carryover. He subtracts from the \$10,000 result the \$7,000 loss on his Schedule D, line 16, and enters \$3,000 on line 2 of the worksheet.

John had \$850 of taxable income in 2007 that reduced the 2008 NOL carryback. The \$3,400 exemption deduction and \$3,000 net capital loss deduction also reduced the amount of the 2008 NOL carryback. As a result, only \$1,750 was available to carry to 2009 and later years, as shown on line 10 of his 2008 Form 1045, Schedule B. John enters the \$1,750 on line

3 of the worksheet, and \$4,750 (\$1,750 plus the \$3,000 line 2 amount) on line 4. He then subtracts the \$4,750 from the \$8,150 on line 1 and enters the result, \$3,400, on line 5 of the worksheet. He enters a negative \$3,400 on Schedule J, line 5. He combines that amount with the \$6,000 on Schedule J, line 6, and enters \$2,600 on Schedule J, line 7.

## 2007 Taxable Income Worksheet—Line 5

Keep for Your Records



Complete this worksheet if you **did not** use Schedule J to figure your tax for both 2008 and 2009 **and** your 2007 taxable income was zero or less. See the instructions that begin on page J-2 before completing this worksheet.

- |   |    |                      |
|---|----|----------------------|
| 1. Figure the taxable income from your 2007 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2007, <b>do not</b> include any NOL carryovers or carrybacks to 2007. Enter the result as a positive amount . . . . . | 1. | <input type="text"/> |
| 2. If there is a loss on your 2007 Schedule D, line 21, add that loss (as a positive amount) and your 2007 capital loss carryover to 2008. Subtract from that sum the amount of the loss on your 2007 Schedule D, line 16, and enter the result . . . . .   | 2. | <input type="text"/> |
| 3. If you had an NOL for 2007, enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2007 that were not used in 2007 and were carried to years after 2007 . . . . .             | 3. | <input type="text"/> |
| 4. Add lines 2 and 3 . . . . .  | 4. | <input type="text"/> |
| 5. Subtract line 4 from line 1. Enter the result as a <b>negative</b> amount on Schedule J, line 5 . . . . .  | 5. | <input type="text"/> |

## Line 8

If line 7 is zero, enter -0- on line 8. Otherwise, figure the tax on the amount on line 7 using:

- The 2007 Tax Rate Schedules below,
- The 2007 Qualified Dividends and Capital Gain Tax Worksheet on the next page,
- The 2007 Schedule D Tax Worksheet in the 2007 Schedule D instructions (but use the 2007 Tax Rate Schedules below

when figuring the tax on lines 34 and 36 of the Schedule D Tax Worksheet), or

- The 2007 Foreign Earned Income Tax Worksheet below.

If your elected farm income includes net capital gain, you must use the 2007 Schedule D Tax Worksheet to figure the tax on the amount on line 7. However, if you filed Form 2555 or 2555-EZ for 2007, you must first complete the 2007 Foreign Earned Income Tax Worksheet and then use the 2007

Schedule D Tax Worksheet to figure the tax on the amount on line 5 of that worksheet.

When completing the Schedule D Tax Worksheet, you must allocate 1/3 of the amount on line 2b (and 1/3 of the amount on line 2c, if any) to 2007. If for 2007 you had a capital loss that resulted in a capital loss carryover to 2008, do not reduce the elected farm income allocated to 2007 by any part of the carryover.

## 2007 Tax Rate Schedules—Line 8

<b>Schedule X</b> —Use if your <b>2007</b> filing status was <b>Single</b> or you checked filing status box 1 or 2 on Form 1040NR					<b>Schedule Y-2</b> —Use if your <b>2007</b> filing status was <b>Married filing separately</b> or you checked filing status box 3, 4, or 5 on Form 1040NR				
If Schedule J, line 7, is: Over—	But not over—	Enter on Schedule J, line 8	of the amount over—		If Schedule J, line 7, is: Over—	But not over—	Enter on Schedule J, line 8	of the amount over—	
\$0	\$7,825	.....	10%	\$0	\$0	\$7,825	.....	10%	\$0
7,825	31,850	<b>\$782.50 +</b>	<b>15%</b>	<b>7,825</b>	7,825	31,850	<b>\$782.50 +</b>	<b>15%</b>	<b>7,825</b>
31,850	77,100	<b>4,386.25 +</b>	<b>25%</b>	<b>31,850</b>	31,850	64,250	<b>4,386.25 +</b>	<b>25%</b>	<b>31,850</b>
77,100	160,850	<b>15,698.75 +</b>	<b>28%</b>	<b>77,100</b>	64,250	97,925	<b>12,486.25 +</b>	<b>28%</b>	<b>64,250</b>
160,850	349,700	<b>39,148.75 +</b>	<b>33%</b>	<b>160,850</b>	97,925	174,850	<b>21,915.25 +</b>	<b>33%</b>	<b>97,925</b>
349,700	.....	<b>101,469.25 +</b>	<b>35%</b>	<b>349,700</b>	174,850	.....	<b>47,300.50 +</b>	<b>35%</b>	<b>174,850</b>
<b>Schedule Y-1</b> —Use if your <b>2007</b> filing status was <b>Married filing jointly</b> or <b>Qualifying widow(er)</b> or you checked filing status box 6 on Form 1040NR					<b>Schedule Z</b> —Use if your <b>2007</b> filing status was <b>Head of household</b>				
If Schedule J, line 7, is: Over—	But not over—	Enter on Schedule J, line 8	of the amount over—		If Schedule J, line 7, is: Over—	But not over—	Enter on Schedule J, line 8	of the amount over—	
\$0	\$15,650	.....	10%	\$0	\$0	\$11,200	.....	10%	\$0
15,650	63,700	<b>\$1,565.00 +</b>	<b>15%</b>	<b>15,650</b>	11,200	42,650	<b>\$1,120.00 +</b>	<b>15%</b>	<b>11,200</b>
63,700	128,500	<b>8,772.50 +</b>	<b>25%</b>	<b>63,700</b>	42,650	110,100	<b>5,837.50 +</b>	<b>25%</b>	<b>42,650</b>
128,500	195,850	<b>24,972.50 +</b>	<b>28%</b>	<b>128,500</b>	110,100	178,350	<b>22,700.00 +</b>	<b>28%</b>	<b>110,100</b>
195,850	349,700	<b>43,830.50 +</b>	<b>33%</b>	<b>195,850</b>	178,350	349,700	<b>41,810.00 +</b>	<b>33%</b>	<b>178,350</b>
349,700	.....	<b>94,601.00 +</b>	<b>35%</b>	<b>349,700</b>	349,700	.....	<b>98,355.50 +</b>	<b>35%</b>	<b>349,700</b>





Use this worksheet **only** if both of the following apply.

- Your elected farm income on your 2010 Schedule J, line 2a, does not include any net capital gain.
- You (a) entered qualified dividends on your 2007 Form 1040, line 9b (or your 2007 Form 1040A, line 9b, or 2007 Form 1040NR, line 10b); (b) entered capital gain distributions directly on your 2007 Form 1040, line 13 (or your 2007 Form 1040A, line 10, or 2007 Form 1040NR, line 14) and were not required to file Schedule D; or (c) filed Schedule D in 2007 and you answered “Yes” on lines 17 and 20 of that Schedule D.

1. Amount from your 2010 Schedule J, line 7. If for 2007 you filed Form 2555 or 2555-EZ, enter the amount from line 3 of the worksheet on page J-6 . . . . .	1.	<input type="text"/>
2. Amount from your 2007 Form 1040, line 9b* (or your 2007 Form 1040A, line 9b, or 2007 Form 1040NR, line 10b) . . . . .	2.	<input type="text"/>
3. Did you file Schedule D in 2007*?		
<input type="checkbox"/> <b>Yes.</b> Enter the <b>smaller</b> of line 15 or 16 of your 2007 Schedule D, but do not enter less than -0-	3.	<input type="text"/>
<input type="checkbox"/> <b>No.</b> Enter the amount from your 2007 Form 1040, line 13 (or your 2007 Form 1040A, line 10, or 2007 Form 1040NR, line 14)		
4. Add lines 2 and 3 . . . . .	4.	<input type="text"/>
5. Amount, if any, from your 2007 Form 4952, line 4g . . . . .	5.	<input type="text"/>
6. Subtract line 5 from line 4. If zero or less, enter -0- . . . . .	6.	<input type="text"/>
7. Subtract line 6 from line 1. If zero or less, enter -0- . . . . .	7.	<input type="text"/>
8. Enter the <b>smaller</b> of:		
• The amount on line 1, or	8.	<input type="text"/>
• \$31,850 if single or married filing separately or if you checked filing status box 1, 2, 3, 4, or 5 on Form 1040NR;		
• \$63,700 if married filing jointly or qualifying widow(er), or if you checked filing status box 6 on Form 1040NR;		
• \$42,650 if head of household.		
9. Is the amount on line 7 equal to or more than the amount on line 8?		
<input type="checkbox"/> <b>Yes.</b> Skip lines 9 through 11; go to line 12 and check the “No” box.	9.	<input type="text"/>
<input type="checkbox"/> <b>No.</b> Enter the amount from line 7 . . . . .		
10. Subtract line 9 from line 8 . . . . .	10.	<input type="text"/>
11. Multiply line 10 by 5% (.05) . . . . .	11.	<input type="text"/>
12. Are the amounts on lines 6 and 10 the same?		
<input type="checkbox"/> <b>Yes.</b> Skip lines 12 through 15; go to line 16.	12.	<input type="text"/>
<input type="checkbox"/> <b>No.</b> Enter the <b>smaller</b> of line 1 or line 6 . . . . .		
13. Enter the amount from line 10 (if line 10 is blank, enter -0-) . . . . .	13.	<input type="text"/>
14. Subtract line 13 from line 12 . . . . .	14.	<input type="text"/>
15. Multiply line 14 by 15% (.15) . . . . .	15.	<input type="text"/>
16. Figure the tax on the amount on line 7. Use the 2007 Tax Rate Schedules on page J-4 . . . . .	16.	<input type="text"/>
17. Add lines 11, 15, and 16 . . . . .	17.	<input type="text"/>
18. Figure the tax on the amount on line 1. Use the 2007 Tax Rate Schedules on page J-4 . . . . .	18.	<input type="text"/>
19. <b>Tax.</b> Enter the <b>smaller</b> of line 17 or line 18 here and on your 2010 Schedule J, line 8. If for 2007 you filed Form 2555 or 2555-EZ, do not enter this amount on Schedule J, line 8. Instead, enter it on line 4 of the worksheet on page J-6 . . . . .	19.	<input type="text"/>

\*If for 2007 you filed Form 2555 or 2555-EZ, see the footnote in the worksheet on page J-6 before completing this line.

