



# IRS GUIDE TO

# Free Tax Services

## FOR TAX YEAR 2001



**Form 1040** Department of the Treasury—Internal Revenue Service **2001** (M) IRS Use Only—Do not write or staple in this space. CMB No. 1045-0074

**U.S. Individual Income Tax Return**

For the year Jan. 1–Dec. 31, 2001, or other tax year beginning , 2001, ending , 20

**Label** Your first name and initial Last name Your social security number  
If a joint return, spouse's first name and initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see page 19. Apt. no.  
City, town or post office, state, and ZIP code. If you have a foreign address, see page 19.

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

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

**Exemptions**  
6a  Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.  
b  Spouse  
c **Dependents:** (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4)  If qualifying child for child tax credit (see page 20).  
If more than six dependents, see page 20.  
d Total number of exemptions claimed

**Income**  
7 Wages, salaries, tips, etc. Attach Form(s) W-2 7  
8a Taxable interest. Attach Schedule B if required 8a  
b Tax-exempt interest. Do not include on line 8a 8b  
9 Ordinary dividends. Attach Schedule B if required 9  
10 Taxable refunds, credits, or offsets of state and local income taxes (see page 22) 10  
11 Alimony received 11  
12 Business income or (loss). Attach Schedule C or C-EZ 12  
13 Capital gain or (loss). Attach Schedule D if required. If not required, check here  13  
14 Other gains or (losses). Attach Form 4797 14  
15a Total IRA distributions 15a b Taxable amount (see page 23) 15b  
16a Total pensions and annuities 16a b Taxable amount (see page 23) 16b  
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 17  
18 Farm income or (loss). Attach Schedule F 18  
19 Unemployment compensation 19  
20a Social security benefits 20a b Taxable amount (see page 25) 20b  
21 Other income. List type and amount (see page 27) 21  
22 Add the amounts in the far right column for lines 7 through 21. This is your total income 22

**Adjusted Gross Income**  
23 IRA deduction (see page 27) 23  
24 Student loan interest deduction (see page 28) 24  
25 Archer MSA deduction. Attach Form 8853 25  
26 Moving expenses. Attach Form 3903 26  
27 Prepaid or accrued employment tax. Attach Schedule SE 27  
28 Self-employed health insurance deduction (see page 28) 28  
29 Self-employed SEP, SIMPLE, and qualified plans 29  
30 Recessary business expenses (see page 28) 30  
31



## Table of Contents

<b>Customer Service</b> .....	1	Independent Contractor or Employee .....	29
Office of the Privacy Advocate		Office of Public Liaison/Small Business Affairs ...	30
Taxpayer Rights		Small Business/Self-Employed, Taxpayer	
Good Service		Education and Communication (TEC) .....	30
Still Collect the Taxes		SSA/IRS (Social Security Administration/Internal	
		Revenue Service) Reporter (Newsletter) .....	30
<b>Tax Information — Where to Get It</b> .....	2	<b>Taxpayer Assistance Programs</b> .....	31
Tax Information Available Electronically .....	2	Volunteer Income Tax Assistance (VITA) .....	31
■ IRS Web site		Tax Counseling for the Elderly (TCE) .....	31
■ IRS Tax Fax		■ AARP Tax-Aide	
■ IRS CD-ROM		Bank, Post Office and Library (BPOL) Program ...	31
IRS Community-Based Outlet Programs .....	2	Student Tax Clinic Program (STCP) .....	31
■ IRS Post Office Program		Low-Income Taxpayer Clinics (LITC)	
■ IRS Library Program		Grant Program .....	31
■ IRS Copy Center Program		Taxpayer Advocate Service .....	32
■ IRS Corporate Partnership Program		<b>Taxpayer Education Programs</b> .....	33
■ IRS Credit Union Program		Community Outreach Tax Education .....	33
■ IRS Grocery Store Program		Understanding Taxes Program for Students .....	33
■ IRS Newspaper Supplement Program		Practitioner Education .....	33
■ City/County Government Program		<b>Important Tax Subjects</b>	
TeleTax (Recorded Tax Info, Automated Refund		<b>You Should Know About</b> .....	34
Info, and TeleTax Topics by Computer) .....	3	Amending a Return .....	34
■ TeleTax Topic Menu Numbers		Adoption Taxpayer Identification	
<b>Tax Publications</b> .....	5	Number (ATIN) .....	34
Tax Publications and Related Forms .....	5	Collection Process .....	34
Index of Topics and Related Publications .....	11	Copies of Prior Year Returns .....	34
1-800 Tax Assistance Telephone Number .....	24	Credits .....	34
TTY/TDD Telephone Service .....	25	Disaster/Casualty Losses .....	35
Braille Tax Materials .....	25	Estimated Tax .....	35
International Service .....	25	Examination of Returns .....	35
<b>Explore IRS e-file</b> .....	26	Form W-4, <i>Employee's Withholding</i>	
IRS e-file Through an Authorized Provider .....	26	<i>Allowance Certificate</i> .....	35
IRS e-file Using a Personal Computer .....	26	Form W-5, <i>Earned Income Credit</i>	
IRS e-file Using a Touch-Tone Telephone .....	26	<i>Advance Payment Certificate</i> .....	36
IRS e-file Through Employers		Form W-7, <i>Application for IRS Individual</i>	
and Financial Institutions .....	26	<i>Taxpayer Identification Number</i> .....	36
IRS e-file at Authorized VITA and TCE Sites .....	26	Form W-7A, <i>Application for Taxpayer Identification</i>	
<b>Business Tax Services and Information</b> .....	27	<i>Number for Pending U.S. Adoptions</i> .....	36
Filing and Paying Your		Late (Overdue) Returns .....	36
Business Taxes Electronically .....	27	Social Security Number (SSN) .....	36
■ File Form 941 by Telephone		■ Name Change	
■ File Information Returns Using a Modem		■ Dependent's SSN	
■ File Form 940 and Form 941		<b>Tips When Filing Your Return</b> .....	37
Using a Reporting Agent		Important Parts of Your Return .....	37
■ File Form 940 and Form 941		Important Double-Checks on	
Using a Personal Computer		Your Paper Return Before Mailing .....	37
■ File Form 1065 "U.S. Return of		Important Mailing Procedures .....	37
Partnership Income"		<b>'Where to File' Your Taxes for Tax Year 2001</b> ...	38
Electronic Federal Tax			
Payment System (EFTPS) .....	28		

# Guide to Free Tax Services

*Guide to Free Tax Services* identifies the many IRS tax materials and services available to you, and how, when, and where you can get them. Most materials and programs are free and most are available year-round through the IRS. Internet, telephone, and fax programs; and tax tips are covered in this Guide. Publication 910 also gives direction to access recorded tax information and automated refund information. Please read on to see which IRS tax services will help make your tax filing easier.

## Customer Service

**Customer Service — taxpayer rights and good service and still collect the taxes** — *The Restructuring and Reform Act* was truly a landmark in the history of the IRS. It laid out a fundamentally new direction for the agency — the first one since Harry Truman was in the White House. Since there are many detailed and complex provisions in the Bill, including 71 new taxpayer rights, it's easy to get lost in specifics and overlook the whole picture. Through this *Act*, the IRS was given a new direction and a new challenge, namely to measure its success or failure in terms of its effect on the people it serves as well as the taxes it collects. This new direction relies heavily on improved management, improved business practices, and improved technology.

**Office of the Privacy Advocate** The IRS protects taxpayers' privacy by collecting and using only the amount of information we need to get our jobs done. All of our new information programs and systems go through a formal review process. This ensures that only authorized IRS employees have access to your information, and that they use it only as the law allows and then properly safeguard it afterward. In addition, we can only disclose your tax return information according to the law. The IRS created the Office of the Privacy Advocate, the first of its kind in the federal government or private industry, to develop and implement privacy strategy and policy for IRS. There is an actual individual whose job is to protect your privacy. The Privacy Advocate's Web page is at [www.irs.gov](http://www.irs.gov) and the email address is [privacy.advocate@irs.gov](mailto:privacy.advocate@irs.gov).

**Taxpayer Rights** The *IRS Restructuring and Reform Act of 1998*, signed into law on July 22, 1998, contains the *Taxpayer Bill of Rights 3*. The *Taxpayer Bill of Rights 3* preserves the balance between safeguarding the rights of the individual taxpayers and enabling the Internal Revenue Service to administer the tax laws efficiently, fairly, and with the least amount of burden to the taxpayer.

Under this Bill, taxpayer rights were expanded in several areas:

- The burden of proof shifted to the IRS in certain court proceedings.
- In certain cases, taxpayers may be awarded damages and fees, and get liens released.
- Penalties will be eased when the IRS exceeds specified time limits between when a return is filed and when the taxpayer is notified of a tax liability.

Restructuring a new IRS that meets new expectations of the public and the Congress will require years of sustained effort. The new IRS mission statement, "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," clearly points to the Agency's new direction. In the past two years, the IRS has clarified its direction, developed a new attitude, and created new and exciting business practices. The IRS has taken the first bold steps toward achieving the goals as directed in the *IRS Restructuring and Reform Act of 1998*.

- Interest will be eliminated in certain cases involving federally-declared disaster areas.
- There are new rules for collection actions by levy.
- Innocent spouse relief provisions are strengthened.
- In certain situations, taxpayer-requested installment agreements must be accepted. Taxpayers will get annual status reports of their installment agreements.

The IRS revised Publications 1, *Your Rights as a Taxpayer*, and 1SP, *Derechos del Contribuyente*, to incorporate *Taxpayer Bill of Rights 3* with some of the most important rights. These publications can be downloaded from the IRS Web site [www.irs.gov](http://www.irs.gov) or ordered through the IRS by calling 1-800-829-3676.

**Good Service** In conjunction with the implementation of new taxpayer rights, the IRS has made many improvements in customer service. The Agency expanded hours of operations nationwide for both its tax assistance toll-free lines and its walk-in assistance at convenient locations. The Agency further increased options for filing and paying electronically, improved access to the taxpayer advocate, and set up 'problem solving days' in communities nationwide to resolve particularly difficult tax cases.

**Still Collect the Taxes** The IRS works around the clock to provide revised tax materials to taxpayers. Publications, forms, instructions, booklets, brochures, CD-ROMs, videos, etc., reflect the latest tax legislation. These products are available to help taxpayers meet their tax responsibilities. Publication 553, *Highlights of 2000 Tax Changes*, is a collection of the latest tax law changes that may affect you this filing season. You can download Publication 553 and nearly 100 other tax publications listed in this booklet from the IRS Web site [www.irs.gov](http://www.irs.gov), and you can request a free copy of any IRS tax publication by calling the IRS at 1-800-829-3676.

Advances in technology have provided new tools and new skills and have enabled significant improvements in operating processes and procedures. Currently, the IRS is capitalizing on these advances and is undertaking the enormous job of modernizing and replacing information computer systems designed in the early '60s. These improvements will greatly enhance the Agency's ability to achieve its goal of top quality service including timely and accurate responses to the taxpayers.

## Tax Information — Where to Get It

The Internal Revenue Service produces and provides publications, forms, and other tax materials and information to help taxpayers meet their tax responsibilities. Materials are available by phone or mail, at local IRS offices and other community locations. Most materials can also be obtained via the Internet, by fax machine and on CD-ROM.

### **Tax Information Available Electronically**

From a computer, you can download and print any of 700 federal tax forms with instructions, approximately 100 tax publications, and other tax materials. Also for your convenience, you can request and receive forms through a fax machine or you can order the *Federal Tax Products on CD-ROM* of IRS forms and publications.

**IRS Web site:** Offers convenient access 24 hours a day, 7 days a week. The Web site has tax forms with instructions, publications, the latest tax law changes, and specific tax information for individuals and businesses. Access at [www.irs.gov](http://www.irs.gov)

**IRS Tax Fax:** To get a faxed index of nearly 100 frequently requested IRS tax forms, dial (703) 368-9694 from a fax machine. Follow the voice prompts and key in your response. You may select up to three (3) items to order during a single call. The forms are generally available for fax transmission at all times. Your order will be faxed back to you through your fax machine.

**IRS CD-ROM:** Publication 1796, *Federal Tax Products on CD-ROM*, of current and prior year tax publications and forms can be purchased from the NATIONAL TECHNICAL INFORMATION SERVICE (NTIS). Order by calling toll free 1-877-233-6767 (1-877-CDFORMS) or via the Internet at [www.irs.gov](http://www.irs.gov). (Cost is less when ordered through the Internet.)

### **IRS Community-Based Outlet Programs**

The IRS and local community businesses across the United States are working together to increase accessibility of tax publications, forms, and other tax materials for your convenience. In addition to community outlets listed below, the IRS supplies tax forms and publications to a number of technical schools, military bases, and community colleges nationwide. Most banks are no longer tax form distribution outlets. However, banks that participate in the electronic filing program or are a VITA/TCE site may distribute tax forms. Businesses that would like to participate call the IRS at 916-636-7705. Post offices and libraries, call 1-800-829-2765.

**IRS Post Office Program:** The IRS supplies free tax materials to many post offices nationwide. Most post offices stock Forms 1040 (*U.S. Individual Income Tax Return*), 1040A, and 1040EZ with the instructions and related schedules.

**IRS Library Program:** Members of the American Library Association and the Public Library Association continue to partner with the IRS to provide taxpayers access to a wide variety of tax products. Currently, over 14,000 libraries participate in this program. There will be a nominal fee if you need to reproduce a tax form where stock is not available.

**IRS Copy Center Program:** Each year, the IRS furnishes thousands of copy centers (nationwide) either the IRS Publication 1796, *Federal Tax Products on CD-ROM*, or IRS Publication 3194, *Reproducible Copies of Federal Tax Forms (Laminated Version)*. Through this program, quick copy centers and office

supply stores can offer taxpayers a wide variety of IRS forms with instructions for copying. Call the store prior to visiting since not all have this material. There is often a nominal charge for making copies.

**IRS Corporate Partnership Program:** The IRS and employers with 100 or more employees are working together to get tax materials to their employees. Upon request, the IRS provides employers with a free copy of Publication 1796, *Federal Tax Products on CD-ROM*, that contains tax forms with instructions and publications. Employers can then load this information on their Intranet or local area network, so employees will be able to view and print more than 700 current IRS tax forms with instructions and publications. Prior-year forms, tax regulations, IRS bulletins are also available on the CD. For companies with employees that do not have computer access, the IRS can provide a free copy of Publication 1132, *Reproducible Copies of Federal Tax Forms and Instructions*. This publication is a compilation of over 150 tax forms with instructions, that can be photocopied and used. The forms are in camera-ready format for better quality reproduction.

**IRS Credit Union Program:** The IRS and credit unions are partnering to offer credit union members another outlet to access tax forms. Through this program, credit unions can get a free copy of IRS tax products on CD-ROM and IRS reproducible tax forms (Publications 1132, 1132L, and 3194). Credit unions also have the option to load the CD-ROM on their Internet site or they can link to the IRS Web site. Then credit union members can obtain tax materials at work or at home via their credit union Internet Web site or they can photocopy forms at their credit union.

**IRS Grocery Store Program:** Grocery store chains nationwide are partnering with the IRS to get tax forms to their customers. IRS provides Publication 3194, *Reproducible Copies of Federal Tax Forms (Laminated Version)* to these stores. Stores may attach this Publication to a self-service copy machine so customers may make copies.

**IRS Newspaper Supplement Program:** Through this program, the IRS provides print media outlets with a package of the most frequently used IRS tax forms. The IRS will provide requested quantities of this package to insert in newspapers. Newspapers can also obtain a free copy of Publication 1796, *Federal Tax Products on CD-ROM*, to load to their Web site. And, when a newspaper is affiliated with a TV or radio station, the TV or radio station may want to take advantage of loading Publication 1796 on their Web site.

**City/County Government Program:** IRS will provide Publication 1796, *Federal Tax Products CD-ROM*, and Publication 1132, *Reproducible Copies of Federal Tax Forms*.

**TeleTax (Recorded Tax Information, Automated Refund Information, and TeleTax Topics by Computer)**

TeleTax is the IRS toll-free telephone service that provides both recorded tax information and automated refund information.