# 2007 Foreign Earned Income Tax Worksheet—Line 8

Keep for Your Records



Use this worksheet if you claimed the foreign earned income exclusion or housing exclusion on your 2007 Form 1040 using Form 2555 or 2555-EZ. However, if Schedule J, line 7, is zero or less do not complete this worksheet.

1. Enter the amount from your 2010 Schedule J, line 7 . . . . .	1.	_____
2. Enter the amount from your (and your spouse's, if filing jointly) 2007 Form 2555, lines 45, or Form 2555-EZ, line 18 . . . . .	2.	_____
3. Add lines 1 and 2 . . . . .	3.	_____
4. <b>Tax on the amount on line 3.</b> Use the 2007 Tax Rate Schedules on page J-4, the 2007 Qualified Dividends and Capital Gain Tax Worksheet on page J-5,* or the 2007 Schedule D Tax Worksheet in the 2007 Schedule D instructions,* whichever applies. . . . .	4.	_____
5. <b>Tax on the amount on line 2.</b> Use the 2007 Tax Rate Schedules on page J-4. . . . .	5.	_____
6. Subtract line 5 from line 4. Enter the result. If zero or less, enter -0-. Also include this amount on your 2010 Schedule J, line 8 . . . . .	6.	_____

*\*Enter the amount from line 3 above on line 1 of the 2007 Qualified Dividends and Capital Gain Tax Worksheet or the 2007 Schedule D Tax Worksheet if you use either of those worksheets to figure the tax on line 4 above. Complete the rest of that worksheet through line 6 (line 10 if you use the Schedule D Tax Worksheet). Next, you must determine if you had a capital gain excess. To find out if you had a capital gain excess, subtract the amount from your 2010 Schedule J, line 7, from line 6 of your 2007 Qualified Dividends and Capital Gain Tax Worksheet (line 10 of your 2007 Schedule D Tax Worksheet). If the result is more than zero, that amount is your capital gain excess.*

*If you did not have a capital gain excess, complete the rest of either of those worksheets according to the worksheet's instructions. Then complete lines 5 and 6 above.*

*If you had a capital gain excess, complete a second 2007 Qualified Dividends and Capital Gain Tax Worksheet or 2007 Schedule D Tax Worksheet (whichever applies) as instructed above but in its entirety and with the following additional modifications. Then complete lines 5 and 6 above. These modifications are to be made only for purposes of filling out the 2007 Foreign Earned Income Tax Worksheet above.*

1. Reduce the amount you would otherwise enter on line 3 of your 2007 Qualified Dividends and Capital Gain Tax Worksheet or line 9 of your 2007 Schedule D Tax Worksheet (but not below zero) by your capital gain excess.
2. Reduce the amount you would otherwise enter on your 2007 Form 1040, line 9b, (but not below zero) by any of your capital gain excess not used in (1) above.
3. Reduce the amount on your 2007 Schedule D (Form 1040), line 18, (but not below zero) by your capital gain excess.
4. Include your capital gain excess as a loss on line 16 of your 2007 Unrecaptured Section 1250 Gain Worksheet on page D-9 of the 2007 Instructions for Schedule D (Form 1040).

## Line 9

If you used Schedule J to figure your tax for:

- 2009 (that is, you entered the amount from the 2009 Schedule J, line 23, on line 44 of your 2009 Form 1040, on line 41 of 2009 Form 1040NR, or on Form 1040X for 2009), enter on line 9 the amount from your 2009 Schedule J, line 15.

- 2008 but not 2009, enter on line 9 the amount from your 2008 Schedule J, line 3.

If you figured your tax for both 2008 and 2009 without using Schedule J, enter on line 9 the taxable income from your 2008 tax return (or as previously adjusted by the IRS or corrected on an amended return). But if that amount is zero or less, complete the worksheet below to figure the amount to enter on line 9.

If you did not file a tax return for 2008, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2008 until at least 3 years after April 18, 2011 (or the date you file your 2010 tax return, if later).

### Instructions for 2008 Taxable Income Worksheet

**Line 2.** Any net capital loss deduction on your 2008 Schedule D, line 21, is not allowed for income averaging purposes to the extent it did not reduce your capital loss carryover to 2009. This could happen if the

taxable income before subtracting exemptions—shown on your 2008 Form 1040, line 41, or your 2008 Form 1040NR, line 38 (or as previously adjusted)—was less than zero. Enter on line 2 the amount by which your 2008 capital loss carryover to 2009 (the sum of your short- and long-term capital loss carryovers) exceeds the excess of the loss on your 2008 Schedule D, line 16, over the loss on your 2008 Schedule D, line 21. If you had any NOL carrybacks to 2008, be sure you refigured your 2008 capital loss carryover to 2009.

**Line 3.** If you had an NOL for 2008, enter the amount of that NOL from line 25 of the 2008 Form 1045, Schedule A, you filed with Form 1045 or Form 1040X. If you did not have an NOL for 2008, enter the portion, if any, of the NOL carryovers and carrybacks to 2008 that were not used in 2008 and were carried to years after 2008.

**Example.** John Farmington did not use income averaging for 2007, 2008, or 2009. The taxable income before subtracting exemptions on his 2008 Form 1040, line 41, is a negative \$29,900. A deduction for exemptions of \$3,500 is shown on line 42, and line 43, taxable income, is limited to zero. John subtracts from the \$29,900 loss the \$3,500 deduction for exemptions. The result is a negative \$33,400, John's 2008 taxable income, which he enters as a positive amount on line 1 of the 2008 Taxable Income Worksheet.

When John filed his 2008 tax return, he had a \$3,000 net capital loss deduction on Schedule D, line 21 (which was also entered on Form 1040, line 13), and a \$7,000 loss on Schedule D, line 16 (as adjusted). He also had a \$7,000 capital loss carryover to 2009. John adds the \$3,000 from Schedule D, line 21, and the \$7,000 carryover. He subtracts from the \$10,000 result the \$7,000 loss on his Schedule D, line 16, and enters \$3,000 on line 2 of the worksheet.

John enters \$21,450 on line 3 of the worksheet, the 2008 NOL from his 2008 Form 1045, Schedule A, line 25. Of the \$33,400 negative taxable income, the \$3,500 deduction for exemptions, the \$3,000 capital loss deduction, and his \$5,450 standard deduction were not allowed in figuring the NOL. John had a \$21,450 loss on his 2008 Schedule F, the only other item on his 2008 tax return.

John enters \$24,450 (the \$3,000 line 2 amount plus the \$21,450 line 3 amount) on line 4 and \$8,950 (the \$33,400 line 1 amount minus the \$24,450 line 4 amount) on line 5. He enters \$8,950 as a negative amount on Schedule J, line 9. He enters \$6,000 on Schedule J, line 10, and a negative \$2,950 on Schedule J, line 11. If he uses Schedule J to figure his tax for 2011, he will enter the negative \$2,950 amount on his 2011 Schedule J as his 2008 taxable income for income averaging purposes.

## 2008 Taxable Income Worksheet—Line 9

Keep for Your Records



Complete this worksheet if you **did not** use Schedule J to figure your tax for 2009 **and** your 2008 taxable income was zero or less. See the instructions above before completing this worksheet.

1. Figure the taxable income from your 2008 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2008, <b>do not</b> include any NOL carryovers or carrybacks to 2008. Enter the result as a positive amount . . . . .		1. <input type="text"/>
2. If there is a loss on your 2008 Schedule D, line 21, add that loss (as a positive amount) and your 2008 capital loss carryover to 2009. Subtract from that sum the amount of the loss on your 2008 Schedule D, line 16, and enter the result . . . . .	2. <input type="text"/>	
3. If you had an NOL for 2008, enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2008 that were not used in 2008 and were carried to years after 2008 . . . . .	3. <input type="text"/>	
4. Add lines 2 and 3 . . . . .		4. <input type="text"/>
5. Subtract line 4 from line 1. Enter the result as a <b>negative</b> amount on Schedule J, line 9 . . . . .		5. <input type="text"/>

## Line 12

If line 11 is zero or less, enter -0- on line 12. Otherwise, figure the tax on the amount on line 11 using:

- The 2008 Tax Rate Schedules below,
- The 2008 Qualified Dividends and Capital Gain Tax Worksheet on page J-9,
- The 2008 Schedule D Tax Worksheet in the 2008 Schedule D instructions (but use the 2008 Tax Rate Schedules below

when figuring the tax on the Schedule D Tax Worksheet, lines 33 and 35), or

- The 2008 Foreign Earned Income Tax Worksheet on page J-10.

If your elected farm income includes net capital gain, you must use the 2008 Schedule D Tax Worksheet to figure the tax on the amount on line 11. However, if you filed Form 2555 or 2555-EZ for 2008, you must first complete the 2008 Foreign Earned Income Tax Worksheet, and then

use the 2008 Schedule D Tax Worksheet to figure the tax on the amount on line 3 of that worksheet.

When completing the Schedule D Tax Worksheet, you must allocate 1/3 of the amount on line 2b (and 1/3 of the amount on line 2c, if any) to 2008. If for 2008 you had a capital loss that resulted in a capital loss carryover to 2009, do not reduce the elected farm income allocated to 2008 by any part of the carryover.

## 2008 Tax Rate Schedules—Line 12

Keep for Your Records



Schedule X—Use if your 2008 filing status was <b>Single</b> or you checked filing status box 1 or 2 on Form 1040NR					Schedule Y-2—Use if your 2008 filing status was <b>Married filing separately</b> or you checked filing status box 3, 4, or 5 on Form 1040NR				
If Schedule J, line 11, is: Over—	But not over—	Enter on Schedule J, line 12	of the amount over—		If Schedule J, line 11, is: Over—	But not over—	Enter on Schedule J, line 12	of the amount over—	
\$0	\$8,025	.....	10%	\$0	\$0	\$8,025	.....	10%	\$0
8,025	32,550	<b>\$802.50 +</b>	<b>15%</b>	<b>8,025</b>	8,025	32,550	<b>\$802.50 +</b>	<b>15%</b>	<b>8,025</b>
32,550	78,850	<b>4,481.25 +</b>	<b>25%</b>	<b>32,550</b>	32,550	65,725	<b>4,481.25 +</b>	<b>25%</b>	<b>32,550</b>
78,850	164,550	<b>16,056.25 +</b>	<b>28%</b>	<b>78,850</b>	65,725	100,150	<b>12,775.00 +</b>	<b>28%</b>	<b>65,725</b>
164,550	357,700	<b>40,052.25 +</b>	<b>33%</b>	<b>164,550</b>	100,150	178,850	<b>22,414.00 +</b>	<b>33%</b>	<b>100,150</b>
357,700	.....	<b>103,791.75 +</b>	<b>35%</b>	<b>357,700</b>	178,850	.....	<b>48,385.00 +</b>	<b>35%</b>	<b>178,850</b>
<b>Schedule Y-1—Use if your 2008 filing status was <b>Married filing jointly</b> or <b>Qualifying widow(er)</b> or you checked filing status box 6 on Form 1040NR</b>					<b>Schedule Z—Use if your 2008 filing status was <b>Head of household</b></b>				
If Schedule J, line 11, is: Over—	But not over—	Enter on Schedule J, line 12	of the amount over—		If Schedule J, line 11, is: Over—	But not over—	Enter on Schedule J, line 12	of the amount over—	
\$0	\$16,050	.....	10%	\$0	\$0	\$11,450	.....	10%	\$0
16,050	65,100	<b>\$1,605.00 +</b>	<b>15%</b>	<b>16,050</b>	11,450	43,650	<b>\$1,145.00 +</b>	<b>15%</b>	<b>11,450</b>
65,100	131,450	<b>8,962.50 +</b>	<b>25%</b>	<b>65,100</b>	43,650	112,650	<b>5,975.00 +</b>	<b>25%</b>	<b>43,650</b>
131,450	200,300	<b>25,550.00 +</b>	<b>28%</b>	<b>131,450</b>	112,650	182,400	<b>23,225.00 +</b>	<b>28%</b>	<b>112,650</b>
200,300	357,700	<b>44,828.00 +</b>	<b>33%</b>	<b>200,300</b>	182,400	357,700	<b>42,755.00 +</b>	<b>33%</b>	<b>182,400</b>
357,700	.....	<b>96,770.00 +</b>	<b>35%</b>	<b>357,700</b>	357,700	.....	<b>100,604.00 +</b>	<b>35%</b>	<b>357,700</b>



Use this worksheet **only** if both of the following apply.

- Your elected farm income on your 2010 Schedule J, line 2a, does not include any net capital gain.
- You (a) entered qualified dividends on your 2008 Form 1040, line 9b (or your 2008 Form 1040A, line 9b, or 2008 Form 1040NR, line 10b); (b) entered capital gain distributions directly on your 2008 Form 1040, line 13 (or your 2008 Form 1040A, line 10, or 2008 Form 1040NR, line 14) and were not required to file Schedule D; or (c) filed Schedule D in 2008 and you answered “Yes” on lines 17 and 20 of that Schedule D.

1. Amount from your 2010 Schedule J, line 11. If for 2008 you filed Form 2555 or 2555-EZ, enter the amount from line 3 of the worksheet on page J-10 . . . . .	1.	<input type="text"/>
2. Amount from your 2008 Form 1040, line 9b* (or your 2008 Form 1040A, line 9b, or 2008 Form 1040NR, line 10b) . . . . .	2.	<input type="text"/>
3. Did you file Schedule D in 2008?*		
<input type="checkbox"/> <b>Yes.</b> Enter the <b>smaller</b> of line 15 or 16 of your 2008 Schedule D, but do not enter less than -0-	3.	<input type="text"/>
<input type="checkbox"/> <b>No.</b> Enter the amount from your 2008 Form 1040, line 13 (or your 2008 Form 1040A, line 10, or 2008 Form 1040NR, line 14)		
4. Add lines 2 and 3 . . . . .	4.	<input type="text"/>
5. Amount, if any, from your 2008 Form 4952, line 4g . . . . .	5.	<input type="text"/>
6. Subtract line 5 from line 4. If zero or less, enter -0- . . . . .	6.	<input type="text"/>
7. Subtract line 6 from line 1. If zero or less, enter -0- . . . . .	7.	<input type="text"/>
8. Enter the <b>smaller</b> of:		
• The amount on line 1, or	8.	<input type="text"/>
• \$32,550 if single or married filing separately or if you checked filing status box 1, 2, 3, 4, or 5 on Form 1040NR;		
\$65,100 if married filing jointly or qualifying widow(er) or if you checked filing status box 6 on Form 1040NR;		
\$43,650 if head of household.		
9. Is the amount on line 7 equal to or more than the amount on line 8?		
<input type="checkbox"/> <b>Yes.</b> Skip lines 9 through 11; go to line 12 and check the “No” box.	9.	<input type="text"/>
<input type="checkbox"/> <b>No.</b> Enter the amount from line 7 . . . . .		
10. Subtract line 9 from line 8 . . . . .	10.	<input type="text"/>
11. Are the amounts on lines 6 and 10 the same?		
<input type="checkbox"/> <b>Yes.</b> Skip lines 11 through 14; go to line 15.	11.	<input type="text"/>
<input type="checkbox"/> <b>No.</b> Enter the <b>smaller</b> of line 1 or line 6 . . . . .		
12. Enter the amount from line 10 (if line 10 is blank, enter -0-) . . . . .	12.	<input type="text"/>
13. Subtract line 12 from line 11 . . . . .	13.	<input type="text"/>
14. Multiply line 13 by 15% (.15) . . . . .	14.	<input type="text"/>
15. Figure the tax on the amount on line 7. Use the 2008 Tax Rate Schedules on page J-8 . . . . .	15.	<input type="text"/>
16. Add lines 14 and 15 . . . . .	16.	<input type="text"/>
17. Figure the tax on the amount on line 1. Use the 2008 Tax Rate Schedules on page J-8 . . . . .	17.	<input type="text"/>
18. <b>Tax.</b> Enter the <b>smaller</b> of line 16 or line 17 here and on your 2010 Schedule J, line 12. If for 2008 you filed Form 2555 or 2555-EZ, do not enter this amount on Schedule J, line 12. Instead, enter it on line 4 of the worksheet on page J-10 . . . . .	18.	<input type="text"/>

\*If for 2008 you filed Form 2555 or 2555-EZ, see the footnote in the worksheet on page J-10 before completing this line.

# 2008 Foreign Earned Income Tax Worksheet—Line 12

Keep for Your Records



Use this worksheet if you claimed the foreign earned income exclusion or housing exclusion on your 2008 Form 1040 using Form 2555 or 2555-EZ. However, if Schedule J, line 11, is zero or less do not complete this worksheet.

1. Enter the amount from your 2010 Schedule J, line 11 . . . . .	1.	_____
2. Enter the amount from your (and your spouse's, if filing jointly) 2008 Form 2555, lines 45 and 50, or Form 2555-EZ, line 18 . . . . .	2.	_____
3. Add lines 1 and 2 . . . . .	3.	_____
4. <b>Tax on the amount on line 3.</b> Use the 2008 Tax Rate Schedules on page J-8, the 2008 Qualified Dividends and Capital Gain Tax Worksheet on page J-9,* or the 2008 Schedule D Tax Worksheet in the 2008 Schedule D instructions,* whichever applies. . . . .	4.	_____
5. <b>Tax on the amount on line 2.</b> Use the 2008 Tax Rate Schedules on page J-8. . . . .	5.	_____
6. Subtract line 5 from line 4. Enter the result. If zero or less, enter -0-. Also include this amount on your 2010 Schedule J, line 12 . . . . .	6.	_____

*\*Enter the amount from line 3 above on line 1 of the 2008 Qualified Dividends and Capital Gain Tax Worksheet or the 2008 Schedule D Tax Worksheet if you use either of those worksheets to figure the tax on line 4 above. Complete the rest of that worksheet through line 6 (line 10 if you use the Schedule D Tax Worksheet). Next, you must determine if you had a capital gain excess. To find out if you had a capital gain excess, subtract the amount from your 2010 Schedule J, line 11, from line 6 of your 2008 Qualified Dividends and Capital Gain Tax Worksheet (line 10 of your 2008 Schedule D Tax Worksheet). If the result is more than zero, that amount is your capital gain excess.*

*If you did not have a capital gain excess, complete the rest of either of those worksheets according to the worksheet's instructions. Then complete lines 5 and 6 above.*

*If you had a capital gain excess, complete a second 2008 Qualified Dividends and Capital Gain Tax Worksheet or 2008 Schedule D Tax Worksheet (whichever applies) as instructed above but in its entirety and with the following additional modifications. Then complete lines 5 and 6 above. These modifications are to be made only for purposes of filling out the 2008 Foreign Earned Income Tax Worksheet above.*

- 1. Reduce the amount you would otherwise enter on line 3 of your 2008 Qualified Dividends and Capital Gain Tax Worksheet or line 9 of your 2008 Schedule D Tax Worksheet (but not below zero) by your capital gain excess.*
- 2. Reduce the amount you would otherwise enter on your 2008 Form 1040, line 9b, (but not below zero) by any of your capital gain excess not used in (1) above.*
- 3. Reduce the amount on your 2008 Schedule D (Form 1040), line 18, (but not below zero) by your capital gain excess.*
- 4. Include your capital gain excess as a loss on line 16 of your 2008 Unrecaptured Section 1250 Gain Worksheet on page D-9 of the 2008 Instructions for Schedule D (Form 1040).*

## Line 13

If you used Schedule J to figure your tax for 2009 (that is, you entered the amount from the 2009 Schedule J, line 23, on line 44 of your 2009 Form 1040, on line 41 of your 2009 Form 1040NR, or on Form 1040X for 2009), enter on line 13 the amount from your 2009 Schedule J, line 3.

If you did not use Schedule J to figure your tax for 2009, enter on line 13 the taxable income from your 2009 tax return (or as previously adjusted by the IRS or corrected on an amended return). But if that amount is zero or less, complete the worksheet below to figure the amount to enter on line 13.

If you did not file a tax return for 2009, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2009 until at least 3 years after April 18, 2011 (or the date you file your 2010 tax return, if later).