*Recorded Tax Information* consists of approximately 150 recorded topics, listed below, that provide basic tax information. This Touch-Tone service is available 24 hours a day, 7 days a week. Select, by number, the topic you want to hear, and then call 1-800-829-4477. **For the directory of topics, listen to topic #123.** You may listen to as many topics as you like during your call. Have paper and pencil handy to take notes.

*Automated Refund Information* allows you to check the status of your refund. Be sure to have a copy of your current tax return available since you will need to know the first social

security number shown on your return, the filing status, and the **exact** whole dollar amount of your refund. Then call 1-800-829-4477 and follow the recorded instructions. The IRS updates refund information every 7 days. If you call to find out about the status of your refund and do not receive a refund mailing date, please wait 7 days before calling back. This Touch-Tone service is also available 24 hours a day, 7 days a week.

*TeleTax Topics by Computer* at [www.irs.gov](http://www.irs.gov) is another way to get the listing of TeleTax topics.

*NOTE: All TeleTax recorded messages are also available in Spanish.*

**TeleTax Topic Menu Numbers**

*Topic numbers are effective January 1, 2001*

Menu #s	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	Intro to Federal taxes for small business/self-employed
104	Taxpayer Advocate Program - Help for problem situations
105	Public libraries - Tax information tapes and reproducible tax forms
<b>IRS Procedures</b>	
151	Your appeal rights
152	Refunds - How long they should take
153	What to do if you haven't filed your tax return (Non-filers)
154	Form W-2 - What to do if not received
155	Forms and publications - How to get
156	Copy of your tax return - How to get one
157	Change of address - How to notify the IRS
158	Ensuring proper credit of payments

Menu #s	Subject
<b>Collection</b>	
201	The collection process
202	What to do if you can't pay your tax
203	Failure to pay child support federal non-tax obligations and state income tax
204	Offers in compromise
205	Innocent spouse relief
<b>Alternative Filing Methods</b>	
251	Signing your return with a self-selected PIN
252	Electronic filing
253	Substitute tax forms
254	How to choose a paid tax preparer
255	TeleFile
<b>General Information</b>	
301	When, where, and how to file
302	Highlights of tax changes
303	Checklist of common errors when preparing your tax return
304	Extensions of time to file your tax return
305	Recordkeeping
306	Penalty for underpayment of estimated tax
307	Backup withholding
308	Amended returns
309	Roth IRA contributions
310	Coverdell education saving account
311	Power of attorney information

Menu #s	Subject
<b>Filing Requirements, Filing Status and Exemptions</b>	
351	Who must file?
352	Which form - 1040, 1040A, or 1040EZ?
353	What is your filing status?
354	Dependents
355	Estimated tax
356	Decedents
<b>Types of Income</b>	
401	Wages and salaries
402	Tips
403	Interest received
404	Dividends
405	Refunds of state and local taxes
406	Alimony received
407	Business income
408	Sole proprietorship
409	Capital gains and losses
410	Pensions and annuities
411	Pensions - The general rule and the simplified method
412	Lump-sum distributions
413	Rollovers from retirement plans
414	Rental income and expenses
415	Renting vacation property and renting to relatives
416	Farming and fishing income
417	Earnings for clergy
418	Unemployment compensation
419	Gambling income and expenses
420	Bartering income

Menu #s	Subject
421	Scholarship and fellowship grants
422	Nontaxable income
423	Social security and equivalent railroad retirement benefits
424	401(k) plans
425	Passive activities - Losses and credits
426	Other income
427	Stock options
428	Roth IRA distributions
429	Traders
430	Demutualization
431	Sale of assets held-for more than 5 years
<b>Adjustments to Income</b>	
451	Individual retirement arrangements (IRAs)
452	Alimony paid
453	Bad debt deduction
454	Tax shelters
455	Moving expenses
456	Student loan interest deduction
457	Deduction for higher education expenses
<b>Itemized Deductions</b>	
501	Should I itemize?
502	Medical and dental expenses
503	Deductible taxes
504	Home mortgage points
505	Interest expense
506	Contributions
507	Casualty and theft losses
508	Miscellaneous expenses
509	Business use of home
510	Business use of car
511	Business travel expenses
512	Business entertainment expenses
513	Educational expenses
514	Employee business expenses
515	Disaster area losses
<b>Tax Computation</b>	
551	Standard deduction
552	Tax and credits figured by the IRS
553	Tax on a child's investment income
554	Self-employment tax
555	Ten-year tax option for lump-sum distributions
556	Alternative minimum tax

Menu #s	Subject
557	Tax on early distributions from traditional and Roth IRAs
558	Tax on early distributions from retirement plans
<b>Tax Credits</b>	
601	Earned income credit (EIC)
602	Child and dependent care credit
603	Credit for the elderly or the disabled
604	Advance earned income credit
605	Education credits
606	Child tax credits
607	Adoption credit
608	Excess social security and RRTA tax withheld
609	Rate reduction credit
<b>IRS Notices</b>	
651	Notices - what to do
652	Notice of under reported income - CP 2000
653	IRS notices and bills, and penalties and interest charges
<b>Basis of Assets, Depreciation, and Sale of Assets</b>	
701	Sale of your home
703	Basis of assets
704	Depreciation
705	Installment sales
<b>Employer Tax Information</b>	
751	Social security and Medicare withholding rates
752	Form W-2 - Where, when, and how to file
753	Form W-4 - Employee's withholding allowance certificate
754	Form W-5 - Advance earned income credit
755	Employer identification number (EIN) - How to apply
756	Employment taxes for household employees
757	Form 941 - Deposit requirements
758	Form 941 - Employer's quarterly federal tax return
759	Form 940 and 940-EZ - Deposit requirements
760	Form 940 and 940-EZ -Employer's Annual Federal Unemployment Tax Returns
761	Tips - Withholding and reporting

*IRS recorded tax information available 24 hours a day, 7 days a week*

Menu #s	Subject
762	Independent contractor vs employee
<b>Magnetic Media Filers - 1099 Series and Related Information Returns</b>	
801	Who must file magnetically
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
852	Dual-status alien
853	Foreign earned income exclusion - General
854	Foreign earned income exclusion - Who qualifies?
855	Foreign earned income exclusion - What qualifies?
856	Foreign tax credit
857	IRS Individual Taxpayer Identification Number - Form W-7
858	Alien tax clearance
<b>Tax Information for Puerto Rico Residents (in Spanish)</b>	
901	Who must file a U.S. income tax return in Puerto Rico
902	Deductions and credits for Puerto Rico filers
903	Federal employment taxes in Puerto Rico
904	Tax assistance for Puerto Rico residents

## Tax Publications

The IRS produces many free publications to help you fill out your tax return and to answer your tax questions. All IRS publications and forms can be downloaded from the Internet or ordered at no charge by calling the IRS at 1-800-829-3676. You can also get forms faxed to you. See section IRS Tax Fax under **Tax Information Available Electronically** (page 2).

**Tax Publications and Related Forms:** You may want to get one or more of the publications listed below for information on a specific topic. Where the publication title may not be enough to describe the contents of the publication, there is a brief description. Forms and schedules related to the contents of each publication are shown after each listing.

### Most Popular Publications!

**Pub 17, Your Federal Income Tax (For Individuals)** — can help you prepare your individual tax return. This publication takes you step-by-step through each part of the return. It explains the tax law in a way that will help you better understand your taxes so that you pay only as much as you owe and no more. This publication also includes information on various kinds of credits you may be able to take to reduce your tax. **(Note to Tax Professionals only: There is a fee to order this publication.)**

Forms 1040 (Schedules A, B, D, E, EIC, R), 1040A, 1040EZ, 2106, 2119, 2441, 3903, W-2.

**Pub 334, Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ)** — explains federal tax laws that applies to sole proprietors and statutory employees. **(Note to Tax Professionals only: There is a fee for this publication.)**

Forms 1040 (Schedule C, C-EZ, SE), 4562.

**Pub 553, Highlights of 2001 Tax Changes** — provides detailed information about tax law changes that may affect you this filing season. There were a number of tax law changes that occurred in the *Economic Growth and Tax Relief Reconciliation Act of 2001* that may apply to many individuals and business over the next few years. Pub 553 includes these and other tax law changes.

**Pub 579SP, Cómo Preparar la Declaración de Impuesto Federal** (How to Prepare the Federal Income Tax Return) — in Spanish.

Forms 1040, 1040A (Schedules 1 and 2), 1040EZ, and Schedule EIC.

**Pub 1, Your Rights as a Taxpayer** — explains some of your most important rights as a taxpayer. It also explains the examination, appeal, collection, and refund processes. To ensure that you always receive fair treatment in tax matters, you should know what your rights are.

**Pub 1SP, Derechos del Contribuyente** (Your Rights as a Taxpayer) — (Publication 1 in Spanish.)

**Pub 3, Armed Forces' Tax Guide** — gives information about the special tax situations of active members of the Armed Forces. This publication contains information on items that are included in and excluded from gross income,

combat zone exclusion, alien status, dependency exemptions, sale of residence, itemized deductions, tax liability, extension of deadline, and filing returns.

Forms 1040, 1040A, 1040EZ, 1040NR, 1040X, 1310, 2106, 2688, 2848, 3903, 4868, 8822, 9465, W-2.

**Pub 15, Circular E, Employer's Tax Guide** — Forms 940, 941.

**Pub 15-A, Employer's Supplemental Tax Guide**

**Pub 15-B, Employer's Tax Guide to Fringe Benefits**

**Pub 51, Circular A, Agricultural Employer's Tax Guide** — Form 943.

**Pub 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad** — explains the special tax rules for U.S. citizens and resident aliens who live and work abroad or who have income earned in foreign countries. In particular, this publication explains the rules for excluding income and excluding or deducting certain housing costs.

Forms 1040, 1116, 2555, 2555-EZ.

**Pub 80, Federal Tax Guide for Employers in the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands (Circular SS)** —

Forms 940, 941SS, 943.

**Pub 179, Guía Contributiva Federal Para Patronos Puertorriqueños (Circular PR)** (Federal Tax Guide for Employers in Puerto Rico) — in Spanish.

Forms 940PR, 941PR, 943PR, W-3PR.

**Pub 225, Farmer's Tax Guide** — identifies the kind of farm income you must report and the different deductions you can take.

Forms 1040 (Schedules F, J, SE), 4562, 4684, 4797.

**Pub 378, Fuel Tax Credits and Refunds** — explains the credit or refund that may be allowable for the federal excise taxes on certain fuels. Also discusses the alcohol fuel credit.

Forms 720, 4136, 6478, 8849.

**Pub 463, Travel, Entertainment, Gift, and Car Expenses** — identifies business-related travel, entertainment, gift, and transportation expenses that may be deductible.

Forms 2106, 2106EZ.

**Pub 501, Exemptions, Standard Deduction, and Filing Information** — discusses some tax rules that affect every person who may have to file a federal income tax return such as who must file, what filing status to use, how many exemptions to claim and who cannot take the standard deduction.

Forms 2120, 8332.

**Pub 502, Medical and Dental Expenses** — explains which medical and dental expenses are deductible, how to deduct them, and how to treat insurance reimbursements you may receive for medical care.

Form 1040 (Schedule A).

**Pub 503, Child and Dependent Care Expenses** — explains how you may be able to claim a credit if you pay someone to care for your dependent who is under age 13, or your spouse or dependent who is unable to care for himself or herself. Tax rules covering dependent care benefits from your employer are also explained. See Publication 926 for information on the employment taxes you may have to pay if you are a household employer.

Forms 1040A (Schedule 2), 2441.

**Pub 504, Divorced or Separated Individuals** — Form 8332.

**Pub 505, Tax Withholding and Estimated Tax** — Forms 1040-ES, 2210, 2210F, W-4, W-4P, W-4S, W-4V.

**Pub 508, Tax Benefits for Work-Related Education** — identifies work-related educational expenses that may be deductible. Also discusses the exclusion for employer-provided educational assistance.

Forms 1040 (Schedule A), 2106, 2106EZ.

**Pub 509, Tax Calendars for 2002**

**Pub 510, Excise Taxes for 2002** — covers in detail the various federal excise taxes reported on Form 720. These include environmental taxes; communications and air transportation taxes; fuel taxes; manufacturers taxes; tax on heavy trucks, trailers, and tractors; luxury tax; and the ship passenger tax. This publi-

cation also provides information on wagering activities reported on Form 11-C and 730.

Forms 11-C, 637, 720, 730, 6197, 6627.

**Pub 513, Tax Information for Visitors to the United States** — briefly reviews the general requirements of U.S. income tax rules for foreign visitors who may have to file a U.S. income tax return during their visit. Most visitors who come to the United States are not allowed to work in this country. Check with the IMMIGRATION AND NATURALIZATION SERVICE before taking a job.

Forms 1040C, 1040-ES (NR), 1040NR, 2063.

**Pub 514, Foreign Tax Credit for Individuals** — explains the foreign tax credit that is allowed for income taxes paid to a foreign government on income taxed by both the United States and a foreign country.

Form 1116.

**Pub 515, Withholding of Tax on Nonresident Aliens and Foreign Entities** — provides information for withholding agents who are required to withhold and report tax on payments to nonresident aliens partnerships and foreign corporations. This publication includes information on required withholding upon the disposition of a U.S. real property interest by a foreign per-

son. Also, it includes three tables listing U.S. tax treaties and some of the treaty provisions that provide for reduction of or exemption from withholding for certain types of income.

Forms 1042, 1042S, 8233, 8288, 8288-A, 8288-B, 8804, 8805, 8813, W-8 series (BEN, ECI, EXP, IMY).

**Pub 516, U.S. Government Civilian Employees Stationed Abroad** — discusses many of the allowances, reimbursements, expenses and property sales that U.S. Government civilian employees may have while working overseas.

**Pub 517, Social Security and Other Information for Members of the Clergy and Religious Workers** — discusses social security and Medicare taxes and exemptions from them for ministers and religious workers. This publication also explains the income tax treatment of certain income and expense items of interest to the clergy.

Forms 1040 (Schedules C-EZ, SE), 2031, 2106EZ, 4029, 4361.

**Pub 519, U.S. Tax Guide for Aliens** — gives guidelines on how nonresident aliens determine their U.S. tax status and figure their U.S. income tax.

Forms 1040, 1040C, 1040NR, 1040NR-EZ, 2063.





**Pub 520, Scholarships and Fellowships**

— explains the tax rules that apply to U.S. citizens and resident aliens who study, teach, or conduct research in the United States or abroad under scholarship and fellowship grants.

Forms 1040, 1040A, 1040EZ.

**Pub 521, Moving Expenses**

— explains whether certain expenses of moving are deductible. For example, if you changed job locations last year or started a new job, you may be able to deduct your moving expenses. You may also be able to deduct expenses of moving to the United States if you retire while living and working overseas or if you are a survivor or dependent of a person who died while living and working overseas.

Form 3903.

**Pub 523, Selling Your Home** — explains how to treat any gain or loss from selling your main home.

Form 8828.

**Pub 524, Credit for the Elderly or the Disabled** — explains who qualifies for the credit and how to figure it.

Forms 1040 (Schedule R), 1040A (Schedule 3).

**Pub 525, Taxable and Nontaxable Income**

**Pub 526, Charitable Contributions** — explains how to claim a deduction for charitable contributions and describes organizations that are qualified to receive charitable contributions. It also describes contributions you can (and cannot) deduct and explains deduction limits.

Forms 1040 (Schedule A), 8283.

**Pub 527, Residential Rental Property** — explains rental income and expenses and how to report them on your return. This publication also defines other special rules that apply to rental activity.

Forms 1040 (Schedule E), 4562.

**Pub 529, Miscellaneous Deductions** — identifies expenses you may be able to take as miscellaneous deductions on Form 1040 (Schedule A), such as employee business expenses and expenses of producing income. This publication does not discuss other item

ized deductions, such as the ones for charitable contributions, moving expenses, interest, taxes, or medical and dental expenses.

Forms 1040 (Schedule A), 2106, 2106EZ.

**Pub 530, Tax Information for First-Time Homeowners**

Forms 1040 (Schedule A), 8396.

**Pub 531, Reporting Tip Income** — explains how tip income is taxed and the rules for keeping records and reporting tips to your employers. This publication focuses on employees of food and beverage establishments, but recordkeeping rules and other information may also apply to other workers who receive tips, such as hairdressers, cab drivers, and casino dealers. (See Publication 1244.)