### Instructions for 2009 Taxable Income Worksheet

**Line 2.** Any net capital loss deduction on your 2009 Schedule D, line 21, is not allowed for income averaging purposes to the extent it did not reduce your capital loss carryover to 2010. This could happen if the taxable income before subtracting exemptions—shown on your 2009 Form 1040, line 41, or your 2009 Form 1040NR, line 38 (or as previously adjusted)—was less than zero. Enter on line 2 the amount by which your 2009 capital loss carryover to 2010 (the sum of your short- and long-term capital loss carryovers) exceeds the excess of the loss on your 2009 Schedule D, line 16, over the loss on your 2009 Schedule D, line 21.

**Line 3.** If you had an NOL for 2009, enter the amount of that NOL from line 25 of the 2009 Form 1045, Schedule A, you filed with Form 1045 or Form 1040X. If you did not have an NOL for 2009, enter the por-

tion, if any, of the NOL carryovers and carrybacks to 2009 that were not used in 2009 and were carried to years after 2009.

**Example.** John Farmington did not use income averaging for 2007, 2008, or 2009. The taxable income before subtracting exemptions on his 2009 Form 1040, line 41, is a negative \$1,000. This amount includes an NOL deduction on his 2009 Form 1040, line 21, of \$1,750. The \$1,750 is the portion of the 2008 NOL that was remaining from 2007 to be carried to 2009. See the examples on pages J-2 and J-7. A deduction for exemptions of \$3,650 is shown on Form 1040, line 42, and line 43, taxable income, is limited to zero. John does not have an NOL for 2009. John subtracts from the \$1,000 negative amount on Form 1040, line 41, the \$3,650 deduction for exemptions. The result is a negative \$4,650, John's 2009 taxable income, which he enters as a positive amount on line 1 of the 2009 Taxable Income Worksheet.

When John filed his 2009 tax return, he had a \$3,000 net capital loss deduction on Schedule D, line 21 (which was also entered on Form 1040, line 13), a \$7,000 loss on Schedule D, line 16, and a \$5,000 capital loss carryover to 2010 (his 2009 capital loss carryover to 2010 was \$5,000, not \$4,000, because the amount on his Form 1040, line 41, was a negative \$1,000). John adds the \$3,000 from Schedule D, line 21, and the \$5,000 carryover. He subtracts from the \$8,000 result the \$7,000 loss on his Schedule D, line 16, and enters \$1,000 on line 2 of the worksheet.

John enters -0- on line 3 of the worksheet because he does not have an NOL for 2009 and did not have an NOL carryover from 2009 available to carry to 2010 and later years. The NOL deduction for 2009 of \$1,750 was reduced to zero because it did not exceed his modified taxable income of \$3,750. Modified taxable income is figured by adding back the \$3,000 net capital loss deduction and the \$3,650 exemption deduction to negative taxable income (figured

without regard to the NOL deduction) of \$2,900. John enters \$1,000 on line 4 and \$3,650 on line 5. He enters \$3,650 as a negative amount on Schedule J, line 13. He enters \$6,000 on Schedule J, line 14, and \$2,350 on Schedule J, line 15. If he uses Schedule J to figure his tax for 2011, he will enter \$2,350 on his 2011 Schedule J as his 2009 taxable income for income averaging purposes.

## Line 16

If line 15 is zero or less, enter -0- on line 16. Otherwise, figure the tax on the amount on line 15 using:

- The 2009 Tax Rate Schedules on page J-12,
- The 2009 Qualified Dividends and Capital Gain Tax Worksheet on page J-13,
- The 2009 Schedule D Tax Worksheet in the 2009 Schedule D instructions (but use the 2009 Tax Rate Schedules on page J-12 when figuring the tax on the Schedule D Tax Worksheet, lines 33 and 35), or
- The 2009 Foreign Earned Income Tax Worksheet on page J-14.

If your elected farm income includes net capital gain, you must use the 2009 Schedule D Tax Worksheet to figure the tax on the amount on line 15. However, if you filed Form 2555 or 2555-EZ for 2009, you must first complete the 2009 Foreign Earned Income Tax Worksheet, and then use the 2009 Schedule D Tax Worksheet to figure the tax on the amount on line 3 of that worksheet.

When completing the Schedule D Tax Worksheet, you must allocate 1/3 of the amount on line 2b (and 1/3 of the amount on line 2c, if any) to 2009. If for 2009 you had a capital loss that resulted in a capital loss carryover to 2010, do not reduce the elected farm income allocated to 2009 by any part of the carryover.

## 2009 Taxable Income Worksheet—Line 13

Keep for Your Records



Complete this worksheet if your 2009 taxable income was zero or less. See the instructions above before completing this worksheet.

- |   |    |                      |
|---|----|----------------------|
| 1. Figure the taxable income from your 2009 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2009, <b>do not</b> include any NOL carryovers or carrybacks to 2009. Enter the result as a positive amount . . . . . | 1. | <input type="text"/> |
| 2. If there is a loss on your 2009 Schedule D, line 21, add that loss (as a positive amount) and your 2009 capital loss carryover to 2010. Subtract from that sum the amount of the loss on your 2009 Schedule D, line 16, and enter the result . . . . .   | 2. | <input type="text"/> |
| 3. If you had an NOL for 2009, enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2009 that were not used in 2009 and were carried to years after 2009 . . . . .             | 3. | <input type="text"/> |
| 4. Add lines 2 and 3 . . . . .  | 4. | <input type="text"/> |
| 5. Subtract line 4 from line 1. Enter the result as a <b>negative</b> amount on Schedule J, line 13 . . . . .   | 5. | <input type="text"/> |

**2009 Tax Rate Schedules—Line 16**

<b>Schedule X</b> —Use if your <b>2009</b> filing status was <b>Single</b> or you checked filing status box 1 or 2 on Form 1040NR					<b>Schedule Y-2</b> —Use if your <b>2009</b> filing status was <b>Married filing separately</b> or you checked filing status box 3, 4, or 5 on Form 1040NR				
If Schedule J, line 15, is: <i>Over</i> —	<i>But not over</i> —	Enter on Schedule J, line 16	<i>of the amount over</i> —		If Schedule J, line 15, is: <i>Over</i> —	<i>But not over</i> —	Enter on Schedule J, line 16	<i>of the amount over</i> —	
\$0	\$8,350	.....	<b>10%</b>	<b>\$0</b>	\$0	\$8,350	.....	<b>10%</b>	<b>\$0</b>
8,350	33,950	<b>\$835.00 +</b>	<b>15%</b>	<b>8,350</b>	8,350	33,950	<b>\$835.00 +</b>	<b>15%</b>	<b>8,350</b>
33,950	82,250	<b>4,675.00 +</b>	<b>25%</b>	<b>33,950</b>	33,950	68,525	<b>4,675.00 +</b>	<b>25%</b>	<b>33,950</b>
82,250	171,550	<b>16,750.00 +</b>	<b>28%</b>	<b>82,250</b>	68,525	104,425	<b>13,318.75 +</b>	<b>28%</b>	<b>68,525</b>
171,550	372,950	<b>41,754.00 +</b>	<b>33%</b>	<b>171,550</b>	104,425	186,475	<b>23,370.75 +</b>	<b>33%</b>	<b>104,425</b>
372,950	.....	<b>108,216.00 +</b>	<b>35%</b>	<b>372,950</b>	186,475	.....	<b>50,447.25 +</b>	<b>35%</b>	<b>186,475</b>
<b>Schedule Y-1</b> —Use if your <b>2009</b> filing status was <b>Married filing jointly</b> or <b>Qualifying widow(er)</b> or you checked filing status box 6 on Form 1040NR					<b>Schedule Z</b> —Use if your <b>2009</b> filing status was <b>Head of household</b>				
If Schedule J, line 15, is: <i>Over</i> —	<i>But not over</i> —	Enter on Schedule J, line 16	<i>of the amount over</i> —		If Schedule J, line 15, is: <i>Over</i> —	<i>But not over</i> —	Enter on Schedule J, line 16	<i>of the amount over</i> —	
\$0	\$16,700	.....	<b>10%</b>	<b>\$0</b>	\$0	\$11,950	.....	<b>10%</b>	<b>\$0</b>
16,700	67,900	<b>\$1,670.00 +</b>	<b>15%</b>	<b>16,700</b>	11,950	45,500	<b>\$1,195.00 +</b>	<b>15%</b>	<b>11,950</b>
67,900	137,050	<b>9,350.00 +</b>	<b>25%</b>	<b>67,900</b>	45,500	117,450	<b>6,227.50 +</b>	<b>25%</b>	<b>45,500</b>
137,050	208,850	<b>26,637.50 +</b>	<b>28%</b>	<b>137,050</b>	117,450	190,200	<b>24,215.00 +</b>	<b>28%</b>	<b>117,450</b>
208,850	372,950	<b>46,741.50 +</b>	<b>33%</b>	<b>208,850</b>	190,200	372,950	<b>44,585.00 +</b>	<b>33%</b>	<b>190,200</b>
372,950	.....	<b>100,894.50 +</b>	<b>35%</b>	<b>372,950</b>	372,950	.....	<b>104,892.50 +</b>	<b>35%</b>	<b>372,950</b>





Use this worksheet **only** if both of the following apply.

- Your elected farm income on your 2010 Schedule J, line 2a, does not include any net capital gain.
- You (a) entered qualified dividends on your 2009 Form 1040, line 9b (or your 2009 Form 1040A, line 9b, or 2009 Form 1040NR, line 10b); (b) entered capital gain distributions directly on your 2009 Form 1040, line 13 (or your 2009 Form 1040A, line 10, or 2009 Form 1040NR, line 14) and were not required to file Schedule D; or (c) filed Schedule D in 2009 and you answered “Yes” on lines 17 and 20 of that Schedule D.