Forms 4070, 4070A.

**Pub 533, Self-Employment Tax** — explains how people who work for themselves figure and pay self-employment tax on their earned income. Self-employment tax consists of social security and Medicare taxes.

Form 1040 (Schedule SE).

**Pub 534, Depreciating Property Placed in Service Before 1987**

Form 4562.

**Pub 535, Business Expenses** — discusses in detail common business expenses and explains what is and is not deductible.

**Pub 536, Net Operating Losses (NOLs) for Individuals, Estates and Trusts** — discusses net operating losses (NOLs) for individuals, estates, and trusts. Such topics include: how to figure an NOL; when to use an NOL; how to claim an NOL deduction; and how to figure an NOL carry-over.

Form 1045.

**Pub 537, Installment Sales** — explains the tax treatment of installment sales. (Installment sales are sales where part or all of the selling price is paid after the year of the sale.) If you finance the buyer's purchase of your property, instead of having the buyer get a loan or mortgage from a bank (or other lender), you probably have an installment sale.

Form 6252.

**Pub 538, Accounting Periods and Methods** — explains some of the rules for accounting periods and methods.

This publication is not intended as a guide to general business and tax accounting rules.

Forms 1128, 3115.

**Pub 541, Partnerships** — Form 1065 (Schedules K, K-1).

**Pub 542, Corporations** — Forms 1120, 1120-A.

**Pub 544, Sales and Other Dispositions of Assets** — explains how to figure gain and loss on various transactions, such as trading, selling, or exchanging an asset used in a trade or business. This publication defines capital and noncapital assets and the tax results of different types of gains and losses.

Forms 1040 (Schedule D), 4797, 8824.

**Pub 547, Casualties, Disasters, and Thefts** — helps you identify a deductible disaster, casualty, or theft loss. This publication also explains how to figure and prove your loss and how to treat the reimbursement you receive from insurance or other sources.

Form 4684.

**Pub 550, Investment Income and Expenses** — covers investment income such as interest and dividends, expenses related to investments, and sales and trades of investment property including capital gains and losses.

Forms 1040 (Schedules B, D), 1099-DIV, 1099-INT, 4952, 6781, 8815.

**Pub 551, Basis of Assets** — explains how to determine the basis of property, which is usually its cost.

**Pub 552, Recordkeeping for Individuals** — highlights and serves as a ready reference on general recordkeeping for individual income tax filing.

**Pub 554, Older Americans' Tax Guide** — provides helpful information on tax topics that may be of interest to older Americans. This guide also covers certain provisions that give special tax treatment to them.

Call the IRS @  
1-800-829-3676  
for a copy of  
IRS publications

**Pub 555, Community Property** — provides helpful information to married taxpayers who reside in a community property state — Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, or Wisconsin. If you and your spouse file separate tax returns, you should understand how community property laws affect the way you figure your income on your federal income tax return.

**Pub 556, Examination of Returns, Appeal Rights, and Claims for Refund** — Forms 1040X, 1120X.

**Pub 557, Tax-Exempt Status for Your Organization** — explains the rules and procedures that apply to organizations applying for exemption from federal income tax under section 501 of the Internal Revenue Code.

Forms 990, 990EZ, 990PF, 1023, 1024.

**Pub 559, Survivors, Executors, and Administrators** — provides helpful information for reporting and paying the proper federal income taxes if you are responsible for settling a decedent's estate. This publication answers many questions that a spouse or other survivor faces when a person dies.

Forms 1040, 1041.

**Pub 560, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)** — provides guidance relevant to retirement plans available to small businesses (including the self-employed). It covers simplified employee pensions (SEPs), qualified plans, and savings incentive match plan for employees (SIMPLE) retirement plans.

**Pub 561, Determining the Value of Donated Property** — defines fair market value and provides other guidance that may help you determine the value of property you donated to a qualified organization.

Form 8283.

**Pub 564, Mutual Fund Distributions** — explains the tax treatment of distributions paid or allocated to an individual shareholder of a mutual fund, and explains how to figure gain or loss on the sale of mutual fund shares.

Forms 1040 (Schedules B, D), 1099-DIV.

**Pub 570, Tax Guide for Individuals with Income from U.S. Possessions** — provides tax guidance for individuals with income from American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands. This publication also gives information and addresses for filing U.S. possession tax returns, if required.

Forms 1040, 1040-SS, 4563, 5074, 8689.

**Pub 571, Tax-Sheltered Annuity Plans (403(b) Plans) for Employees of Public Schools and Certain Tax-Exempt Organizations** — explains the contribution rules that apply to tax-sheltered annuity plans offered by qualified employers to eligible employees. Rules discussed include the limit on elective deferrals, the maximum exclusion allowance and the limit on annual additions.

Form 5330.

**Pub 575, Pension and Annuity Income** — explains how to determine the tax treatment of distributions received from a qualified pension and annuity plans. It also discusses the optional tax treatment you can choose to use for lump-sum distributions received from a pension, from stock bonus and profit-sharing plans. Additionally, this publication discusses how to roll over distributions from a qualified plan or IRA.

Forms 1040, 1040A, 1099-R, 4972.

**Pub 583, Starting a Business and Keeping Records** — provides basic federal tax information for people who are starting a business. It also provides information on keeping records and illustrates a recordkeeping system.

**Pub 584, Casualty, Disaster, and Theft Loss Workbook (Personal-Use Property)** — contains schedules for listing con-

tents of your residence and for determining your losses on personal-use property.

**Pub 584-B, Business Casualty, Disaster, and Theft Loss Workbook** — contains schedules for listing your income-producing property.

**Pub 584SP, Registro de Pérdidas Personales Causadas por Hechos Fortuitos (Imprevistos) o Robos** — (Publication 584 in Spanish).

**Pub 587, Business Use of Your Home (Including Use by Day-Care Providers)** — explains rules for claiming deductions for business use of your home and what expenses may be deducted.

**Pub 590, Individual Retirement Arrangements (IRAs)** — explains the tax rules that apply to IRAs and the penalties for not following them. Rules discussed include those affecting contributions, deductions, transfers (including rollovers) and withdrawals. This publication includes tax rules for traditional IRAs, Roth IRAs, SEPs, and SIMPLEs.

Forms 1040, 1040A, 5329, 8606.

**Pub 593, Tax Highlights for U.S. Citizens and Residents Going Abroad** — provides a brief overview of various U.S. tax provisions that apply to U.S. citizens and resident aliens who live or work abroad and expect to receive income from foreign sources.

**Pub 594, Understanding the Collection Process** — defines your rights and duties as a taxpayer who owes federal taxes. This publication also explains how the IRS fulfills its legal obligation to collect these taxes.

**Pub 594SP, Comprendiendo el Proceso de Cobro (Understanding the Collection Process)** — (Publication 594 in Spanish).

**Pub 595, Tax Highlights for Commercial Fishermen** — is primarily intended for sole proprietors who use Form 1040 (Schedules C or C-EZ) to report profit or loss from fishing. This publication does not cover corporations or partnerships in detail.

Forms 1040 (Schedules C, C-EZ), 1099-MISC.

**Pub 596, Earned Income Credit** — explains who may receive the credit, how to figure and claim the credit, and how to receive advance payments of the credit.

Forms 1040, 1040A, Schedule EIC, EIC Worksheets, W-5.

**Pub 596SP, Crédito por Ingreso del Trabajo (Earned Income Credit)** — (Publication 596 in Spanish).

**Pub 597, Information on the U.S.-Canada Income Tax Treaty** — this publication explains certain tax provisions that may apply to U.S. residents who temporarily work in Canada.

**Pub 598, Tax on Unrelated Business Income of Exempt Organizations** — explains how the tax applies to most tax-exempt organizations. It explains the rules that apply if an organization regularly operates a trade or business that is not substantially related to its exempt purpose.

Form 990-T.

**Pub 686, Certification for Reduced Tax Rates in Tax Treaty Countries** — explains how U.S. citizens, residents, and domestic corporations may certify to a foreign country that they are entitled to tax treaty benefits.

**Pub 721, Tax Guide to U.S. Civil Service Retirement Benefits** — explains how the federal income tax rules apply to civil service retirement benefits received by retired federal employees (including those disabled) or their survivors.

Forms 1040, 1040A. **Pub 850, English-Spanish Glossary of Words and Phrases Used in Publications Issued by the Internal Revenue Service**

**Pub 901, U.S. Tax Treaties** — explains the reduced tax rates and exemptions

from U.S. taxes provided under U.S. tax treaties with foreign countries. This publication provides helpful information for residents of those countries who receive income from U.S. sources. It may be useful to U.S. citizens and residents with income from abroad.

**Pub 907, Tax Highlights for Persons with Disabilities** — briefly explains tax laws that apply to persons with disabilities and directs readers to sources of detailed information, such as Pub 502, *Medical and Dental Expenses*; Pub 503, *Child and Dependent Care Expenses*; Pub 524, *Credit for the Elderly or the Disabled*; Pub 525, *Taxable and Nontaxable Income*; and Pub 915, *Social Security and Equivalent Railroad Retirement Benefits*. For information on the disabled access credit, see Pub 334, *Tax Guide for Small Business*. For business tax information on deducting costs of removing architectural or transportation barriers, see Pub 535, *Business Expenses*.

**Pub 908, Bankruptcy Tax Guide** — explains the federal tax obligations of persons filing bankruptcy petitions and bankruptcy estates.

Forms 982, 1040, 1041.

**Pub 911, Direct Sellers** — provides information on figuring income and deductible expenses for your direct-sales business. A direct seller is a person who sells consumer products to others on a person-to-person basis, such as door-to-door, at sales parties, or by appointment in someone's home.

Form 1040 (Schedules C, SE).

**Pub 915, Social Security and Equivalent Railroad Retirement Benefits** — explains taxability of social security and equivalent railroad retirement benefits.

Forms SSA-1042S and RRB-1042S, SSA-1099 and RRB-1099, Social Security Benefits Worksheets.

**Pub 918, Drafts of Worksheets in IRS Publications** — available on IRS Web site and IRS CD only.

**Pub 919, How Do I Adjust My Tax Withholding?** — discusses Form W-4 and offers guidance for getting the right amount of tax withheld from your pay.

Form W-4.

**Pub 925, Passive Activity and At-Risk Rules** — Form 8582.

**Pub 926, Household Employer's Tax Guide For Wages Paid in 2001** — identifies "household employees." Included are tax rules you should know when you employ a household worker such as a babysitter, maid, yard worker, or similar domestic worker. This publication explains what federal employment taxes to withhold and pay and what records to keep.

Forms 1040 (Schedule H), W-2, W-3, W-4, W-5.

**Pub 929, Tax Rules for Children and Dependents** — explains filing requirements and the standard deduction amount for dependents. This publication also explains when and how a child's parents may elect to include their child's interest and dividend income on their return, and when and how a child's interest, dividends, and other investment income reported on the child's return are taxed at the parents' tax rate.

Forms 8615, 8814.

**Pub 936, Home Mortgage Interest Deduction** — discusses the rules for deducting home mortgage interest limits on the deduction and how to report it on your tax return.

Form 1040 (Schedule A).

**Pub 938, Real Estate Mortgage Investment Conduits (REMICs) Reporting Information (And Other Collateralized Debt Obligations (CDOs))** — contains directories of REMICs and CDOs to assist brokers and middlemen with their reporting requirements. Available on the IRS Web site.

**Pub 939, General Rule for Pensions and Annuities** — covers the method used to figure the tax-free part of pension and annuity payments from nonqualified plans, using life expectancy actuarial tables. The General Rule is used primarily for nonqualified plans, such as purchased commercial annuities, private annuities, and nonqualified employee plans.

**Pub 946, How to Depreciate Property** — Form 4562.

Access the  
IRS Web site for  
IRS publications @  
[www.irs.gov](http://www.irs.gov)

**Pub 947, Practice Before the IRS and Power of Attorney** — explains who can represent a taxpayer before the IRS and what forms are used to authorize a person to represent a taxpayer or to receive information from IRS regarding a taxpayer.

Forms 2848, 8821.

**Pub 950, Introduction to Estate and Gift Taxes** — provides general information on the federal gift and estate taxes. It explains when these taxes apply and how they can be eliminated or reduced by the unified credit.

Forms 706, 709.

**Pub 954, Tax Incentives for Empowerment Zones and Other Distressed Communities**

**Pub 957, Reporting Back Pay and Special Wage Payments to the Social Security Administration**

**Pub 967, The IRS Will Figure Your Tax** — explains the procedures for choosing to have the IRS figure the tax on Forms 1040, 1040A, and 1040EZ.

**Pub 968, Tax Benefits for Adoption** — explains the adoption tax credit and the exclusion from income on certain employer-provided amounts you pay to adopt a child.

Form 8839.

**Pub 969, Medical Savings Accounts (MSA)** — explains the program for certain employees of small businesses and self-employed individuals. This publication also explains what a medical savings account is, who can have one, and how to report it on a tax return. This publication also explains Medicare plus choice MSAs.

Forms 8853, 1098-MSA, 1099-MSA.

**Pub 970, Tax Benefits for Higher Education** — Form 8863.

**Pub 971, Innocent Spouse Relief (And Separation of Liability and Equitable Relief)** — explains who may qualify for relief and how to apply for relief.

Form 8857.



**Pub 972, Child Tax Credit** — provides Child Tax Credit Worksheets for those who cannot use the worksheet in their Form 1040 or Form 1040A instructions. It also provides the additional child tax credit worksheet for those who cannot use the worksheet in the Form 8812 instructions.

**Pub 1004, Identification Numbers Under ERISA**

**Pub 1045, Information for Tax Practitioners**

**Pub 1212, List of Original Issue Discount Instruments** — helps brokers and other middlemen identify publicly offered original issue discount debt instruments so that they can file Forms 1099-OID or Forms 1099-INT as required. This publication also assists owners of publicly offered OID instruments to determine the OID to report on their income tax returns.

**Pub 1244, Employee's Daily Record of Tips and Report to Employers** — Forms 4070, 4070-A.

**Pub 1542, Per Diem Rates**

**Pub 1544, Reporting Cash Payments of Over \$10,000 (Received in a Trade or Business)** — explains when and how persons in a trade or business must file a Form 8300 when they receive cash payments of more than \$10,000 from one buyer. It also discusses the substantial penalties for not filing the Form.

Form 8300.

**Pub 1544SP, Informe de Pagos en Efectivo en Exceso de \$10,000 (Recibidos en una Ocupacion o Negocio)** — explains in Spanish when and how persons in a trade or business must file a Form 8300 or 8300SP when they receive cash payments of more than \$10,000 from one buyer. It also discusses the substantial penalties for not filing the form.

**Pub 1546, Taxpayer Advocate Service of the IRS**

**Index of Topics and Related Publications**

Look over the following index to find the topic you have questions about. The number listed after each topic is the related publication. Where more than one number is listed after a topic, bold type has been used to identify the publication that provides the most detailed information about that topic. Refer to previous section titled **Tax Publications** for a brief description of many of the publications listed below.

- A**
- Abandonment of assets | 544
  - Abroad, tax highlights for U.S. citizens and residents going | 593
  - Accelerated cost recovery system (ACRS) | 534
  - Accelerated death benefits | **559**
    - Depreciation | 534
  - Accident and health plans | 535
  - Accident insurance, medical expense | **502**, 554, 907
  - Accountable plan | 463, 535
  - Accounting periods and methods | 538, 552, 911
  - Accrual method | 538
  - ACRS recovery tables | 534
  - ACTION volunteers | 525
  - Actuarial tables | 939
  - Additional child tax credit | **972**
  - Adjusted basis (See Basis)
  - Adjustments to income:
    - Alimony paid | 504
    - IRAs (including traditional & Roth Education IRAs), contributions to | **590**
    - Keogh plan, contributions to | 535, **560**
    - Medical savings accounts | 969
    - Moving expenses | 521
    - Penalty for early withdrawal of savings | 550
    - Self-employed health insurance | 502, 535
    - Self-employment tax | **533**, 596, 596SP, 911
  - Administrators of estates | **559**, 950
  - Adoption assistance programs | 968
  - Adoption expenses:
    - Credit for | 968
    - Medical expenses, before adoption | **502**
  - Advance payments:
    - Earned income tax credit | **596**, **596SP**, 926
    - For sales from services | 538
  - Advertising expenses | 535
  - Age 59½ rule | 590
  - Age 65 or older:
    - Standard deduction | **501**, **554**, **929**
    - Tax credit | **524**, **554**
  - Air transportation of persons or property, excise tax | 510
  - Air travel facilities excise tax | 510
  - Alcohol fuels credit | 378
  - Aliens:
    - Spouses | 3
    - Tax obligations | **3, 519**
    - Tax treaties, U.S. | 901
    - Visitors to U.S. | **513**, 519
    - Withholding on nonresident | 515
  - Alimony | 504
  - Allocated tips | 531
  - Alternate depreciation system (ADS) | 946
  - Alternative minimum tax:
    - Corporations | 542
    - Farmers | 225
    - Individuals | 596, 596SP, 929
  - Amended returns:
    - Claims for fuel tax credit | **378**
    - U.S. citizens abroad | 54
  - Amortization | 535
  - Annuitants (See also Pensions):
    - Civil service | **721**, **939**
    - Estate and gift taxes | (Forms 706 & 709 instructions)
    - Joint and survivor | **575**, **939**
    - Loans from employer plans | **560**, **575**
    - Older persons | 554
    - Other than civil service | **575**, **939**
    - Ruling request | **939**
    - Self-employed | 560
    - Tax-sheltered | 571
    - Tax treatment | 554, **575**, **939**
    - Variable | 575
    - Withholding on | **505**, 575, 721
  - Anticipated liabilities | 535
  - Apartment, condominium, cooperative:
    - Owner's deductions | 530
    - Rental of | 527
    - Sale of | 523
  - Appeal of erroneous lien | 594, 594SP
  - Appeal procedures, exempt organizations | 557
  - Appeal rights and claims for refund | **556**
  - Application procedures, exempt organizations | 557
  - Appraisals (See Valuation)
  - Appreciation in value of property:
    - Charitable donation | 526
    - Sale of asset | 544
  - Armed forces:
    - Alien status | 3
    - Combat zone compensation | **3**
    - Combat zone forgiveness | **3**
    - Decedents | **3**
    - Dependency exemptions | 3, 501
    - Earned income tax credit | 3, **596**, **596SP**
    - Extension of deadline | **3**
    - Filing returns | **3**
    - Home, sale of | **3, 523**
    - Income taxes on death | **3, 559**
    - Itemized deductions | 3
    - Moving expenses | **3, 521**
    - Tax liability | 3
    - Taxable and nontaxable income | **3, 525**
    - Transportation expenses of reservists | 463
    - Travel expenses | **3, 463**
    - Uniforms | **3, 529**
  - Articles of organization | 557
  - Assessments for local improvements | **530**, **535**, 551
  - Assets (See Property)
  - Associations:
    - Investment clubs | 550
  - At-risk rules | **925**
  - Attorney fee:
    - Business expenses | 535
    - Divorce | 504
    - Investment expense | 550
    - Personal legal expenses | 529
  - Automobile expense (See Car expenses)
  - Aviation fuel, excise tax | 510
  - Awards and prizes | **525**, 535, 911

**B**

    - Babysitters | 926
    - Backup withholding | **505**, 550
    - Bad debts:
      - Business | 529, **535**
      - Nonbusiness | 550
    - Bankruptcy | 594, 594SP, **908**

Bar examination fees | 529  
 Bargain purchases | 526, 544, 551  
 Barter income | 525  
 Basis | 550, **551**  
     Adjusted | 527, 530, 534, **551**, 564, 946  
     Bonds | 550, 551  
     Cars | 463  
     Casualty and theft losses | 547, 551  
     Condemnation | 544  
     Cost | **551**, 564  
     Gifts | **551**, 564  
     Home | 523, 530  
     Inherited property | **551**, 555, **559**, 564  
     Intangible assets | 551  
     Mutual funds | 564  
     Partner's interest in partnerships | 541  
     Other than cost | 551  
     Rental property | 527, 551  
     S corporation stock | (Form 1120-S instructions)  
     Stocks | 550, 551  
 Below market loans | 550  
 Beneficiaries:  
     Annuity | **575**, 721  
     Estate | 559  
     Inheritance | **525**, **559**  
     IRA | **575**, 590  
     Life insurance | 525  
     Medical savings accounts | 969  
 Bequests (See Gifts, bequests, and inheritances)  
 Billing information | 594, 594SP  
 Bingo games, exempt organizations | 598  
 Blindness:  
     Guide animals | 502  
     Medical deduction for special schools and equipment | 502  
     Standard deduction | 501  
 Blocked income | 54, 520  
 Blood donations | 526  
 Board and lodging (See Meals and lodging)  
 Bona fide residence test | 54  
 Bonds:  
     Amortization of premium | 535, 550  
     Basis | **550**, 551  
     Coupon, stripped | **550**, **1212**  
     Discounted [original issue discount (OID)] | **550**, **1212**  
     List of original issue discount | 1212  
     Market discount | 550  
     Original issue discount (OID) | **550**, **1212**  
     State or local | 550

Treasury | 550  
 U.S. savings | **550**  
     Acquired from decedent | 550, **559**  
     Used for education | 550, 970  
 Bonuses:  
     Direct sellers | 911  
     Employee | 525  
     Employer's deduction | 535  
 Books and records, business | 583, 911  
 Boycotts, international | 514  
 Braille materials | 502, 907  
 Bribes and kickbacks | 535  
 Brokerage fees | **550**, 564  
 Buildings:  
     Depreciation of | 946  
     Sale of | 544  
 Burial expenses (See Funeral expenses)  
 Buses, highway use tax | (Form 2290)  
 Business (See also Deductions):  
     Bad debt | 529, **535**  
     Casualty losses | **547**  
     Expenses | **463**, **535**, 555, 911  
     Overseas | 953  
     Sale of interest | 544  
     Start-up costs | **535**, 541, 542  
     Taxes | **535**, **583**, 911  
     Use of car | 463, 529, 911  
     Use of home | 529, **587**, 911

**C**

Cafeteria plans | 15-B  
 Calendars, tax | 509  
 Calls and puts | 550  
 Campaign contributions:  
     Business expense | 535  
     Received | 525  
 Canadian tax treaty | 597  
     Contribution | 526  
 Cancellation of debt:  
     Bankruptcy | 908  
     Effect on basis | 551  
     Farmers | 225  
     Income | 525  
     Insolvency | 908  
     Qualified real property business indebtedness | 334  
 Cancellation of lease | 521, 544  
 Capital assets (See Property)  
 Capital construction fund for:  
     Commercial fishermen | **595**  
 Capital contributions | 542  
 Capital expenditures:  
     Basis | **551**, 946  
     Business | **535**, 911  
     Medical expense | **502**  
 Capital gain distributions | 550, **564**, 929  
 Capital gains and losses (See Gains and losses)

Capitalizing expenses | 535, 911  
     Effect on basis | 551  
 Car expenses:  
     Business | 463, 535, 911  
     Car pool | **525**  
     Charitable | 526  
     Depreciation | **463**, 946  
     Education | 508  
     Medical | 502  
     Moving | 521  
 Carrybacks and carryovers:  
     Capital loss | 536, 542, **544**, 550, 564  
     Charitable contributions | 526  
     Foreign tax credit | 514  
     General business credit | 225, 334  
     Investment interest expense | 550  
     Net operating loss | **536**, 542  
     Termination of estate | 559  
 Carrying charges:  
     Capitalizing | 535  
     Straddles | 550  
 Cash method of accounting | 538  
 Cash or deferred arrangements | 575  
 Cash transactions over \$10,000 | 1544, 1544SP  
 Casualty losses, nonbusiness | **547**  
     Workbook | **584**, **584-B**, **584SP**  
 Cellular telephones | 529, 535, 946  
 Cemetery, contribution for | 526  
 Certificates of compliance (See Sailing permit)  
 Charitable contributions (See Contributions)  
 Charitable deductions, estate and gift taxes | (Forms 706 & 709 instructions)  
 Chemicals excise tax (See Ozone-depleting chemicals)  
 Child:  
     Credit for care of | 503  
     Divorced or separated parents | 504  
     Exclusion of dependent care assistance benefits for care of | 503  
     Exemptions | 501  
     Support payments | **504**, 594, 594SP  
     Tax Credit | 17  
     Tax rules | 929  
 Christian science practitioners | 502, 517  
 Circulation expenses | 535  
 Citizens abroad | **54**, 593  
 Civil service annuities:  
     Community property | 555  
     Disability annuity | 721  
     Retirement annuity | 721  
     Survivors | 721  
 Claim procedures | 3, 378, 556, **594**, **594SP**

- Clean-fuel vehicle property | **535**, 551
- Cleaning and laundry expenses:
  - Business expense when traveling | 463
  - Work clothes | 529
- Clergy:
  - Earned income tax credit | **596**, **596SP**
  - Income | 517, **525**
  - Self-employment tax | 15-A, 517, 533, 596, 596SP
  - Social security | 15-A, 517
- Closing costs | 523, **530**, 551
- Clothes, work | 526, **529**
- Club dues | **463**, 529, 535
- Collection of income, expenses of | **529**, **550**
- Collection process:
  - Income tax accounts | 594, 594SP
  - Employment tax accounts | 594, 594SP
  - Your rights | **1**, **ISP**, 594, 594SP
- Collateralized debt obligations (CDOs) | 938 (Available on the IRS Web site)
- Combat zone:
  - Compensation exclusion | **3**
  - Decedents | 3, 559
  - Extension of deadline | **3**
  - Filing returns | **3**
  - Telephone excise taxes | **510**
- Commercial fishermen | **595**
- Commissions | 525
  - Brokers | **550**
  - Direct sellers | **911**
  - Sale of home | 523
- Commitment fees | 535
- Communications excise tax | 510
- Community income and property | 504, **555**
- Commuting | 529, 463
- Compensation | 15-A, **525**, **535**, 560, **590**
  - Damages | 525
  - Unemployment | 525
- Compete, agreement not to | 535, **544**, 946
- Computer, home | 529, 946
- Condemnations | 523, **544**
- Condominiums | 527
- Conservation contribution, qualified | 561
- Contributions:
  - Appreciated property | **526**, **561**
  - Capital | 542
  - Charitable:
    - Corporation | 542
    - Estates | 559 (Forms 706 & 709 instructions)
    - Individuals | 526
    - Non-cash | **526**, **561**
  - Coverdell ESAs | 970
  - Medical Savings Accounts | 969
  - Partnership | 541
  - Retirement plans (including IRAs) | **535**, **560**, **571**, 590
  - Valuation | 561
- Convention expenses | **463**, 526
- Conversion to rental property:
  - Personal home | 523, **527**, 551
- Cooperatives:
  - Interest payments | 530, **936**
  - Owner's deductions | 530
  - Rental | 527
- Copyrights:
  - Basis | 551
  - Depreciation | **946**
  - Sale of | 544
- Corporations | 542
- Corporations electing to be S corporations | (Form 1120-S instructions)
- Corporations, small business stock losses | 550
- Cosmetic surgery | 502
- Cost annuity | **575**, **721**, **939**
- Cost depletion | **535**
- Cost-of-living allowance | 525
- Cost of goods sold | 334, 911
- Court, appeal to after examination | 556
- Covenant not to compete (See Compete, agreement not to)
- Credits:
  - Adoption | 968
  - Alcohol fuel | 378
  - Aviation fuel | 378
  - Child and dependent care | 503
  - Child Tax Credit | 17
  - Compressed natural gas | 378
  - Diesel fuel | 378
  - Disability, permanent and total | 524
  - Earned income | 3, 555, **596**, **596SP**
  - Elderly, for | **524**, **554**
  - Electric vehicle | **535**
  - Empowerment zone employment | 334, 954
  - Estimated tax | 505
  - Foreign tax | 514
  - Gasohol blending | 378
  - Gasoline | 378
  - General business | 225, 334
  - Hope Credit | 970
  - Indian employment | 334, 954
  - Kerosene | 378
  - Lifetime learning | 970
  - Liquefied petroleum gas | 378
  - Mortgage interest | **530**, 936
  - Prior year minimum tax | 542
  - Railroad retirement tax, overpaid | 505
  - Social security tax, overpaid | 505
  - Special motor fuels | 378
  - Student credits — Hope, lifetime learning | 970
  - Unified, estate and gift taxes | (Forms 706 & 709 instructions | 950
  - Welfare-to-work | 334, **954**
  - Withholding tax | 505
  - Work opportunity | 334, **954**
- Crops, unharvested | 225
- Cruise ships | 463
- Custodial fees | **529**
- Custodial parent | 501, 504
- Custody | 501, 504
- D**
- Damaged property | 334, **547**
- Damages:
  - Compensation for | 525
  - Medical expenses | 502
  - Severance | 544
- Danger pay | 516
- Day care facility | **587**
- DC zone assets, exclusion of gains | 954
- Deaf, guide dogs for | 502
- Death benefits | 525
- Debt-financed income or property | 598
- Debts:
  - Bad debts | **535**, **550**
  - Canceled | 225, **334**, 525, 551, 908
- Decedents | 3, **559**, 950
  - Medical expenses | 502, 559
- Declining balance depreciation | **534**, **946**
- Deductions:
  - Amortization | **535**
  - Bad debts:
    - Business | 529, 535
    - Nonbusiness | 529, **550**
  - Business use of home | 529, **587**, 911
  - Car expenses | 911
  - Casualty losses | 527, **547**
  - Charitable contributions | **526**, 561
  - Community property | 555
  - Convention expenses | 463
  - Corporations | 542
  - Dental expenses | 502
  - Depletion | **535**
  - Depreciation | 527, **534**, 911, **946**
  - Disaster area losses | **547**
  - Dividends received | 542
  - Domicile | 555
  - Educational assistance exclusion | 508
  - Educational expenses | 3, **508**, 529, 970