1. Amount from your 2010 Schedule J, line 15. If for 2009 you filed Form 2555 or 2555-EZ, enter the amount from line 3 of the worksheet on page J-14 . . . . .	1.	<input type="text"/>	
2. Amount from your 2009 Form 1040, line 9b* (or your 2009 Form 1040A, line 9b, or 2009 Form 1040NR, line 10b) . . . . .	2.	<input type="text"/>	
3. Did you file Schedule D in 2009?*			
<input type="checkbox"/> <b>Yes.</b> Enter the <b>smaller</b> of line 15 or 16 of your 2009 Schedule D, but do not enter less than -0-	3.	<input type="text"/>	
<input type="checkbox"/> <b>No.</b> Enter the amount from your 2009 Form 1040, line 13 (or your 2009 Form 1040A, line 10, or 2009 Form 1040NR, line 14)		<input type="text"/>	
4. Add lines 2 and 3 . . . . .	4.	<input type="text"/>	
5. Amount, if any, from your 2009 Form 4952, line 4g . . . . .	5.	<input type="text"/>	
6. Subtract line 5 from line 4. If zero or less, enter -0- . . . . .	6.	<input type="text"/>	
7. Subtract line 6 from line 1. If zero or less, enter -0- . . . . .	7.	<input type="text"/>	
8. Enter the <b>smaller</b> of:			
• The amount on line 1, or	8.	<input type="text"/>	
• \$33,950 if single or married filing separately, or if you checked filing status box 1, 2, 3, 4, or 5 on Form 1040NR; \$67,900 if married filing jointly or qualifying widow(er) or if you checked filing status box 6 on Form 1040NR; \$45,500 if head of household.			
9. Is the amount on line 7 equal to or more than the amount on line 8?			
<input type="checkbox"/> <b>Yes.</b> Skip lines 9 and 10; go to line 11 and check the “No” box.			
<input type="checkbox"/> <b>No.</b> Enter the amount from line 7 . . . . .	9.	<input type="text"/>	
10. Subtract line 9 from line 8 . . . . .	10.	<input type="text"/>	
11. Are the amounts on lines 6 and 10 the same?			
<input type="checkbox"/> <b>Yes.</b> Skip lines 11 through 14; go to line 15.	11.	<input type="text"/>	
<input type="checkbox"/> <b>No.</b> Enter the <b>smaller</b> of line 1 or line 6 . . . . .			
12. Enter the amount from line 10 (if line 10 is blank, enter -0-) . . . . .	12.	<input type="text"/>	
13. Subtract line 12 from line 11 . . . . .	13.	<input type="text"/>	
14. Multiply line 13 by 15% (.15) . . . . .	14.	<input type="text"/>	
15. Figure the tax on the amount on line 7. Use the 2009 Tax Rate Schedules on page J-12 . . . . .	15.	<input type="text"/>	
16. Add lines 14 and 15 . . . . .	16.	<input type="text"/>	
17. Figure the tax on the amount on line 1. Use the 2009 Tax Rate Schedules on page J-12 . . . . .	17.	<input type="text"/>	
18. <b>Tax.</b> Enter the <b>smaller</b> of line 16 or line 17 here and on your 2010 Schedule J, line 16. If for 2009 you filed Form 2555 or 2555-EZ, do not enter this amount on Schedule J, line 16. Instead, enter it on line 4 of the worksheet on page J-14 . . . . .	18.	<input type="text"/>	

\*If for 2009 you filed Form 2555 or 2555-EZ, see the footnote in the worksheet on page J-14 before completing this line.

# 2009 Foreign Earned Income Tax Worksheet—Line 16

Keep for Your Records



Use this worksheet if you claimed the foreign earned income exclusion or housing exclusion on your 2009 Form 1040 using Form 2555 or 2555-EZ. However, if Schedule J, line 15, is zero or less do not complete this worksheet.

1. Enter the amount from your 2010 Schedule J, line 15 . . . . .	1.	_____
2. Enter the amount from your (and your spouse's, if filing jointly) 2009 Form 2555, lines 45 and 50, or Form 2555-EZ, line 18 . . . . .	2.	_____
3. Add lines 1 and 2 . . . . .	3.	_____
4. <b>Tax on the amount on line 3.</b> Use the 2009 Tax Rate Schedules on page J-12, the 2009 Qualified Dividends and Capital Gain Tax Worksheet on page J-13,* or the 2009 Schedule D Tax Worksheet in the 2009 Schedule D instructions,* whichever applies. . . . .	4.	_____
5. <b>Tax on the amount on line 2.</b> Use the 2009 Tax Rate Schedules on page J-12. . . . .	5.	_____
6. Subtract line 5 from line 4. Enter the result. If zero or less, enter -0-. Also include this amount on your 2010 Schedule J, line 16 . . . . .	6.	_____

*\*Enter the amount from line 3 above on line 1 of the 2009 Qualified Dividends and Capital Gain Tax Worksheet or the 2009 Schedule D Tax Worksheet if you use either of those worksheets to figure the tax on line 4 above. Complete the rest of that worksheet through line 6 (line 10 if you use the Schedule D Tax Worksheet). Next, you must determine if you had a capital gain excess. To find out if you had a capital gain excess, subtract the amount from your 2010 Schedule J, line 15, from line 6 of your 2009 Qualified Dividends and Capital Gain Tax Worksheet (line 10 of your 2009 Schedule D Tax Worksheet). If the result is more than zero, that amount is your capital gain excess.*

*If you did not have a capital gain excess, complete the rest of either of those worksheets according to the worksheet's instructions. Then complete lines 5 and 6 above.*

*If you had a capital gain excess, complete a second 2009 Qualified Dividends and Capital Gain Tax Worksheet or 2009 Schedule D Tax Worksheet (whichever applies) as instructed above but in its entirety and with the following additional modifications. Then complete lines 5 and 6 above. These modifications are to be made only for purposes of filling out the 2009 Foreign Earned Income Tax Worksheet above.*

1. Reduce (but not below zero) the amount you would otherwise enter on line 3 of your 2009 Qualified Dividends and Capital Gain Tax Worksheet or line 9 of your 2009 Schedule D Tax Worksheet by your capital gain excess.
2. Reduce (but not below zero) the amount you would otherwise enter on line 2 of your 2009 Qualified Dividends and Capital Gain Tax Worksheet or line 6 of your 2009 Schedule D Tax Worksheet, by any of your capital gain excess not used in (1) above.
3. Reduce (but not below zero) the amount on your 2009 Schedule D (Form 1040), line 18, by your capital gain excess.
4. Include your capital gain excess as a loss on line 16 of your 2009 Unrecaptured Section 1250 Gain Worksheet on page D-9 of the 2009 Instructions for Schedule D (Form 1040).

## Lines 19, 20, and 21

If you amended your return or the IRS made changes to it, enter the corrected amount.

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# 2010 Instructions for Schedule M (Form 1040A or 1040)

## Making Work Pay Credit

Use Schedule M to figure the making work pay credit. This credit may give you a refund even if you do not owe tax.

### General Instructions

#### What's New

Schedule M can no longer be used to take a government retiree credit. The government retiree credit was available only for 2009.

#### Who Can Take the Credit

You may be able to take the credit if you have earned income from work. The credit can be as much as \$400 (\$800 if married filing jointly).

You cannot take the credit if:

- The amount you enter on line 5 of Schedule M is \$95,000 (\$190,000 if married filing jointly) or more,
- You are a nonresident alien, or
- You can be claimed as a dependent on someone else's return. (If you are married and claim the making work pay credit on a 2010 joint return, neither you nor your spouse can be claimed as a dependent on anyone else's 2010 return.)

The credit is reduced if you (or your spouse, if filing jointly) received a \$250 economic recovery payment in 2010. See the instructions for line 10.

**Social security number.** To take the credit, you must include your social security number (if filing a joint return, the number of either you or your spouse) on your return. A social security number does not include an identification number issued by the IRS. Only the Social Security Administration issues social security numbers.

#### Effect of Credit on Welfare Benefits

Any refund you receive as a result of the credit 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 (TANF).
- Medicaid and SSI.
- Supplemental Nutrition Assistance Program (food stamps) and low-income housing.

But if the refund you receive because of the credit is not spent within a certain period of time, it may count as an asset (or resource) and affect your eligibility.

### Specific Instructions

#### Line 1a

**Wages.** The amount of your wages is generally the amount reported on line 7 of Form 1040A or 1040. Wages do not include income from self-employment.

**Earned income.** If you checked the "No" box on line 1a, complete the worksheet on page M-2 and enter on line 1a the amount you figured using the worksheet. (You should have checked the "No" box on line 1a if your wages were less than \$6,451 (\$12,903 if married filing jointly) or you meet one or more of the conditions listed after "Important" above line 1a.)

#### Line 1b

Enter on line 1b the total nontaxable combat pay you, and your spouse if filing jointly, received in 2010. This amount should be shown in box 12 of Form W-2 with code Q.

#### Line 5

If you are filing Form 2555, 2555-EZ, or 4563, or are excluding income from Puerto Rico, enter on line 5 the following total instead of the amount on Form 1040, line 38:

1. Form 1040, line 38, plus
2. Any exclusion of income from Puerto Rico, plus
3. Any amounts from—
  - a. Form 2555, lines 45 and 50,
  - b. Form 2555-EZ, line 18, and
  - c. Form 4563, line 15.

#### Line 10

An economic recovery payment is a \$250 payment sent to you by the U.S. Treasury if you received social security benefits or one of the other types of benefits listed on line 10 during the 3 months shown on line 10. Most economic recovery payments were issued in 2009, but some were issued in 2010. You may have received an economic recovery payment in 2010 if you did not get one in 2009.

Enter **only** economic recovery payment(s) received in 2010. **Do not** enter any economic recovery payment(s) received in 2009.



*Check your records if you are not sure whether you received an economic recovery payment in 2009 or 2010 or go to IRS.gov. Enter "making work pay credit" in the search box and click on "Search." Then select "The Making Work Pay Tax Credit."*



**Before you begin:**

- ✓ If you are claiming the additional child tax credit and have already completed Form 8812, enter on line 1a of Schedule M the amount from line 4a of your Form 8812. **Do not** complete the worksheet below.
- ✓ Disregard community property laws when figuring the amounts to enter on this worksheet.
- ✓ If married filing jointly, add your spouse's amounts to yours when completing this worksheet.