- Employee benefit programs | 535
  - Employee business expenses | 463, 529
  - Employee's pay | **535**
  - Entertainment expenses | 463
    - Meals and entertainment | 535, 911
  - Estate tax | 950
  - Expenses of producing income | **529, 550**
  - Final income tax return of decedent | 559
  - Fines:
    - Business | 535
    - Personal | **529**
  - Foreign housing costs | 54
  - Foreign income taxes | 514
  - Fringe benefits | 525, 15-B
  - Gambling losses | 525, **529**
  - Gift expenses | 463, 911
  - Home leave | 516
  - Home mortgage interest deduction | 530, **936**
  - Income, expenses of producing | 529, 550
  - Interest expenses | **535**, 550, 911, 936
  - Investment expenses | **550**, 564
  - IRA contributions | **590**
  - Itemized deductions, recovery of | 525
  - Keogh plan contributions | 560
  - Legal expenses:
    - Business | 535
    - Divorce | 504
    - Personal | 504, 529
  - Meals and lodging furnished to employees | 15-B **535**, 595
  - Medical expenses | **502**, 535, 554
  - Medical savings accounts | 969
  - Miscellaneous | 529
  - Moving expenses | 3, **521**, 554
  - Partnerships | 541
  - Pension plan, contributions to | **535, 560**, 571, 575
  - Personal exemptions | 501
  - Rental expenses | 527
  - Section 179 deduction | **946**
  - Self-employed health insurance | 502, 535, 541
  - Standard | 501
  - Student loan interest | 970
  - Taxes | 334, 530, **535**, 911
  - Thefts | 334, **547**
  - Travel, transportation | 3, **463**, 595, 911
  - Deferrals, elective | 560, 571, 590
  - Demonstrators | 911
  - Dental expenses | 502
  - Departing aliens | 513, **519**
  - Dependent care assistance programs | 15-B
  - Dependent care credit | 503
  - Dependents | 3, **501**, 504
    - Medical expenses of | 502
    - Rules for children and | 929
    - Social security numbers | 501
  - Depletion | **535**
  - Deposits:
    - Corporate taxes | 542
    - Due dates | 509
    - Employment taxes | **15**
    - Excise taxes | 510
    - Frozen | 550, 590
    - Loss on | **529, 547, 564**
  - Depreciation, depreciable property:
    - Accelerated cost recovery system (ACRS) | 527, **534**
    - Basis | 527, **551**, 946
    - Car | **463**, 946
    - Home, business use | **587**, 911
    - Indian reservations, used on | 954
    - Home, rental use | 527
    - Methods | **534, 946**
    - Modified accelerated cost recovery system (MACRS) | 463, 527, **946**
    - Recapture | 544
    - Sale of depreciable property | **544**
  - Determination letters:
    - Employee benefit plans | 560
    - Exempt organizations | 557
  - Development expenses for oil, gas, and geothermal wells | **535**
  - Diesel fuel credit | 378
  - Diesel fuel excise tax | 510
  - Direct sellers | **911**
  - Directors' fees | 525
  - Disability:
    - Civil service retirement | 721
    - Income | 525
    - Persons with a | 502
    - Tax credit for | **524**, 554
  - Disabled dependent care | 502, **503**
  - Disaster area losses | **547**
  - Disclosures required | 557, 590
  - Discount, original issue | 550, **1212**
  - Dispositions:
    - Depreciable property | **544**, 946
    - Installment obligations | 537
    - Mutual funds | 564
    - Partner's interest | 541
    - Passive activity | 925
  - Distributions:
    - Capital gains | 564
    - Corporate | **542, 550**
    - Coverdell ESAs | 970
    - Estates | 559
    - Individual retirement arrangements (IRAs) | 554, **590**
  - Medical savings accounts | 969
  - Mutual funds | 564
  - Partnership | 541
  - Retirement plans | 575, 721
  - S corporations | (Form 1120-S instructions)
  - Dividends | 542, 550, 564
    - Capital gain distributions | 550, 564
    - Children's | 929
    - Estate | 559
    - Exempt - interest | 564
    - Mutual fund | 564
    - Received, deduction for corporations | 542
    - Reinvestment of | **550**, 564
    - S corporations | (Form 1120-S instructions)
  - Divorced taxpayers | 504
    - Exemptions | **501, 504**
    - Individual retirement arrangement transfer | 590
  - Doctors, medical | 502
  - Domestic help | **926**
  - Donations (See Contributions)
  - Donee information return | 557
  - Drilling expenses for oil, gas, and geothermal wells | **535**
  - Drug expenses | 502
  - Dual status tax year | 519
  - Due dates | 509
  - Dues | 529, 535
- E**
- Earned income:
    - Advance payment | **596, 596SP**
    - Filing requirements, dependents | **501, 929**
    - Foreign | 54
    - Tax credit | 3, **596, 596SP**
  - Easement | 544
    - Contribution of | 561
    - Effect on basis | 551
  - Economic performance rule | 538
  - Education:
    - Expenses | 3, 508, 529, 535
    - Savings bond program | 550, 970
    - Scholarships and fellowships | **520**
    - State tuition programs | 970
    - Student credits — Hope, lifetime learning | **970**
    - Student loans | 970
  - Elderly persons:
    - Sale of home | **523, 554**
    - Tax credit for | **524, 554**
  - Elective deferrals | 525, 560, 571, 590
  - Electric vehicle tax credit | **535**, 551
  - Embezzlement | 547
  - Employee benefit programs | **15-B, 560**
  - Employee business expenses | **463**, 529



- Car | 463
  - Home | 587
  - Employees, defined | 15-A
  - Employees' pay | 535
  - Employer identification number (EIN) | 510, 583, **911**, 926
  - Employer-paid
    - Accident and health insurance | 15-B, 502
    - Adoption expenses | 15-B, 968
    - Dependent care | **503**, 15-B
    - Education | 508, **15-B**, 970
    - Life insurance | 15-B
  - Employment abroad:
    - U.S. citizens | 54
    - U.S. government civilians | 516
    - U.S. possessions | 570
  - Employment agency fees | 529
  - Employment taxes:
    - Collection process | 594
    - Collection process (Spanish) | 594SP
    - Employer information | **15**, 583, 911, 926
    - Exempt organizations | 15-A
    - Household employees | 503, **926**
  - Empowerment zones | 954
  - Empowerment zone employment credit | 334, **954**
  - Endowment insurance proceeds | 525
  - Enterprise communities | 954
  - Entertainment expenses | **463**, 535
  - Environmental cleanup costs | 535, 954
  - Environmental excise taxes | 510
  - Equitable relief | 971
  - ERISA, identification numbers under | 1004
  - Estate and gift taxes | 950, (Forms 706 & 709 instructions)
    - Annual exclusion | 950
    - Basis | 559
    - Disclaimers | (Forms 706 & 709 instructions)
    - Divorced or separated | 504
    - Filing requirements | **559**, 950
    - Marital deduction | 950
    - Unified credit | 950
    - Unified rate schedule | (Forms 706 & 709 instructions)
    - Valuation methods | (Forms 706 & 709 instructions)
  - Estates and trusts, income from | 525, **559**
  - Estimated tax:
    - Corporations | 542
    - Exempt organizations | 598
    - Farmers | 225
    - Fishermen | 595
    - Individual | 505, 520, 911
    - Nonresident aliens | 519
  - Examination of returns | 556
    - Your rights | 1, 1SP
  - Excess accumulations, IRA | 590
  - Excess contributions, IRA | 590
  - Exchanges of property (See Property and sales and exchanges)
  - Excise taxes | **510**
    - Credits and refunds of excise taxes | **378**, 510
  - Exclusion of:
    - Capital gains from DC zone assets | 954
    - Employer-provided dependent care | 503, 15-B
    - Employer-provided educational assistance | 508, 15-B
    - Gain on sale of home | 523
    - Income earned abroad | **54**, **593**
    - U.S. possessions | 570
  - Executors of estates | **559**
  - Exempt income | 525
  - Exempt-interest dividends | **550**, **564**
  - Exempt organizations | 557
    - Application procedures | 557
    - Filing requirements | 557
    - Income from unrelated business | **598**
  - Exemption from withholding | **505**
  - Exemptions | **3**, **501**, 554
  - Expenses (See particular type of expense):
    - Accrual method | 538
    - Business | 535, 911
    - Going into business | **535**, 542, 583
    - Car | 463
    - Cash method | 538
    - Condemnation award, securing | 544
    - Decedent, in respect of | 559
    - Dental | 502
    - Employee | 463
    - Exploration, mineral deposits | 535
    - Foreign housing costs | 54
    - Income-producing | 529, **550**
    - Inventory | 334, 538, 911
    - Investment | 550
    - Medical | 502
    - Personal | 529, 911
    - Receipts | 552
    - Recovery of | 525
    - Rental | 527
  - Extension of time to file tax return:
    - Corporations | 542
    - Estate | 950, (Forms 706 & 709 instructions)
    - Income | 559, (Form 1041 instructions)
  - Gift | (Forms 706 & 709 instructions)
  - Income | 501, 929
  - Living abroad | 54
  - Members of armed forces | **3**
  - Partnerships | 541
  - S corporations | (Form 1120-S instructions)
- ## F
- Fair market value:
    - Charitable contributions | 526, **561**
    - Defined | 526, 527, 537, **544**, **551**, **561**, 946
    - Mutual funds | 564
    - Valuation | 561
  - Family:
    - Employees | 15, 225, 926
    - Partnerships | 541
    - Related persons | **544**, **550**, 946
  - Farmers and farming | 225
    - Estimated tax | 225, 505
  - Federal employees compensation act (FECA) payments | **525**, **721**
  - Federal employees overseas | 516
  - Federal insurance contributions act (FICA) | 1517
    - Clergy and religious workers | 1517
  - Federal retirees | 721
  - Federal retirees, disabled | 721
  - Federal unemployment tax (FUTA) | **15**, 926
  - Fees:
    - Appraisal | **526**, 529, **547**, **561**
    - Check-writing | 529
    - Club dues and membership | 463, 529, 535
    - Commitment | 535
    - Custodial | **529**, 550, 564
    - Directors' | 525
    - Legal | **529**, **535**
    - License and regulation | 535
    - Personal services | 525
    - Service, broker | **529**, 550, 564
  - Fellowships | 520
  - Fiduciaries | 559
  - Filing requirements:
    - Age 65 or over | **501**, **554**, 915
    - Corporations | 542
    - Dependents | 501, 929
    - Employee benefit plans | 1004
    - Estates | (Forms 706 & 709 instructions)
    - Excise taxes | **510**
    - Exempt organizations | 557, 598
    - Gift taxes | (Forms 706 & 709 instructions)
    - Information returns | 911
    - IRA | 590



General rule, annuities | 939  
 Gift expenses | 463, 911  
 Gift tax (See also Estate and gift taxes) | 504, 950  
 Gifts, bequests, and inheritances | **559**, 950  
     Basis | **551**, 559  
     Business | 463  
     Depreciable property | 544  
     Exclusion from income | 525  
     Home | 523  
     Mutual funds | 564  
     Partnership interest | 541  
     Property received as | 559  
     Survivor annuities | 559, **575**  
 Going-into-business expenses | 535, 541, 542  
 Goodwill:  
     Amortization | **535**, 946  
     Basis | 551  
     Depreciation | **534**, **946**  
     Sale of | 544  
 Government officials | 529  
     (See Officials)  
 Grants | 520  
 Gross estate | (Forms 706 & 709 instructions)  
 Gross income test, dependents | 501  
 Gross profit on sales | 911  
 Gross profit percentage | 537  
 Ground rent | **530**, **936**  
 Group exemption letter | 557  
 Group health plans | 15-B  
 Group-term life insurance | 525, **15-B**  
 Guaranteed payments to partners | 541  
 Guaranteed annual wage | 525  
 Guide dogs for the blind and deaf | **502**, 554

**H**  
 Health insurance | **502**, **535**, 554, 969  
 Hearing aids | 502  
 Highway-use tax | 510  
 Highlights of tax changes | 553  
 Holding period | 523, **544**, 550  
 Home:  
     Business use of | 529, **587**, 911  
     Changed to rental | **527**, 551, 946  
     Computer | 529  
     Construction | 523  
     First-time owner's deductions | 530  
     Main | 523  
     Mortgage interest deduction | 530, **936**  
     Purchase | 530  
     Repairs and improvements | 530  
     Sale of | 3, **523**  
 Hope Credit | 970  
 Hospital insurance (See Social security)

Partnerships | 541  
 S corporations | (Form 1120-S instructions)  
 Filing status | **501**, 554  
 Final return, individual | 559  
 Fines | **529**, **535**  
 Fire losses | 527, **547**  
 First-in first-out (FIFO) inventory method | 538, 911  
 Fishermen, commercial | 595  
 Fishing expenses | 595  
 Fixing-up expenses, home | 523  
 Flood losses | 547  
 Foreclosures | 544  
 Foreign:  
     Convention expenses | 463  
     Earned income | 54  
     Employer | 525  
     Entities, withholding on | 515  
     Income taxes | 514  
     Moving expenses | 3, **54**, 521  
     Person, disposition of U.S. real property by a | 515  
     Service representation and official residence expenses | 516  
     Tax credit | 514  
     Visitors to the United States | **513**, **519**  
 Franchises | 535, **544**, 551  
 Fraternal societies, contributions to | 526  
 Fringe benefits | **525**, **15-B**  
     Withholding | 15-A, **505**  
 Fuel tax credit or refund | 378, 595  
 Fulbright grants | 54, 520  
 Funeral expenses:  
     Estates | 559

Individuals | **502**, **529**

**G**  
 Gains and losses | **544**, **550**  
     Basis | 550, **551**  
     Capital gain distributions | 550, **564**, 919  
     Casualty losses | 527, **547**  
     Condemnation | 544  
     Corporations | 542  
     Depreciable property | 544  
     Employee stock options | 525  
     Estate | 559  
     Investment property | 550  
     Liquidating dividends | 550  
     Loss on savings deposits | 529, **550**  
     Mutual funds | 564  
     Nonresident aliens | 519  
     Partner's interest | 541  
     Rental property | 527  
     S corporations | (Form 1120-S instructions)  
     Sale of assets | **544**, **550**  
     Sale of home | **523**, 554  
     Stock options | 550  
     Theft losses | **527**, **547**  
 Gambling winnings and losses | **525**, **529**  
     Withholding requirements, winnings | 505, 515  
 Gas guzzler excise tax | 510  
 Gasohol tax, credit or refund | **378**, **510**  
 Gasoline excise taxes | 510  
 Gasoline tax, credit or refund | 378  
 General business credit | 225, 334  
 General depreciation system (GDS) | **527**, **946**

Hospitalization | **502**, 554  
 Household employers | 503, 926  
 Housekeeper, child care | **503**, 926  
 Housing allowances | 525, 596  
 H.R. 10 plans | 560

**I**

Identification numbers:  
 Adoption | 501, 968  
 Aliens | 501, **519**  
 Employer | 225, 334, 583, 911, 926  
 ERISA | 1004  
 Social security | 501  
 Impairment related | 529  
 Importers, excise taxes | 510  
 Improvements and repairs:  
 Assessments for | **527**, **530**  
 Business property | 535  
 Depreciation | **946**  
 Home | 530  
 Rental property | 527  
 Selling home | 523  
 Inclusion amount | 463  
 Income (See particular type of income)  
 | 525  
 Accrual of | 538  
 Advance income | 538  
 Alimony | 504  
 Clergy | 517, 525  
 Collection process | 594  
 Collection process (Spanish) | 594SP  
 Combat zone compensation | 3  
 Constructive receipt | **525**, 538  
 Corporate | 542  
 Cost of goods sold | **334**, **538**, 911  
 Decedent, in respect of | **3**, **559**  
 Disability | **525**, 554, 907  
 Effectively connected with U.S. trade  
 or business | 519  
 Foreign source | 54  
 Investment | 550  
 IRA | 590  
 Leasing a car | 911  
 Miscellaneous | 525  
 Mutual fund distributions | 564  
 Nontaxable | 3, **525**, 554  
 Other than cash | 525  
 Partnership | 541  
 Railroad retirement benefits | 525,  
 554, 915  
 Recapture of depreciation | 537, **544**,  
 946  
 Rental | **527**  
 S corporations | (Form 1120-S  
 instructions)  
 Social security benefits | 525, 554, **915**  
 Taxable | **3**, **525**  
 Taxes on death | **3**, **559**  
 Tips | **531**, **1244**

Unemployment compensation | 525  
 Unrelated business, exempt  
 organization | 598  
 When included | 538  
 Income tax withholding | **505**, 515  
 Indebtedness (See Debts)  
 Indefinite assignment | 463  
 Indian employment credit | 334, 954  
 Indian reservations, depreciation | 954  
 Individual retirement arrangements  
 (IRAs) | 3, 535, 554, **590**, 970  
 Inheritance (See Gifts, bequests, and  
 inheritances)  
 Innocent spouse relief | 971  
 Installment:  
 Agreements | **594**, **594SP**  
 Obligations, disposition of | 537  
 Payments, estate tax | (Forms 706 &  
 709 instructions)  
 Payments, highway-use tax  
 | (Form 2290)  
 Sales | **537**  
 Insurance:  
 Accident and health | 502, 535, 15-B  
 Beneficiaries | 559  
 Business, deductible and  
 nondeductible premiums | 535  
 Casualty losses | **547**  
 Employer-financed | 525  
 Estate tax | (Forms 706 & 709  
 instructions)  
 Foreign insurer, excise tax | 510  
 Group-term life | 525, **15-B**  
 Home | 529  
 Interest on policy | 550  
 Life | **525**, **529**, **535**, 554  
 Long-term care | **502**, 535  
 Malpractice | 529  
 Medical | **502**, **535**, 554  
 Medical for self-employed | **502**,  
**535**, 554  
 Proceeds, life | 525  
 Thefts | **547**  
 Interest income:  
 Below-market loans | 525, 550  
 Children's | 929  
 Education savings bond program  
 | 550, 970  
 General | **550**, 554  
 Original issue discount (OID) | **550**,  
**1212**  
 Unstated | 537  
 Interest expense:  
 Below-market interest rate loans  
 | 535  
 Business | 535, 911  
 Capitalization of | 535

Home mortgage | 530, **936**  
 Limit on home mortgage  
 interest | 936  
 Investment | **550**, 564  
 Prepaid interest | 530, **535**  
 Unstated | 537  
 International air travel facilities, excise  
 tax | 510  
 International boycott | 514  
 Interrelated computations, estate and  
 gift taxes | 904  
 Interview expenses:  
 Business | 535  
 Reimbursed | 525  
 Inventories | **538**, **911**  
 Substantially appreciated in value  
 | 541  
 Uniform capitalization rules | 538  
 Investment:  
 Annuity contract | 575  
 Clubs | 550  
 Counsel fees | **550**, 564  
 Income and expenses | **550**, 564, 929  
 Interest | **550**, 564  
 Property | 550  
 Investigation, crime | 529  
 Involuntary conversions | **544**, **547**, 551  
 Itemized deduction recoveries | 525