1. a. Enter the amount from line 7 of Form 1040A or Form 1040 ..... **1a.** \_\_\_\_\_  
 b. Enter the amount of any nontaxable combat pay received. Also enter this amount on Schedule M, line 1b. This amount should be shown in box 12 of Form(s) W-2 with code Q. .... **1b.** \_\_\_\_\_  
**Next**, if you are filing Schedule C, C-EZ, F, or SE, or you received a Schedule K-1 (Form 1065 or Form 1065-B), go to line 2a. Otherwise, skip lines 2a through 2e and go to line 3.
2. a. Enter any statutory employee income reported on line 1 of Schedule C or C-EZ ..... **2a.** \_\_\_\_\_  
 b. Enter any net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1.\* Reduce any Schedule K-1 amounts as described in the instructions for completing Schedule SE in the Partner's Instructions for Schedule K-1. **Do not** include on this line any statutory employee income or any other amounts exempt from self-employment tax. Options and commodities dealers must add any gain or subtract any loss (in the normal course of dealing in or trading section 1256 contracts) from section 1256 contracts or related property ..... **2b.** \_\_\_\_\_  
 c. Enter any net farm profit or (loss) from Schedule F, line 36, and from farm partnerships, Schedule K-1 (Form 1065), box 14, code A.\* Reduce any Schedule K-1 amounts as described in the instructions for completing Schedule SE in the Partner's Instructions for Schedule K-1. **Do not** include on this line any amount exempt from self-employment tax ..... **2c.** \_\_\_\_\_  
 d. If you used the farm optional method to figure net earnings from self-employment, enter the amount from Schedule SE, Section B, line 15. Otherwise, skip this line and enter on line 2e the amount from line 2c ..... **2d.** \_\_\_\_\_  
 e. If line 2c is a profit, enter the **smaller** of line 2c or line 2d. If line 2c is a (loss), enter the (loss) from line 2c. .... **2e.** \_\_\_\_\_
3. Combine lines 1a, 1b, 2a, 2b, and 2e. If zero or less, **stop**. Do not complete the rest of this worksheet. You **do not** qualify for the making work pay credit ..... **3.** \_\_\_\_\_
4. Enter any amount included on line 1a that is:
  - a. A scholarship or fellowship grant not reported on Form W-2 ..... **4a.** \_\_\_\_\_
  - b. For work done while an inmate in a penal institution (enter "PRI" and this amount on the dotted line next to line 7 of Form 1040A or 1040) ..... **4b.** \_\_\_\_\_
  - c. A pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (enter "DFC" and this amount on the dotted line next to line 7 of Form 1040A or 1040). This amount may be shown in box 11 of your Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity ..... **4c.** \_\_\_\_\_
5. a. Enter any amount included on line 3 that is also included on Form 2555, line 43, or Form 2555-EZ, line 18. **Do not** include any amount that is also included on line 4a, 4b, or 4c above ..... **5a.** \_\_\_\_\_  
 b. Enter the portion, if any, of the amount from Form 2555, line 44, that you also included on Schedule E in partnership net income or (loss) or deducted on Form 1040, line 27; Schedule C; Schedule C-EZ; or Schedule F ..... **5b.** \_\_\_\_\_  
 c. Subtract line 5b from line 5a ..... **5c.** \_\_\_\_\_
6. Enter the amount from Form 1040, line 27 ..... **6.** \_\_\_\_\_
7. Add lines 4a through 4c, 5c, and 6 ..... **7.** \_\_\_\_\_
8. Subtract line 7 from line 3. Enter the result here and on Schedule M, line 1a ..... **8.** \_\_\_\_\_

*\*If you have any Schedule K-1 amounts and you are not required to file Schedule SE, complete the appropriate line(s) of Schedule SE, Section A. Put your name and social security number on Schedule SE and attach it to your return.*



# 2010 Instructions for Schedule SE (Form 1040)

## Self-Employment Tax

Use Schedule SE (Form 1040) to figure the tax due on net earnings from self-employment. The Social Security Administration uses the information from Schedule SE to figure your benefits under the social security program. This tax applies no matter how old you are and even if you are already getting social security or Medicare benefits.

**Additional information.** See Pub. 225 or Pub. 334.

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

### What's New

**Maximum income subject to social security tax.** For 2010, the maximum amount of self-employment income subject to social security tax remains \$106,800.

**Optional methods to figure net earnings.** For 2010, the amount of gross and net income from self-employment you may have when using the farm optional method or nonfarm optional method has increased. Electing taxpayers can secure up to four credits of social security benefits coverage with \$4,480 of net earnings in 2010. See *Optional Methods* on page SE-5.

**Deduction for self-employed health insurance.** For 2010, you may be able to reduce your net self-employment income by the amount of your self-employed health insurance deduction on line 29 of Form 1040 or Form 1040NR. See *Line 3 (Short or Long Schedule SE)* on page SE-3.

### General Instructions

#### Who Must File Schedule SE

You must file Schedule SE if:

- The amount on line 4 of Short Schedule SE or line 4c of Long Schedule SE is \$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 *Employees of Churches and Church Organizations* on this page.

**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-5).

**Exception.** If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner, see *Ministers and Members of Religious Orders* on this page.

#### Who Must Pay Self-Employment (SE) Tax

##### Self-Employed Persons

You must pay SE tax if you had net earnings of \$400 or more as a self-employed person. If you are in business (farm or nonfarm) for yourself, you are self-employed.

You must also pay SE tax on your share of certain partnership income and your guaranteed payments. See *Partnership Income or Loss* on page SE-3.

##### Employees of Churches and Church Organizations

If you had church employee income of \$108.28 or more, you must pay SE tax. Church employee income is wages you received as an employee (other than as a minister or member of a religious order) of a church or qualified church-controlled organization that has a certificate in effect electing an exemption from employer social security and Medicare taxes.

##### Ministers and Members of Religious Orders

In most cases, you must pay SE tax on salaries and other income for services you performed as a minister, a member of a religious order who has not taken a vow of poverty, or a Christian Science practitioner. But if you filed Form 4361 and received IRS approval, you will be exempt from paying SE tax on those net earnings. If you had no other income subject to SE tax, enter "Exempt—Form 4361" on Form 1040, line 56, or Form 1040NR, line 54. However, if you had other earnings of \$400 or more subject to SE tax, see line A at the top of Long Schedule SE.



*If you have ever filed Form 2031 to elect social security coverage on your earnings as a minister, you cannot revoke that election.*

If you must pay SE tax, include this income on either Short or Long Schedule SE, line 2. But do not report it on Long Schedule SE, line 5a; it is not considered church employee income. Also, include on line 2:

- The rental value of a home or an allowance for a home furnished to you (including payments for utilities), and
- The value of meals and lodging provided to you, your spouse, and your dependents for your employer's convenience.

However, do not include on line 2:

- Retirement benefits you received from a church plan after retirement, or
- The rental value of a home or an allowance for a home furnished to you (including payments for utilities) after retirement.

If you were a duly ordained minister who was an employee of a church and you must pay SE tax, the unreimbursed business expenses that you incurred as a church employee are allowed only as an itemized deduction for income tax purposes. However, when figuring SE tax, subtract on line 2 the allowable expenses from your self-employment earnings and attach an explanation.

If you were a U.S. citizen or resident alien serving outside the United States as a minister or member of a religious order and you must pay SE tax, you cannot reduce your net earnings by the foreign earned income exclusion or the foreign housing exclusion or deduction.

See Pub. 517 for details.

##### Members of Certain Religious Sects

If you have conscientious objections to social security insurance because of your membership in and belief in the teachings of a religious sect recognized as being in existence at all times since December 31, 1950, and which has provided a reasonable level of living for its dependent members, you are exempt from SE tax if you received IRS approval by filing Form 4029. In this case, do not file Schedule SE. Instead, enter "Exempt—Form 4029" on Form 1040, line 56, or Form 1040NR, line 54. See Pub. 517 for details.

##### U.S. Citizens Employed by Foreign Governments or International Organizations

You must pay SE tax on income you earned as a U.S. citizen employed by a foreign

government (or, in certain cases, by a wholly owned instrumentality of a foreign government or an international organization under the International Organizations Immunities Act) for services performed in the United States, Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the U.S. Virgin Islands. Report income from this employment on either Short or Long Schedule SE, line 2. If you performed services elsewhere as an employee of a foreign government or an international organization, those earnings are exempt from SE tax.

**Exception—Dual citizens.** A person with dual U.S.-foreign citizenship is generally considered to be a U.S. citizen for social security purposes. However, if you are a U.S. citizen and also a citizen of a country with which the United States has a bilateral social security agreement, other than Canada or Italy, your work for the government of that foreign country is always exempt from U.S. social security taxes. For further information about these agreements, see the exception shown in the next section.

### U.S. Citizens or Resident Aliens Living Outside the United States

If you are a self-employed U.S. citizen or resident alien living outside the United States, in most cases you must pay SE tax. You cannot reduce your foreign earnings from self-employment by your foreign earned income exclusion.

**Exception.** The United States has social security agreements with many countries to eliminate dual taxes under two social security systems. Under these agreements, you must generally pay social security and Medicare taxes to only the country you live in.

The United States now has social security agreements with the following countries: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Poland, Portugal, South Korea, Spain, Sweden, Switzerland, and the United Kingdom. Additional agreements are expected in the future.

If you have questions about international social security agreements, you can:

1. Visit the Social Security Administration (SSA) website at [www.socialsecurity.gov/international](http://www.socialsecurity.gov/international);
2. Call the SSA's Office of International Programs at:
  - a. (410) 965-0144 for questions on benefits under agreements, or
  - b. (410) 965-3549 for questions on the coverage rules of the agreements; or
3. Write to:
  - a. Social Security Administration, Office of International Programs, P.O. Box

17741, Baltimore, MD 21235-7741 USA for information about an agreement, or

b. Social Security Administration, OIO—Totalization, P.O. Box 17769, Baltimore, MD 21235-7769 USA for information about a claim for benefits.

If your self-employment income is exempt from SE tax, you should get a statement from the appropriate agency of the foreign country verifying that your self-employment income is subject to social security coverage in that country. If the foreign country will not issue the statement, contact the SSA at the address shown in (3a) above. Do not complete Schedule SE. Instead, attach a copy of the statement to Form 1040 and enter "Exempt, see attached statement" on Form 1040, line 56.

### Nonresident Alien

If you are a self-employed nonresident alien living in the United States, you must pay SE tax if an international social security agreement in effect determines that you are covered under the U.S. social security system. See *Exception* under *U.S. Citizens or Resident Aliens Living Outside the United States*, earlier, for information about international social security agreements. If your self-employment income is subject to SE tax, complete Schedule SE and file it with your Form 1040NR.