**J**

Job:  
 Empowerment zone employment  
 credit | 334, **954**  
 Expenses of looking for a new job  
 | 529  
 Indian employment credit | 334, **954**  
 Interview | 535  
 Moving expenses | **521**, 535  
 Transportation expenses | 463, 911  
 Travel expenses | 463, 911  
 Welfare-to-work credit | 334, **954**  
 Work opportunity credit | 334, **954**  
 Joint and survivor annuities | **575**, 939  
 Joint interests, gross estate | (Forms 706  
 & 709 instructions)  
 Joint return:  
 Decedent and surviving spouse | 3,  
 501, **559**  
 Filing | 501  
 Nonresident aliens | 3, **519**  
 Signing | 501  
 Jury duty fees | 525

**K**

Keogh plans | **535**, **560**  
 Kerosene tax credit | 378  
 Kerosene excise tax | 510  
 Kickbacks | 535

**L**

Land (See Real property)  
 Last-in first-out (LIFO) inventory method | 538, 911  
 Leases | 535  
   Cancellation | 521  
   Cars | 463, 911  
   Leveraged | 535  
 Legal expenses (See Attorney fee)  
 Letters, memoranda, etc. | 544  
 Levy | **594, 594SP**  
 Liabilities:  
   At-risk rules | 925  
   Contested | **535, 538**  
   Partnership | 541  
   Release from | 525  
 License fees | 529  
 Lien | **594, 594SP**  
 Lifetime learning credit | 970  
 Like-kind exchanges | **544, 550, 551**  
 Limits:  
   Business meals | 463  
   Casualty, disaster, theft loss deductions | **547**  
   Charitable contribution deductions | 526  
   Depreciation of business car | **463, 946**  
   Education credits | 970  
   Entertainment | **463**  
   Home mortgage interest deduction | 936  
   IRA contributions and deductions | 590  
 Liquidation:  
   Distributions in | 550  
   Partner's interest | 541  
 Listed property | 534, **946**  
   Cars | 463, **946**  
 Livestock, raised | 225  
 Loan origination fees (points) | 523, 530, 535, 551, **936**  
 Loans, interest on:  
   Below market | **525, 535, 550**  
   Business expense | 535, 911  
 Lobbying expenses | 529, **535**  
   Exempt organizations | 557  
 Lockout and strike benefits | 525  
 Lodging and meals furnished to employees | 15-B, 587  
 Long-term care | 502  
 Long-term gains and losses | 550, **564**  
 Losses:  
   Abandonment | **544**  
   At-risk limits | 925  
   Bad debt | **535, 550**  
   Business expenses | 535  
   Business property | 544  
   Casualty | **547**

Condemnations | 544  
 Deposits | 529, **547, 550**  
 Disaster | **547**  
   Workbook | **584, 584B,**  
 Estate | 559  
 Exchange of property | **544, 550, 551**  
 Gambling | 529  
 Home, sale of | 523  
 Involuntary conversions | 544, **547, 551**  
 IRA investments | 590  
 Mutual funds | 564  
 Net operating | **536, 542**  
 Options | 550  
 Partnerships | 541  
 Passive activity limits | 925  
 Recovery in later year | **525, 547**  
 Related party transactions | 550  
 Rental | 527  
 Reporting | **544, 547, 550**  
 S corporations | (Form 1120-S instructions)  
 Sales and other dispositions | **544, 550, 564**  
 Section 1231 | 544  
 Section 1244 stock | 550  
 Small business corporation | 550  
 Straddles | 550  
 Thefts | **547**  
 Wash sales rules | 550  
 Worthless securities | 550  
 Lost property | 547  
 Lump-sum payments:  
   Civil service annuities | 721  
   Employees' plan | 554, 575  
   Retirement annuities | 554, **575**  
   Rollover, tax-free | 575, **590**  
   Special 5-year or 10-year tax options | 575  
   Wages | 525  
   Withholding on | 505  
 Luxury excise taxes | 510

**M**

MACRS percentage tables | **946**  
 Main home | 523  
 Maintenance of household:  
   Child and dependent care | 503  
   Divorced or separated | 504  
   Head of household | 501  
   Household employer | 926  
 Manufacturers excise taxes | 510  
   Excise taxes | 510  
 Marital deduction, estate and gift taxes | (Forms 706 & 709 instructions)  
 Market discount bonds | 550  
 Meals and lodging:  
   Business travel | 15 - B, **463, 911**  
   Charitable travel | 526  
   Furnished to employees | 15-B, 587, 595  
   Medical expenses | **502, 554**  
   Moving expenses | 3, **521, 535**  
   Per diem rates | 1542  
   Standard meal allowance | 463  
   Taxability of reimbursements | 3, **525**  
 Medical savings accounts | 969  
   Decedent | 559  
 Medical reimbursement plans | 15-B  
 Medical expenses | **502, 554, 934**  
   Decedent | **502, 559**  
   Guide dogs for blind and deaf | **502, 554**  
   Insurance for self-employed | **502, 535, 554**  
   Medical savings accounts | **559, 969**  
   Medicare | **502, 554**  
   Reimbursement | 502  
   Schools, special | 502  
 Medical savings accounts | 535, 969  
 Medicare tax (See Social security)  
 Memberships, club dues | 463, 529, 535  
 Mileage allowances:  
   Business car | 463, 535, 911  
   Charitable contributions | **526**  
   Medical expenses | **502, 554**  
   Moving expenses | 521  
 Military personnel (See Armed forces)  
 Mines | 535  
 Minimum distributions:  
   IRAs | 590  
   Retirement plans | 575  
 Ministers (See Clergy)  
 Miscellaneous deductions | 529  
 Modified accelerated cost recovery system (MACRS) | **946**  
 Modified adjusted gross income | 590  
 Mortgage assistance payments | 525, 936  
 Mortgage credit certificates | 530  
 Mortgaged property:  
   Sale of | 544  
   Contribution of | 526  
 Mortgages:  
   Basis | 551  
   Installment sales, assumed | 537  
   Interest deduction, home | 530, **936**  
   Property exchanged, effect on | 544  
 Motor fuels excise tax, special | 510  
 Motor vehicle, excise tax | **510**  
 Moving expenses | 3, **521, 535**  
   Foreign move | 3, **54, 516, 521**  
 Multiple support agreement | 501  
 Municipal bonds | 550  
 Musical compositions, sale of | 544  
 Mutual funds | **550, 564**

**N**

Net operating losses | 225, **536**, 542  
 Non-accountable plan | **463**, 535  
 Nonbusiness bad debt | 550  
 Nondeductible contributions:  
   IRAs | 590  
   Qualified plans | 560  
 Nonresident aliens | 3, 513, **519**, 559  
   Beneficiaries of estate | 559  
   Joint return | 519  
   Withholding on | 515  
 Nonresident U.S. citizens | **54**, 593  
 Nontaxable exchanges | **544**, 550  
 Nontaxable income | **525**, 554  
 Notes, interest on | 550  
 Nursing services | **502**, 554

**O**

Offers in compromise | **594**, **594SP**  
 Office expenses | 535  
 Office in home | 529, **587**, 911  
 Officials | 463  
 Oil and gas property:  
   Depletion | **535**  
   Drilling and development expenses | **535**  
 Operating loss, net | 225, **536**, 542  
 Options | 525, **550**  
   Employee stock | 15-B  
   Stock | 550  
 Original issue discount (OID) | 550, **1212**  
 Original issue discount obligations, list of | **1212**  
 Out-of-pocket expenses, contributions | 526  
 Overseas:  
   Citizens and residents, U.S. | 54  
   Government, U.S., civilian employees | 516  
   Possessions, U.S. | 570  
   Scholars | 520  
   Tax highlights, citizens and residents | 593  
 Ozone-depleting chemicals excise tax | 510

**P**

Paid-in capital | 542  
 Parking fees and tolls | 463  
 Partial liquidation (See Liquidation)  
 Partners and partnerships | 541  
 Passive activities | 925  
 Patents:  
   Basis | 551  
   Depreciation | 946  
 Payments:  
   Beneficiaries, to | 559  
   Cash, large | 1544, 1544SP

Employee plans | **535**, **560**  
 Installment | **537**, 594, 594SP  
 Large cash | 1544, 1544SP  
 Procedures | **594**, **594SP**  
 Peace Corps | 516, 525  
 Penalties:  
   Accuracy related | 911  
   Business | 594  
   Deductibility | 535  
   Early withdrawal of savings | 550  
   Estimated tax | 505  
   Excessive credit or refund claimed | 378  
   Failure to file | 509, 911  
   Failure to pay | 509, 911  
   Failure to report large cash payment | 1544, 1544SP  
   False or fraudulent claims | 378  
   Filing late | 510, **594**, **594SP**  
   Frivolous return | 911  
   Information reporting | 911  
   IRAs | 590  
   Overstating the value of donated property | 561  
   Paying late | 509, 510, **594**, **594SP**  
   Tax deposits not made | 509, 510, **594**, **594SP**  
   Trust fund recovery | 51, 225, **594**, **594SP**  
   Underpayment of tax | 505  
 Pensions:  
   Civil service | **721**, **939**  
   Loans from employer plans | 554, **560**, **575**  
   Lump-sum distributions | 554, **575**, 590, **721**  
   Other than civil service | **575**, **939**  
   Self-employed, retirement plans for the | 560  
   SIMPLE IRA plan | 560, 590  
   Simplified employee pension (SEP) | 535, **560**, **590**  
   Small business, retirement plans for | 560  
   Tax-sheltered annuity plans | **571**  
   Taxation of | 554, **575**, **939**  
   Withholding on | 15-A, **505**, 575, 721  
 Percentage depletion | **535**  
 Per diem allowances | **463**, 535, 1542  
 Performing artists | 529  
 Permanent and total disability:  
   Credit | **524**, 554  
   Defined | 524  
 Personal exemption | **501**, 554  
 Personal injury, damages | **525**  
 Personal property:  
   Depreciation | **534**, **946**  
   Installment sales | 537  
   Repossessions | 537, 544

Sale of | 544  
   Section 1245 | 544  
 Physical presence test | 54  
 Points | 521, 523, 530, 535, 551, **936**  
 Political contributions | 529, **535**  
 Pollution control facilities | 535  
 Possessions, U.S., exclusion for citizens in | 570  
 Post differentials | 516  
 Power of attorney | **556**, **947**  
 Practice before the IRS | 947  
 Premature distributions:  
   IRA | 554, **590**  
   Qualified plan | 560  
   Pension plan | **575**  
 Premium, bond amortization | 535, 550  
 Prepaid  
   Expenses | **535**, 538  
   Interest | 535, 936  
   Medical insurance | **502**, 554  
 Present value, annuity | **721**  
 Privacy act notice | **594**, **594SP**  
 Private foundations | 557  
 Prizes and awards | 525, 911  
 Professional expenses | 529  
 Prohibited transactions | **560**, **590**  
 Prompt assessment, request for | 559  
 Property:  
   Abandoned | 523, 544, 946  
   Appreciation in value | 544  
   Assessments | 535  
   Basis | **551**, 946  
   Business, sale of | 544  
   Business use, partial | **463**, **587**  
   Capital assets | **544**, 550  
   Casualty losses | **547**  
   Change to business or rental use | 551, 946  
   Charitable contributions | **526**, **561**  
   Community | 551, 555  
   Condemned | 544  
   Depletion | 535  
   Depreciable | **534**, **946**  
   Donated | 526, **561**  
   Estate | 559, Form 706 instructions  
   Exchanges | **544**, 550, **551**  
   Gifts | (Forms 706 & 709 instructions)  
   Inherited | 544, 551, 559  
   Installment sales | **537**  
   Intangible | 544, 551, 946  
   Investment | 550  
   Involuntary conversion | 544, **547**, 551  
   Leased | **535**, 946  
   Cars | 463  
   Like-kind | **544**, 550  
   Received for services | 525

- Recovery property, percentage tables | 534, **946**
  - Rental | 527
  - Repossessions | 523, **537**, 544
  - Sales and exchanges | **544**, 550
  - Section 179 | **946**
  - Section 1231 gains and losses | **544**
  - Section 1244 stock | 550
  - Section 1245 | **544**
  - Section 1250 | **544**
  - Section 1256 contracts | 550
  - Settlements | 504
  - Taxes | 535
  - Theft losses | **547**
  - Prosecution, crime | 529
  - Protective clothing | 529
  - Protest, written, after examination | 556
  - Public assistance payments | 525
  - Public safety officer's benefits | 525, **559**
  - Puts and calls | 550
- Q**
- Qualified domestic relations order (QDRO) | 504, 590
  - Qualified joint interest | 551
  - Qualified plans | 535, **560**
  - Qualified zone academy bonds | 954
- R**
- Railroad retirement benefits | 525, 554, **575**, **915**
  - Real estate investment trust (REIT) | 550
  - Real estate mortgage investment conduit (REMIC) | **550**, **938**
  - Real estate taxes | 523, **530**, 535
  - Real property:
    - Basis | 527, 551, 559
    - Depreciable | **534**, 544, **946**
    - Foreign investment in U.S. | 515, **519**
    - Installment sales | **537**
    - Passive activity rules | 925
    - Rental | 527
    - Repossessions | 537
    - Sale | 544
    - Taxes | 551
    - Trade or business | 544
    - Valuation, estate | (Forms 706 & 709 instructions)
  - Rebates | 525
  - Recapture of depreciation | **544**, 946
  - Records and record keeping requirements:
    - Car expenses | 463, 911
    - Charitable contributions | 526
    - Credit or refund claims | 378
    - Employee's business expenses | **463**
    - Employment taxes | 926
    - Entertainment | 463
    - Excise taxes | **510**
    - Gambling | 529
    - Gifts, business | 463, 911
    - Home ownership | 530
    - Individuals | 552
    - Listed property | 534, **946**
    - Medical | 502
    - Small business | 583, 911
    - Tip income | 531
    - Travel | 463, 911
  - Recoveries:
    - Bad debt | 535
    - Expenses | **525**, 535
    - Income | 525
    - Itemized deductions | 525
    - Losses | **547**
    - Tax refunds | 525
  - Recovery property | 534, **946**
    - Disposition of | 544
  - Reforestation expenses | 535
  - Refund feature, annuities | **939**
  - Refunds:
    - Claim for | 3, **556**
    - Decedents | 3, **559**
    - Excise taxes | **378**, 595
    - Net operating loss | 536, 542
    - State income tax | 525
  - Reimbursements and allowances:
    - Accountable plan | **463**, 535
    - Car expenses | 3, **463**, 911
    - Casualty or theft losses | **547**
    - Employee's expenses | 3, **463**
    - Involuntary conversions | 544
    - Medical expenses | 502
    - Moving expenses | 3, **521**, 535
    - Nonaccountable plan | **463**, 535
    - Travel, transportation | 3, **463**, 535, 911
  - Reinvested dividends | **550**, 564
  - Related persons:
    - Dependents | 501
    - Employer | 463
    - Gains and losses on transactions | **544**, **550**, **564**
  - Relatives, payments to | 503
  - Religious organizations, contributions to | 526
  - Religious workers, social security for | 15-A, 517, 533
  - Relocation payments | 521
  - REMICs | **550**, **938**
  - Rental:
    - Advance rent | 527
    - Allowance, clergy | 517
    - Business expenses | 535
    - Cars | 463, 911
    - Expenses | 527
    - Home, use of | 527, 911
    - Income | 527
    - Passive activity rules | 527, **925**
    - Property | 527
    - Sale of property | **544**
      - Temporary, sale of home | **523**
    - Repairs and improvements (See Improvements and repairs)
    - Repayment of items previously reported as income | 525
    - Replacement period:
      - Home | 3, **523**
        - Involuntary conversions | **544**, **547**
    - Reporting requirements:
      - Additional taxes | 590
      - Cash payments, large | 1544, 1544SP
      - Charitable contributions | **526**, **561**
      - Sale of main home | 523
      - Tip income | 531
      - Withholding taxes | 15
    - Repossessions | **537**, **544**
    - Representation | **594**, **594SP**, 947
    - Required distributions:
      - IRAs | 590
      - Retirement plans | 575
    - Research and experimentation expenses | 535
    - Residence (See Home)
    - Residence test, bona fide | 54
    - Resident aliens | 519
    - Retained earnings | 542
    - Retirement:
      - Bonds | 550, 590
      - Income | 554
      - IRAs | 554, **590**
      - Self-employed individuals, plans for | 535, **560**
    - Returns:
      - Child's | 929
      - Corporation | 542
      - Decedent | 559
      - Dependent's | 929
      - Donee information | 557
      - Due dates | 3, **509**
      - Employment tax | 15
      - Estate | (Forms 706 & 709 instructions)
        - Income | 559, (Form 1041 instructions)
      - Excise | **510**
      - Exempt organization business income tax | 598
      - Fiduciary | 559
      - Gift | (Forms 706 & 709 instructions)
      - Highway-use tax | **510**
      - Individual, final | 559
      - Information | 334, 557, 911
      - Nonresident alien | 519
      - Partnership | 541