### Chapter 11 Bankruptcy Cases

While you are a debtor in a chapter 11 bankruptcy case, your net profit or loss from self-employment (for example, from Schedule C or Schedule F) will not be included in your Form 1040 income. Instead, it will be included on the income tax return (Form 1041) of the bankruptcy estate. However, you (not the bankruptcy estate) are responsible for paying SE tax on your net earnings from self-employment.

Enter on the dotted line to the left of Schedule SE, line 3, "Chap. 11 bankruptcy income" and the amount of your net profit or (loss). Combine that amount with the total of lines 1a, 1b, and 2 (if any) and enter the result on line 3.

For other reporting requirements, see page 19 in the instructions for Form 1040.

### More Than One Business

If you had two or more businesses, your net earnings from self-employment are the combined net earnings from all of your businesses. If you had a loss in one business, it reduces the income from another. Figure the combined SE tax on one Schedule SE.

### Joint Returns

Show the name of the spouse with self-employment income on Schedule SE. If both spouses have self-employment income, each must file a separate Schedule SE. However, if one spouse qualifies to use

Short Schedule SE (front of form) and the other must use Long Schedule SE (back of form), both can use the same form. One spouse should complete the front and the other the back.

Include the total profits or losses from all businesses on Form 1040. Enter the combined SE tax on Form 1040, line 56.

### Community Income

If any of the income from a business (including farming) is community income, then the income and deductions are reported based on the following.

- If only one spouse participates in the business, all of the income from that business is the self-employment earnings of the spouse who carried on the business.
- If both spouses participate, the income and deductions are allocated to the spouses based on their distributive shares.
- If either or both you and your spouse are partners in a partnership, see *Partnership Income or Loss* on page SE-3.
- If you and your spouse elected to treat the business as a qualifying joint venture, see *Qualified Joint Ventures* on page SE-3.

**Married filing separately.** If you and your spouse had community income and file separate returns, attach Schedule SE to the return of the spouse with the self-employment income. Also, attach Schedule(s) C, C-EZ, or F (showing the spouse's share of community income and expenses) to the return of each spouse.

If you are the spouse who carried on the business, you must include on Schedule SE, line 3, the net profit or (loss) reported on the other spouse's Schedule C, C-EZ, or F (except income not included in net earnings from self-employment as explained on page SE-4). Enter on the dotted line to the left of Schedule SE, line 3, "Community income taxed to spouse" and the amount of any net profit or (loss) allocated to your spouse as community income. Combine that amount with the total of lines 1a, 1b, and 2 and enter the result on line 3.

If you are not the spouse who carried on the business and you had no other income subject to SE tax, enter "Exempt community income" on Form 1040, line 56, or Form 1040NR, line 54; do not file Schedule SE. However, if you had \$400 or more of other earnings subject to SE tax, include on Schedule SE, line 1a or 2, the net profit or (loss) from Schedule(s) C, C-EZ, or F allocated to you as community income. Also, enter on the dotted line to the left of Schedule SE, line 3, "Exempt community income" and the allocated amount. If that amount is a net profit, subtract it from the total of lines 1a, 1b, and 2, and enter the result on line 3. If that amount is a loss, treat it as a positive amount, add it to the total of lines 1a, 1b, and 2, and enter the result on line 3.



Community income included on Schedule(s) C, C-EZ, or F must be divided for income tax purposes based on the community property laws of your state. See Pub. 555 for more information.

## Qualified Joint Ventures

If you and your spouse materially participate (see *Material participation* in the 2010 Instructions for Schedule C) as the only members of a jointly owned and operated business, and you file a joint return for the tax year, you can make a joint election to be taxed as a qualified joint venture instead of a partnership.

To make this election, you must divide all items of income, gain, loss, deduction, and credit attributable to the business between you and your spouse in accordance with your respective interests in the venture. Each of you must file a separate Schedule C, C-EZ, or F. On each line of your separate Schedule C, C-EZ, or F, you must enter your share of the applicable income, deduction, or loss. Each of you also must file a separate Schedule SE to pay SE tax, as applicable.

For more information on qualified joint ventures, go to IRS.gov. Enter "QJV election" in the search box and select "Election for Husband and Wife Unincorporated Businesses" and "Benefits of Qualified Joint Ventures for Family Businesses."

**Rental real estate business.** If you and your spouse make the election for your rental real estate business, the income generally is not subject to SE tax. To indicate that election, be sure to check the box in Part I, line 1, of each Schedule C reporting this business. Do not file Schedule SE unless you have other income subject to SE tax. For an exception to this income not being subject to SE tax, see item 3 under *Other Income and Losses Included in Net Earnings From Self-Employment* on page SE-4).

If the election is made for a farm rental business that is not included in self-employment, file two Forms 4835, Farm Rental Income and Expenses.

## Fiscal Year Filers

If your tax year is a fiscal year, use the tax rate and earnings base that apply at the time the fiscal year begins. Do not prorate the tax or earnings base for a fiscal year that overlaps the date of a rate or earnings base change.

## Specific Instructions

Read the flowchart on page 1 of Schedule SE to see if you can use Section A—Short Schedule SE, or if you must use Section B—Long Schedule SE. For either section, you need to know what to include as net earnings from self-employment. This section will give you that information, as well

as any specific instructions needed to fill out the form.

Enter all negative amounts in parentheses.

## You Have Only Church Employee Income Subject to SE Tax

If your only income subject to SE tax is church employee income (see *Employees of Churches and Church Organizations* on page SE-1 for definition), skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a.

**Note.** Income from services you perform as a minister of a religious order is **not** church employee income.

## Line 1b (Short or Long Schedule SE)

If you were receiving social security retirement or social security disability benefits at the time you received your Conservation Reserve Program (CRP) payment(s), enter the amount of your taxable CRP payment(s) on line 1b. These payments are included on Schedule F, line 6b, or listed on Schedule K-1 (Form 1065), box 20, code Y.

## Line 3 (Short or Long Schedule SE)

For 2010, you can reduce your net self-employment income by the amount of your self-employed health insurance deduction entered on line 29 of Form 1040 or Form 1040NR. Be sure to subtract this amount after you combine lines 1a, 1b, and 2, and before entering the result on line 3. If both you and your spouse are taking a deduction for self-employed health insurance on line 29 of a joint Form 1040, each of you subtracts on line 3 of your separate Schedule SE only the amount attributable to your own premiums.



The self-employed health insurance deduction is allowed on line 3 **only if you have an entry (or entries) on lines 1a and/or 2 of either the short or long Schedule SE.**

## Line 4 (Short Schedule SE)

If line 4 is less than \$400 and you have an amount on line 1b, combine lines 1a and 2.

- If the total of lines 1a and 2 is \$434 or more, file Schedule SE (completed through line 4) with your tax return. Enter -0- on Form 1040, line 56, or Form 1040NR, line 54.

- If the total of lines 1a and 2 is less than \$434, **do not** file Schedule SE unless you choose to use an optional method for figuring your SE tax.

## Lines 4a Through 4c (Long Schedule SE)

If both lines 4a and 4c are less than \$400 and you have an amount on line 1b, combine lines 1a and 2.

- If the total of lines 1a and 2 is \$434 or more, file Schedule SE (completed through line 4c) with your tax return. Enter -0- on Form 1040, line 56,\* or Form 1040NR, line 54.\*

- If the total of lines 1a and 2 is less than \$434, **do not** file Schedule SE unless you choose to use an optional method to figure your SE tax.

\*If you also have church employee income (see page SE-1), also complete lines 5a and 5b. Complete the rest of Schedule SE, as appropriate.

## Net Earnings From Self-Employment

In most cases, net earnings include your net profit from a farm or nonfarm business. If you were a partner in a partnership, see the following instructions.

## Partnership Income or Loss

If you were a general or limited partner in a partnership, include on line 1a or line 2, whichever applies, the amount of net earnings from self-employment from Schedule K-1 (Form 1065), box 14, code A, and Schedule K-1 (Form 1065-B), box 9, code J1. General partners should reduce this amount before entering it on Schedule SE by certain expenses (see your Schedule K-1 instructions). If you reduce the amount you enter on Schedule SE, you must attach an explanation. Limited partners include only guaranteed payments for services actually rendered to or on behalf of the partnership.

If a partner died and the partnership continued, include in self-employment income the deceased's distributive share of the partnership's ordinary income or loss through the end of the month in which he or she died. See section 1402(f).

If you were married and both you and your spouse were partners in a partnership, each of you must report your net earnings from self-employment from the partnership. Each of you must file a separate Schedule SE and report the partnership income or loss on Schedule E (Form 1040), Part II, for income tax purposes. If only one of you was a partner in a partnership, the spouse who was the partner must report his or her net earnings from self-employment from the partnership.

**Community income.** Your own distributive share of partnership income is included in figuring your net earnings from self-employment. Unlike the division of that income between spouses for figuring income tax, no part of your share can be included in

figuring your spouse's net earnings from self-employment.

## Share Farming

You are considered self-employed if you produced crops or livestock on someone else's land for a share of the crops or livestock produced (or a share of the proceeds from the sale of them). This applies even if you paid another person (an agent) to do the actual work or management for you. Report your net earnings for income tax purposes on Schedule F (Form 1040) and for SE tax purposes on Schedule SE. See Pub. 225 for details.

## Other Income and Losses Included in Net Earnings From Self-Employment

1. Rental income from a farm if, as landlord, you materially participated in the production or management of the production of farm products on this land. This income is farm earnings. To determine whether you materially participated in farm management or production, do not consider the activities of any agent who acted for you. The material participation tests for landlords are explained in chapter 12 of Pub. 225.

2. Cash or a payment-in-kind from the Department of Agriculture for participating in a land diversion program.

3. Payments for the use of rooms or other space when you also provided substantial services for the convenience of your tenants. Examples are hotel rooms, boarding houses, tourist camps or homes, trailer parks, parking lots, warehouses, and storage garages. See chapter 5 of Pub. 334 for more information.

4. Income from the retail sale of newspapers and magazines if you were age 18 or older and kept the profits.

5. Income you receive as a direct seller. Newspaper carriers or distributors of any age are direct sellers if certain conditions apply. See chapter 5 of Pub. 334 for details.

6. Amounts received by current or former self-employed insurance agents and salespersons that are:

a. Paid after retirement but figured as a percentage of commissions received from the paying company before retirement,

b. Renewal commissions, or

c. Deferred commissions paid after retirement for sales made before retirement.

However, certain termination payments received by former insurance salespersons are not included in net earnings from self-employment (as explained in item 10 under *Income and Losses Not Included in Net Earnings From Self-Employment* on this page).

7. Income of certain crew members of fishing vessels with crews of normally fewer than 10 people. See chapter 10 of Pub. 334 for details.

8. Fees as a state or local government employee if you were paid only on a fee basis and the job was not covered under a federal-state social security coverage agreement.

9. Interest received in the course of any trade or business, such as interest on notes or accounts receivable.

10. Fees and other payments received by you for services as a director of a corporation.

11. Recapture amounts under sections 179 and 280F that you included in gross income because the business use of the property dropped to 50% or less. Do not include amounts you recaptured on the disposition of property. See Form 4797.

12. Fees you received as a professional fiduciary. This may also apply to fees paid to you as a nonprofessional fiduciary if the fees relate to active participation in the operation of the estate's business, or the management of an estate that required extensive management activities over a long period of time.

13. Gain or loss from section 1256 contracts or related property by an options or commodities dealer in the normal course of dealing in or trading section 1256 contracts.

## Income and Losses Not Included in Net Earnings From Self-Employment

1. Salaries, fees, etc., subject to social security or Medicare tax that you received for performing services as an employee, including services performed as an employee under the railroad retirement system. This includes services performed as a public official (except as a fee basis government employee as explained in item 8 under *Other Income and Losses Included in Net Earnings From Self-Employment* on this page).

2. Fees received for services performed as a notary public. If you had no other income subject to SE tax, enter "Exempt—Notary" on Form 1040, line 56; do not file Schedule SE. However, if you had other earnings of \$400 or more subject to SE tax, enter "Exempt—Notary" and the amount of your net profit as a notary public from Schedule C or Schedule C-EZ on the dotted line to the left of Schedule SE, line 3. Subtract that amount from the total of lines 1a, 1b, and 2, and enter the result on line 3.

3. Income you received as a retired partner under a written partnership plan that provides for lifelong periodic retirement payments if you had no other interest in the partnership and did not perform services for it during the year.

4. Income from real estate rentals if you did not receive the income in the course of a trade or business as a real estate dealer. Report this income on Schedule E, or on Schedule C or C-EZ if you and your spouse

made an election to be taxed as a qualified joint venture.

5. Income from farm rentals (including rentals paid in crop shares) if, as landlord, you did not materially participate in the production or management of the production of farm products on the land. See chapter 12 of Pub. 225 for details. Report this income on Form 4835. Use two Forms 4835 if you and your spouse made an election to be taxed as a qualified joint venture.

6. Payments you receive from the Conservation Reserve Program if you are receiving social security benefits for retirement or disability. Deduct these payments on line 1b of Schedule SE.

7. Dividends on shares of stock and interest on bonds, notes, etc., if you did not receive the income in the course of your trade or business as a dealer in stocks or securities.

8. Gain or loss from:

a. The sale or exchange of a capital asset;

b. The sale, exchange, involuntary conversion, or other disposition of property unless the property is stock in trade or other property that would be includible in inventory, or held primarily for sale to customers in the ordinary course of the business; or

c. Certain transactions in timber, coal, or domestic iron ore.

9. Net operating losses from other years.

10. Termination payments you received as a former insurance salesperson if all of the following conditions are met.

a. The payment was received from an insurance company because of services you performed as an insurance salesperson for the company.

b. The payment was received after termination of your agreement to perform services for the company.

c. You did not perform any services for the company after termination and before the end of the year in which you received the payment.

d. You entered into a covenant not to compete against the company for at least a 1-year period beginning on the date of termination.

e. The amount of the payment depended primarily on policies sold by or credited to your account during the last year of the agreement, or the extent to which those policies remain in force for some period after termination, or both.

f. The amount of the payment did not depend to any extent on length of service or overall earnings from services performed for the company (regardless of whether eligibility for the payment depended on length of service).

## Statutory Employee Income

If you were required to check the box on Schedule C or C-EZ, line 1, because you



were a statutory employee, do not include the net profit or (loss) from that Schedule C, line 31 (or the net profit from Schedule C-EZ, line 3), on Short or Long Schedule SE, line 2. But if you file Long Schedule SE, be sure to include statutory employee social security wages and tips from Form W-2 on line 8a.

## Optional Methods

### How Can the Optional Methods Help You

**Social security coverage.** The optional methods may give you credit toward your social security coverage even though you have a loss or a small amount of income from self-employment.

**Earned income credit (EIC).** Using the optional methods may qualify you to claim the EIC or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than \$4,480. Figure the EIC with and without using the optional methods to see if the optional methods will benefit you.

**Additional child tax credit.** Using the optional methods may qualify you to claim the additional child tax credit or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than \$4,480. Figure the additional child tax credit with and without using the optional methods to see if the optional methods will benefit you.

**Child and dependent care credit.** The optional methods may help you qualify for this credit or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than \$4,480. Figure this credit with and without using the optional methods to see if the optional methods will benefit you.

**Self-employed health insurance deduction.** The optional methods of computing net earnings from self-employment may be used to figure your self-employed health insurance deduction.



*Using the optional methods may give you the benefits described earlier, but they may also increase your SE tax.*

## Changing Your Method

You can change the method after you file your return. That is, you can change from the regular to the optional method or from the optional to the regular method. To do this, file Form 1040X.

## Farm Optional Method

You may use this method to figure your net earnings from farm self-employment if your gross farm income was \$6,720 or less or your net farm profits were less than \$4,851. Net farm profits are:

- The total of the amounts from Schedule F (Form 1040), line 36, and Schedule K-1 (Form 1065), box 14, code A, minus
- The amount you would have entered on Schedule SE, line 1b, had you not used the optional method.

There is no limit on how many years you can use this method.

Under this method, report in Part II, line 15, two-thirds of your gross farm income, up to \$4,480, as your net earnings. This method can increase or decrease your net earnings from farm self-employment even if the farming business had a loss.

For a farm partnership, figure your share of gross income based on the partnership agreement. With guaranteed payments, your share of the partnership's gross income is your guaranteed payments plus your share of the gross income after it is reduced by all guaranteed payments made by the partnership. If you were a limited partner, include only guaranteed payments for services you actually rendered to or on behalf of the partnership.

## Nonfarm Optional Method

You may be able to use this method to figure your net earnings from nonfarm self-employment if your net nonfarm profits were less than \$4,851 and also less than 72.189% of your gross nonfarm income. Net nonfarm profits are the total of the amounts from:

- Schedule C (Form 1040), line 31,
- Schedule C-EZ (Form 1040), line 3,
- Schedule K-1 (Form 1065), box 14, code A (from other than farm partnerships), and
- Schedule K-1 (Form 1065-B), box 9, code J1.

To use this method, you also must be regularly self-employed. You meet this requirement if your actual net earnings from self-employment were \$400 or more in 2 of the 3 years preceding the year you use the nonfarm optional method. The net earnings of \$400 or more could be from either farm or nonfarm earnings or both. The net earnings include your distributive share of partnership income or loss subject to SE tax.

Use of the nonfarm optional method from nonfarm self-employment is limited to 5 years. The 5 years do not have to be consecutive.

Under this method, report in Part II, line 17, two-thirds of your gross nonfarm income, up to the amount on line 16, as your net earnings. But you cannot report less than your actual net earnings from nonfarm self-employment.

Figure your share of gross income from a nonfarm partnership in the same manner as a farm partnership. See *Farm Optional Method* on this page for details.

## Using Both Optional Methods

If you can use both methods, you can report less than your total actual net earnings from farm and nonfarm self-employment, but you cannot report less than your actual net earnings from nonfarm self-employment alone.

If you use both methods to figure net earnings, you cannot report more than \$4,480 of net earnings from self-employment.

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## Where Do You File?

Mail your return to the address shown below that applies to you. If you want to use a private delivery service, see page 7.



*Envelopes without enough postage will be returned to you by the post office. Your envelope may need additional postage if it contains more than five pages or is oversized (for example, it is over 1/4" thick). Also, include your complete return address.*

IF you live in...	THEN use this address if you:	
	Are not enclosing a check or money order...	Are enclosing a check or money order...
Florida* or Georgia*	Department of the Treasury Internal Revenue Service Atlanta, GA 39901-0002	Internal Revenue Service P.O. Box 105017 Atlanta, GA 30348-5017
Alabama, Kentucky, Louisiana, Mississippi, Tennessee, Texas	Department of the Treasury Internal Revenue Service Austin, TX 73301-0002	Internal Revenue Service P.O. Box 1214 Charlotte, NC 28201-1214
Alaska, Arizona, California, Colorado, Hawaii, Idaho, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming	Department of the Treasury Internal Revenue Service Fresno, CA 93888-0002	Internal Revenue Service P.O. Box 7704 San Francisco, CA 94120-7704
Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, North Dakota, Oklahoma, South Dakota, Wisconsin	Department of the Treasury Internal Revenue Service Fresno, CA 93888-0002	Internal Revenue Service P.O. Box 802501 Cincinnati, OH 45280-2501
Delaware, District of Columbia, Maryland, Missouri, Ohio, Rhode Island, Virginia, West Virginia	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0002	Internal Revenue Service P.O. Box 970011 St. Louis, MO 63197-0011
Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, North Carolina**, Pennsylvania, South Carolina**, Vermont	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0002	Internal Revenue Service P.O. Box 37008 Hartford, CT 06176-0008
A foreign country, U.S. possession or territory***, or use an APO or FPO address, or file Form 2555, 2555-EZ, or 4563, or are a dual-status alien	Department of the Treasury Internal Revenue Service Austin, TX 73301-0215 USA	Internal Revenue Service P.O. Box 1303 Charlotte, NC 28201-1303 USA

\*If you live in Florida or Georgia, **are not enclosing a check or money order**, and are filing **after** June 30, 2011, use: Department of the Treasury, Internal Revenue Service, Kansas City, MO 64999-0002.

\*\*If you live in North Carolina or South Carolina, **are enclosing a check or money order**, and are filing **after** June 30, 2011, use: Internal Revenue Service, P.O. Box 105017, Atlanta, GA 30348-5017.

\*\*\*If you live in American Samoa, Puerto Rico, Guam, the U.S. Virgin Islands, or the Northern Mariana Islands, see Pub. 570.