Political activity | 557  
 S corporations | (Form 1120-S instructions)  
 Rights as a taxpayer | **1, ISP**  
 Rollover of gain from sale of securities | 550  
 Rollovers to an IRA | 571, 575, **590**  
 Royalty income | 525

**S**

S corporations | (Form 1120-S instructions)  
 Sailing permit | 513, **519**  
 Salaries | **525, 535**  
 Salary reduction arrangement | **560, 571, 575, 590**  
 Sales and exchanges:  
   Basis | 550, **551**  
   Inherited property | 559  
   Nontaxable exchanges | 551  
   Taxable exchanges | 551  
 Business property | 544  
 Depreciable property | 544  
 Foreign move | 54  
 Holding period | **544, 550**  
 Home | 523  
   Age 55 or older | **523, 554**  
 How to report | **544, 550**  
 Installment | **537**  
 Investment property | 550  
 Like kind | 544, **550**  
 Mutual funds | 564  
 Nonresident aliens | 519  
 Nontaxable exchanges | **544, 550**  
 Partnership interests | 541  
 Passive activity interests | 925  
 Patents and copyrights | 544  
 Personal items | 525, 911  
 Reporting | **544, 550**  
 Sales tax | 535  
 Salvage value | **534**  
 Savings account interest | 550  
 Savings bonds, U.S. | **550, 559, 970**  
 Savings incentive match plans for employees (SIMPLE) plans:  
   Treatment by employees | 590  
 Schedule D (capital gain) tax computation | 550, 564  
 Scholars and scholarships | 7, 519, **520**  
 Scrip dividends | 550  
 Section 179 expense deduction | 911, **946**  
   Cars | 463  
 Section 401(k) plans | 560, **575**  
 Section 444 election | 538  
 Section 501(c)(3) organizations | 557  
 Section 911 exclusion | 54  
 Section 1231 gains and losses | **544**  
 Section 1244 stock | 550

Section 1245 property | **544, 946**  
 Section 1250 real property | **544**  
 Section 1256 contracts | 550  
 Securities, worthless | 550  
 Seizure and sales | **594, 594SP**  
 Self-employed medical insurance | **502, 535**  
 Self-employed, medical savings account | 969  
 Self-employed, retirement plans for the | 535, **560, 590**  
 Self-employment contribution act (SECA)  
   Clergy and religious workers | 517  
 Self-employment income | 517, **533, 911**  
   Clergy | 517  
 Self-employment tax | **533, 595, 911**  
   Exemption from | 517  
 Selling expenses:  
   Home, sale of | 523  
 Separated spouses | **504**  
   Community property states | 504, 555  
 Separate maintenance decree | 504  
 Separation agreement, alimony | 504  
 Series E, EE, H, HH and I bonds | 550  
 Settlement costs | 530, 551  
 Severance damages | 544  
 Severance pay | 525  
 Sewer assessments (See Assessments for local improvements) | 530  
 Shareholder, corporation choosing not to be taxed | 550  
 Shareholder, mutual funds | 564  
 Ship passenger excise tax | 510  
 Short sale of stock | 550  
 Short tax year | 538  
   Depreciation | 534, **946**  
 Short-term gains and losses | 544, 550, 564  
 Sick pay (See also Disability):  
   Reporting | 15-A  
   Tax withholding on | **505**  
 SIMPLE IRAs  
   Treatment by employee | 590  
 SIMPLE retirement plans | **560**  
 Simplified employee pension (SEP):  
   Treatment by employee | 590  
   Treatment by employer | **535, 560**  
 Simplified method, pensions | 554, **575, 721**  
 Small business investment company stock | 550  
 Small business, record-keeping for a | 583  
 Small business stock | 550  
 Social security and Medicare:  
   Aliens | 519

Benefits | **525, 915**  
 Christian science tax professionals | 517  
 Church employees | 557  
 Clergy, religious workers | **517, 533**  
 Household workers | 926  
 Social security numbers for dependents | **501**  
 Social security numbers for earned income tax credit | 501, 596  
 Taxable benefits | 525, 554, **915**  
 Taxes | 15, 15-A, 225, **533, 926**  
 Withholding on benefits | 505  
 Withholding requirements | 15, 15-A

Sole proprietorship, sale of | 544  
 Spanish language publications:  
 Earned income tax credit | 596SP  
   How to prepare the federal income tax return | 579SP  
   Nonbusiness disaster, casualty, and theft loss workbook | 584SP  
 The collection process | 594SP  
 Your rights as a taxpayer | 1SP  
 Specialized small business investment company | 550  
 Sporting events, college | 526  
 Spouse:  
   Alien | 3, 519  
   Business expenses for | 463  
   Child and dependent care credit | 503  
   Divorced | 504  
   Exemption for | **501, 504**  
   IRA for | 590  
   Medical expenses of | **502, 554**  
   Surviving | 559  
 Standard deduction | **501, 554, 929**  
 Standard meal allowance | 463  
 Standard mileage rate | 463  
 Start-up costs, amortization | **535, 541, 542**  
 Starting a business | 583  
 State or local bonds | 550  
 State income tax refunds | 525  
 State or local income taxes | 535  
 State or local transfer taxes | 550  
 Statute of limitations | **594, 594SP**  
 Stock:  
   Basis | **550, 551**  
   Charitable donation of | **526, 561**  
   Compensation paid in | 525, 535  
   Distribution of | **542, 550**  
   Dividends | 542, 550  
   Employee options | 525  
   Exchange of (trades) | **544, 550**  
   Identifying | 550  
   Investment income and expense | 550  
   Mutual funds | 564

- Options | 550
- Sale of | 550
- Short sales | 550
- Small business | **550**
- Splits | 550
- Wash sales | 550, 564
- Worthless | 550
- Stockholders:
  - Contribution by | 542
  - Distribution of property | 542
  - Investments | 550
  - Meetings | 529
  - S corporations | (Form 1120-S instructions)
  - Transactions with corporations | 542
- Stolen or embezzled property | 547
- Storm damage | 547
- Straddles | 550
- Straight line depreciation | **534**, 946
- Street assessment (See Assessments for local improvements)
- Strike and lockout benefits | 525
- Students:
  - Charitable contribution for expenses of | 526
  - Credits — Hope, lifetime learning | 970
  - Exemptions | 501
  - Expenses | 508
  - Interest paid on loans | 970
  - Scholarships | 520
- Subchapter C corporations (See Corporations)
- Subchapter S corporations (See S corporations)
- Subdivisions of land | 551
- Subscriptions, professional journals deductibility | 529, 535, 911
- Substantiation:
  - Appraisals:
    - Donated property | **526**, 529, **561**
  - Car expenses | 463, 911
  - Casualty or theft losses | **547**
  - Entertainment expenses | 463, 911
  - Gift expenses | 463, 911
  - Itemized deductions | 552
  - Travel, transportation | **463**, 911
- Supplemental unemployment benefits | 525
- Supplies and materials | 535, 911
- Support, decree of | 504
- Support of dependents | 3, **501**, 504
- Survivor:
  - Annuities | 559, **575**, 721
  - Of federal employee | 721
  - Of federal retiree | 721
- Survivors, general | 559
- T**
- Tangible property, depreciation of | **946**
- Tax calendars for 2001 | 509
- Tax changes, highlights of 2000 | 553
- Tax computation (capital gain) | 550
- Tax counsel fees | 504, **529**
- Tax court | 556
- Tax credit (See Credits)
- Tax-exempt:
  - Bond financing | 954
  - Interest | **550**, **564**
  - Mutual funds | 564
  - Organizations | **557**
  - Scholarship | 520
- Tax-free exchanges | **544**, 550, 551
- Tax home | 463
- Tax obligations, aliens | **519**, **927**
- Taxpayer Advocate Service | **1**, **ISP**, 17, 225, 334, **594**, **594SP**
- Tax penalties, estimated tax | 505
- Tax preparation | 529
- Tax-sheltered annuities | **571**
- Tax shelters | 550
- Tax treaties:
  - Canada | 597
  - Reduced tax rates | 519, **686**, **901**
  - U.S. citizens and residents overseas | 54
  - Withholding on nonresident aliens | 515, 519
- Tax withholding (See Withholding)
- Tax year | 538
- Taxable and nontaxable income | **3**, **525**
- Taxable estate | (Forms 706 & 709 instructions)
- Taxable gift | (Forms 706 & 709 instructions)
- Taxable income defined | 525
- Taxable income, estate | 559, (Form 1041 instructions)
- Taxes:
  - Business | **535**, **583**
  - Deductibility | **530**, **535**
  - Employment | 15, 15-A, 509, 926
  - Estate | (Form 706 instructions)
  - Income | 559, (Form 1041 instructions)
  - Estimated | 225, **505**, **542**, 595, 911
  - Excise | 378, **510**, 590
  - Foreign | 514
  - IRAs | 590
  - Real estate | 530
  - Refunds | 378, 525, **556**, 595
  - Self-employment | 533, 595, 911
  - Unrelated business income | 598
- Teachers, education expenses | 501
- Telephone:
  - Cellular | **529**, 535
  - Excise tax | 510
  - Residential | **529**, **535**, 911
- Temporary assignment | 463
- \$10,000, cash payments over | **1544**, **1544SP**
- Ten-year averaging, lump-sum pensions | 554, **575**
- Termination, estate | 559
- Theft losses | **547**
- Threat of condemnation | 544
- Timber, coal, and iron ore:
  - Depletion | 535
  - Sale of | 225, **544**
- Tips | **531**, **1244**
  - Report of, for employees | **531**, **1244**
  - Reporting rules for employers | **531**
  - Tax withholding | **505**
- Tools | 529
- Trademarks and trade names | **535**, 544, 551, 946
- Trades, nontaxable | 550, 551
- Transfer, moving expenses | 521
- Transient | 463
- Transportation and travel expenses:
  - Business | 3, **463**, 535, 595, 911
  - Charitable | 526
  - Educational | 3, **508**
  - Employee | **463**
  - Investment-related | **529**, **550**
  - Medical | 502
  - Moving | 3, **521**
  - Reimbursements | 535, 911
  - Rental | 527
  - Reservists | 463
- Transportation of persons or property by air, excise tax | 510
- Transportation of persons by ship | 510
- Treasury bills, bonds, and notes | **550**, 559
- Treaties, tax | 54, 515, 519, 597, **901**
- Treaty countries, certification for reduced tax rates | 686
- Trucks:
  - Highway-use tax | 510
  - Retail excise tax | 510
- Trust fund recovery penalty | **594**, **594SP**
- Trusts (See Estates and trusts)
- Tuition reduction | 520
- Unadjusted basis, depreciation | 463, 527, **946**
- Underpayment penalty | 505
- Undistributed capital gains | 564
- Unemployment compensation | 525
  - Withholding on | 505
- Unemployment tax (FUTA) | 15, 926
- Uniform capitalization rules | 551
- Uniforms | 3, 526, **529**
- Union:
  - Assessments | 529
  - Benefits | 525
  - Dues | 529



Unpaid expenses | 535  
 Unrealized receivables, partnership | 541  
 Unrelated business income, exempt organization | **598**  
 Unstated interest | 537  
 U.S. court of federal claims | 556  
 U.S. court of appeals for the federal circuit | 556  
 U.S. district court | 556  
 U.S. real property interest | **515, 519**  
 U.S. tax court | 556  
 Useful life, depreciation | 534  
 Usurious interest | 550  
 Utilities | 535

## V

Vacation homes | 527  
 Vacation pay, accrual | **535**, 538  
 Valuation:  
   Casualty or theft losses | 547  
   Charitable contributions | 526, **561**  
   Condemnation | 544  
   Employer-provided car | 535  
   Estate | (Forms 706 & 709 instructions)  
   Fringe benefits | 15-B  
   Gifts | (Forms 706 & 709 instructions)  
   Inventories | 538, 911  
 Value, fair market, defined | 524, 537, **544, 551**, 561, 564, 946  
 Vandalism loss | 547  
 Vehicles, heavy:  
   Highway-use tax | 510  
   Retail excise tax | 510  
 Veterans' benefits | 525  
   Educational | 508  
 VISTA | 525

## W

Wage bracket method of withholding | 15-A  
 Wagering; excise taxes on  
 Wages | **525**  
 Wash sales | 550  
 Welfare benefit funds | 535  
 Welfare-to-work credit | 334, 954  
 Withholding:  
   Backup | **505**, 550, 594, 594SP  
   Correct | 919  
   Credit for | 505  
   Dispositions, U.S. real property interest | **515**, 519  
   Employer information, reporting requirements | 15  
   Exemption from | **505**, 929

Foreign corporations | 515  
 Foreign partnerships | 515  
 Forms W-2, W-2C, W-4, or W-5 | 15, **505, 919**  
 Forms W-4P, W-4S | 15-A, 505  
 Fringe benefits | 15-A, 15-B, **505**,  
 Gambling winnings | 505  
 Household employees | 926  
 IRA distributions | 575, 590  
 Distributions, qualified plan | **560**  
 Methods | 15, 15-A  
 Nonresident aliens | **515**, 519  
 Pensions and annuities | 15-A, **505**,  
 575, 721  
 Salaries | 15, **505**  
 Sick pay | 15-A, **505**  
 Social security benefits | 505  
 Tips | **505**, 531  
 Unemployment compensation | 505  
 Wages | 15, **505**, 919  
 Work clothes | 529  
 Work opportunity credit | 334, **954**  
 Workers' compensation insurance | 525  
 Worthless debts:  
   Business | 535  
   Nonbusiness | 550

## Y

Year deductible | 538  
 Year taxable | 538  
 Your rights as a taxpayer | 1, 1SP

## Numbers

179 expense deduction | 911, **946**  
 401(k) plans | **560, 575**  
 444 election | 538  
 501(c)(3) organizations | 557  
 911 exclusion | 54  
 1231 gains and losses | **544**  
 1244 stock | 550  
 1245 property | **544**  
 1250 real property | **544**  
 1256 contracts | 550  
 \$10,000, cash payments over | 1544,  
 1544SP

### ***1-800 Tax Assistance Telephone Number***

If you cannot answer your tax question by reading the tax form instructions or our free tax publications, please call the IRS for assistance at 1-800-829-1040, 24 hours a day, seven (7) days a week. To check on the status of your refund, call TeleTax at 1-800-829-4477.

#### ***Before You Call***

IRS representatives care about the quality of service you get. We can better provide you with accurate and complete answers to your tax questions if you have 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 protect and maintain your individual account security, you may also be asked for your social security number (SSN), date of birth, or personal identification number (PIN) if you have one. You may also need to provide the amount of your refund, filing status shown on your tax return, the "caller ID number" shown at the top of any notice you received, the numbers in your street address, or 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.

***NOTE: Toll-free Spanish Speaking Assistance – call 1-800-829-1040***

#### ***Making the Call***

Call 1-800-829-1040. If you are using a pulse or rotary dial phone, stay on the line and an IRS assistor will answer. If you are using a Touch-Tone telephone to dial the number, you can then press 1 to enter the IRS automated telephone system. Listen for and press the number for a specific topic of interest. Selecting the correct topic helps us serve you faster and more efficiently. The system allows you to order tax forms and publications; to find out the status of your refund or what you owe; to find out if we adjusted your account or received your payment; or to request a transcript of your account.

#### ***Before You Hang Up***

If you do not fully understand the answer you receive, or you feel the IRS representative may not fully understand your question, the representative will be happy to take additional time to be sure he or she has answered your question fully.

By law, you are responsible for paying your fair 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.

The IRS uses different methods to evaluate the quality of this telephone service. To make sure that IRS representatives give accurate and courteous answers, a second IRS representative sometimes listens in. And some callers are asked to complete a short survey at the end of the call.



**TTY/TDD Telephone Service**

Toll-free telephone tax assistance is available for the deaf and hearing-impaired with access to teletypewriter/telecommunications device for the deaf (TTY/TDD) equipment. Call the IRS at 1-800-829-4059 for tax information assistance.

*Note: This number is answered by TTY/TDD equipment only.*

**Braille Tax Materials**

Braille tax materials are available for review at Regional Libraries for the Visually Impaired in conjunction with the National Library Service for the Blind and Physically Handicapped. Currently, these materials are limited to copies of Publication 17, *Your Federal Income Tax*; Publication 334, *Tax Guide for Small Business*; Forms 1040, 1040A, and 1040EZ, with related instructions; and the Tax Tables.

**International Service**

If you are in the United States, call 1-800-829-1040 for assistance Monday through Friday from 7:00 a.m. to 10:00 p.m.. From December 31, 2001 through April 16, 2002, Saturday service will also be available from 9:00 a.m. to 5:00 p.m.. Assistance to callers from Alaska and Hawaii will be during the same hours of operation in the Pacific Time zone.

Outside the United States we will answer your tax questions and help with account problems at our Philadelphia call site. The Philadelphia IRS office provides telephone assistance Monday through Friday from 6 a.m. to 2 a.m. Eastern time. The number is 215-516-2000.

You may phone, write or visit one of our overseas offices. Just be sure to have last year's tax return, your wage and income statements, and your other tax records with you. Traveling IRS tax assistors will visit foreign cities during the 2002 filing season. Call your local U.S. embassy or consulate, or visit one of our offices to find out the dates, times and locations for assistance. The phone numbers are listed below.

Berlin, Germany	49-30-8305-1140 outside Germany 030-8305-1140 within Germany
London, England	44-20-7408-8077
Mexico City, Mexico	52-555-080-2191; Fax 52-555-080-2882
Paris, France	33-1-4312-2555
Rome, Italy	39-06-4674-2560
Singapore	65-476-9413
Tokyo, Japan	81-3-3224-5466 (International); 03-3224-5466 (Local) Fax: 81-3-3224-5274 (International); 03-3224-5274 (Local)

**Did You Know?**

*Recorded tax information  
is an IRS Touch-Tone service available  
24 hours a day, 7 days a week*

Taxpayers residing in Canada  
may call our Philadelphia  
call site for assistance 215-516-2000

Taxpayers residing overseas can write or fax technical  
account questions to:

Internal Revenue Service  
P.O. Box 920, International Section  
Bensalem, PA 19020-8518  
Fax number: 215-516-2555

Federal tax forms with instructions, publications and  
other tax materials can be obtained from the IRS web site  
at **www.irs.gov**. You can also obtain tax forms and other  
tax information through the *IRS Tax Fax* system 24 hours  
a day, seven days a week. From a fax machine, dial the  
fax number and follow the voice prompts.

San Juan, Puerto Rico	787-759-4524
Tokyo, Japan	81-3-3224-5465 (International); 03-3224-5465 (Local)

## Explore IRS e-file

Join the 40 million Americans who will file their tax returns electronically using an IRS *e-file* option. IRS *e-file* is the quickest and most accurate way to file your taxes. It offers a fast refund (twice as fast as filing on paper, even faster with Direct Deposit); a better likelihood for an error-free return; the opportunity to file your federal and state tax returns together; proof within 48 hours that your return has been received by the IRS; privacy; and security. If you owe tax, you can *e-file* and pay in a single step by authorizing an electronic funds withdrawal and scheduling your payment for withdrawal on a future date, up to the return due date, or pay by credit card. Check out the IRS Web site at [www.irs.gov](http://www.irs.gov) for more information on IRS *e-file*.

Here's how you can use IRS *e-file*:

### IRS e-file Through an Authorized Provider (Look for an "Authorized IRS e-file Provider" sign.)

Many tax professionals can electronically file paperless returns for their clients. As a taxpayer, you have two options:

- **You can prepare** your return; take it to a tax professional; ask to sign it electronically using a five-digit self-selected Personal Identification Number (PIN) and then have the tax professional transmit it electronically to the IRS; or

- **You can have a professional prepare** your return; you can sign it electronically using a five-digit self-selected Personal Identification Number (PIN); and have your preparer transmit it for you electronically.

Depending on the tax professional and the specific services requested, a fee may be charged. Look for the "Authorized IRS *e-file* Provider" sign or check the IRS Web Site at [www.irs.gov](http://www.irs.gov) for an "Authorized IRS *e-file* Provider" near you.

### IRS e-file Using a Personal Computer

A computer with a modem and/or Internet access is all you need to *e-file* your tax return and sign it electronically using a five-digit self-selected Personal Identification Number (PIN). It's totally paperless! Tax preparation software that offers the IRS *e-file* option is available at various electronic stores or computer and office supply stores.

You can download software from the Internet (nothing to buy or install). To find free and low-cost *e-file* opportunities for taxpayers who qualify or a list of all software companies that participate in the IRS *e-file* program, visit our Web site at [www.irs.gov](http://www.irs.gov). Once your return is prepared, you will need a modem and/or Internet access to file it electronically.

### IRS e-file Using a Touch-Tone Telephone

For millions of eligible taxpayers, TeleFile is the easiest way to file. TeleFile allows you to file your simple federal tax return using a Touch-Tone telephone. **If you are eligible to use TeleFile**, the IRS will automatically send

you a TeleFile tax package through the mail. Just fill in the tax record in the booklet, pick up a telephone, and call the toll-free number listed in the tax package, any time of day or night. TeleFile is completely paperless — there are no forms to mail. It usually takes about 10 minutes and is absolutely free!

### IRS e-file Through Employers and Financial Institutions

Some businesses offer free *e-file* to their employees, members, or customers. Others offer it for a fee. Ask your employer or financial institution if they offer IRS *e-file* as an employee, member, or customer benefit. If they don't, ask them to provide IRS *e-file* as a service this filing season.

### IRS e-file at Authorized VITA and TCE Sites

Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites are open to low-income individuals, others who need help with their tax returns, and the elderly. Both programs are free and can be found at many libraries, colleges, universities, shopping malls, and retirement and senior centers. Find the closest VITA or TCE site by calling 1-800-829-1040. Remember to take your spouse's, your dependent's, and your own social security cards and any other identifying documents. Ask for IRS *e-file* at these sites.



## Business Tax Services and Information

The IRS has many publications containing information about the federal tax laws that apply to businesses. Publication 334, *Tax Guide for Small Business*, is a good place to start to learn more about sole proprietors and statutory employees. Publication 583, *Starting a Business and Keeping Records*, covers basic tax information for those who are starting a business. Look in section **Tax Publications** for other materials that can explain your business tax responsibilities. For information on electronically filing and paying your business taxes, go to the IRS Web site at [www.irs.gov](http://www.irs.gov) and click on IRS *e-file*.

### Filing and Paying your Business Taxes Electronically

The IRS *e-file* for Business is a vast and growing set of electronic services from IRS designed for busy taxpayers. Our *e-file* for Business products offer various filing options via phone, PC software or internet and save time, improve accuracy, reduce paperwork and acknowledge receipt of your return.

The IRS is offering electronic filing services to filers of Information Returns (Form 1099, 1098 etc.), Employment Tax Returns (Forms 940 and 941), and Partnership Returns (Form 1065) as you can read below for more detail. If you would like to find an IRS approved provider for filing your business return or information on our partner's page for discount services or promotions a company may offer, visit [www.irs.gov](http://www.irs.gov) and click on IRS *e-file*.

#### File Form 941 by Telephone

Employers nationwide have the opportunity to file Form 941, *Employer's Quarterly Federal Tax Return*, using a Touch-Tone telephone, toll-free telephone number, and simple instructions. Businesses that meet certain qualifications are invited to participate in the paperless, 941TeleFile program. Eligible filers will receive a special 941TeleFile Tax Record and instructions with their Form 941 tax package.

If you receive the purple tax package in the mail with your traditional Form 941 and meet the qualifications in the instructions, you can use 941TeleFile. It's easy and **free**. File your 941 in three easy steps:

- complete the 941TeleFile Tax Record
- with a Touch-Tone telephone, call the toll-free TeleFile number provided in the 941TeleFile tax package
- keep the 941TeleFile Tax Record as part of your permanent business records

The 941TeleFile system automatically calculates your tax liability and any overpayment or balance due during the call. It also gives you a confirmation number as proof of filing your return. The call takes only about 10 minutes. The system is available 24 hours a day, 7 days a week. And, there is nothing to mail to the IRS.

### File 1042-S, 1098, 1099, 5498, 8027, W-2G and QWF (Information Returns) using a modem

An information return is the tax document used to report certain types of payments made by financial institutions and others who make payments as a part of their trade or business as required by Internal Revenue Code Regulations. Information returns are filed electronically using a modem and asynchronous communications through the FIRE (Filing Information Returns Electronically) system. Typically, modems for desktop computers of all types are capable of asynchronous communications.

Any filer of Information Returns may participate. However, any person including corporations, partnership, employers, estates and trust, who files 250 or more Information Returns of any Forms 1042-S, 1098, 1099, 5498, 8027, W-2G, and QWF for any calendar year must file their Information Returns electronically or by magnetic media. Beginning in calendar year 2003 for Tax Year 2002, 9-track magnetic tape will no longer be an acceptable method for submitting Information Returns to IRS/MCC.

To participate you are required to submit Form 4419, *Application for Filing Information Returns Magnetically/Electronically*, to request authorization to file Information Returns with IRS/MCC. Upon approval, a five-character alpha/numeric Transmitter Control Code (TCC) will be assigned. Form 4419 should be submitted to IRS/MCC at least 30 days before the due date of the returns for current year processing. Send your completed Form 4419 to Internal Revenue Service Martinsburg Computing Center, Information Reporting Program 230 Murall Drive Kearneysville, WV 25430. For more information you may contact the IRS, Martinsburg Computing Center's call site toll free at 1-866-455-7438. The site is available Monday through Friday, 8:30 a.m. to 4:30 p.m. EST. Telecommunications Device for the Deaf (TDD) can be reached at (304) 267-3367.

### **File Form 940 & Form 941 Using a Reporting Agent**

The 940 *e-file* and 941 *e-file* programs allow the electronic filing of Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return* and Form 941, *Employer's Quarterly Federal Tax Return*. The returns are transmitted nationwide via dial-up phone lines and menu-driven software directly to the IRS where they are processed at the Tennessee Computing Center (TCC) or the Austin Service Center (AUSC). An electronic acknowledgment is returned within 48 hours of receipt of the return. 940 *e-file* accepts only timely filed current year returns and 941 *e-file* accepts both timely filed returns, and late filed returns for the current quarter and for the four preceding quarters.

Large payroll processing companies, bulk-filer reporting agents, and/or large businesses capable of developing their own software are ideally suited to participate in the 940 *e-file* and/or 941 *e-file* program. Small businesses or reporting agents may also participate by developing their own software or by purchasing off the shelf software. With the appropriate software, almost any 940 and 941 filer can transmit their return.

To file using the IRS 940 *e-file* and/or 941 *e-file* program an applicant should obtain a copy of the following:

- Publication 1911, *Instructions for Preparing and Submitting Form 8655, Reporting Agent Authorization*
- Form 8655, *Reporting Agent Authorization*
- Publication 3062, *Requirements of the Electronic Filing Program for Reporting of Form 941, Employer's Quarterly Federal Tax Return*
- Publication 3715, *Technical Specifications Guide for the Electronic Filing of Form 940, Employer's Federal Unemployment (FUTA) Tax Return*

You can order these items free of charge through an IRS Area Distribution Center by calling the IRS at 1-800-829-3676 or visit the IRS Web site

[www.irs.gov](http://www.irs.gov). Additional information on how to participate in 940 *e-file* and/or 941 *e-file* can be obtained by contacting the IRS Electronic Filing Help Desk at TCC Help Desk at 901-546-2690, ext. 7519 or the AUSC Help Desk at 512-460-4069.

### **File Form 940 & 941 Using a Personal Computer**

Businesses that have a computer, modem and Web-based Internet access can transmit tax return information through a third party transmitter. The third party transmitter will batch, and then electronically forward the return to the Austin Service Center. The programs (940 On-Line & 941 On-Line) automatically conducts security checks, sends acknowledgments, and formats records to be processed by current IRS computer systems.

Business filers are responsible for obtaining a personal identification number (PIN) to be used as an electronic signature. You may request a PIN through a *Letter of Application (LOA)* electronically or through the mail. The electronic LOA is included in the software and can be electronically transmitted to the Austin Service Center via the third party transmitter. To request a PIN through the mail please submit a letter with your business information to: Internal Revenue Service, Austin Service Center, P.O. Box 1231, Stop 6380 AUSC Austin, TX 78767 Attn: ELF Unit Stop 6380 AUSC.

### **File Form 1065, "U.S. Return of Partnership Income"**

IRS now accepts Forms 1065, *U. S. Return of Partnership Income* electronically. The return can be submitted by the business filer or through an approved third party software developer, preparer or transmitter. Section 1224 of the Taxpayer Relief Act of 1997 requires partnerships with more than 100 partners to file their return electronically for taxable years ending on or after December 31, 2000. Mandatory filing of tax year 2000 returns actually began in February 2001. However, partnerships with 100 or less partners can voluntar-

ily file their return electronically. Participants (software developers and transmitters) must complete a Form 9041, *Application/Registration for Electronic/Magnetic Media Filing of Business Returns*. Form 9041 should be filed at least 60 days before the end of the accounting period for which the entity files to ensure timely receipt and review of the application. Form 9041 should be mailed to Internal Revenue Service, Austin Submission Processing Center, Attn. *e-file* Unit - Stop 6380, P. O. Box 1231, Austin, Texas 78767. Additional information on how to participate in the 1065 *e-file* program can be obtained by contacting the Memphis Submission Processing Center, Electronic Filing Unit, at (901) 546-2690. For future assistance, please visit our web site at [www.irs.gov](http://www.irs.gov) and click on IRS *e-file*.

### **Electronic Federal Tax Payment System (EFTPS)**

EFTPS is the easiest way to pay all your federal taxes. With EFTPS-Direct individuals and businesses can make tax payments using the Internet, Personal Computer (PC) software, or phone to input all tax payment information. If you prefer to use your PC, free EFTPS Windows-based software is available and is easy to install and use. On the date you indicate, you instruct EFTPS to move the funds from your account to the Treasury's account. Funds will not move from your account until the date you indicate. No government agency has access to your account, and your tax records will be updated with the IRS. All three methods are interchangeable.

Use EFTPS-On-line to make a payment, cancel a payment, review your payment history, change bank account information and more through the Internet. EFTPS-On-Line is easy to navigate and is secure with both a (Personal Identification Number) PIN and Internet Password combination.

EFTPS offers you total convenience. If you choose to make your payments using EFTPS-Direct, you can do so 24 hours a day, 7 days a week. As an added convenience EFTPS offers payment

scheduling. Businesses can schedule payments up to 120 days in advance of the tax due date, and individuals can schedule payments up to 365 days, and EFTPS will automatically make payments on the due date you indicate.

Remember that EFTPS allows you to select how you want to make your payments. You may choose, EFTPS-Direct or EFTPS-Through a Financial Institution. If you decide to make payments using a service offered by a financial institution, you will instruct them to electronically move funds from your account to the Treasury's account. Please check with your financial institution first to learn if they offer this service, how much it costs and if you are eligible to use it. Not all financial institutions offer this service.

Tax practitioners, accountants and payroll companies are discovering the added benefits for using EFTPS. There are five easy ways to make payments for your business or clients.

- **EFTPS-On-Line**—Use the Internet to make payments for your business or clients. Registration is not required for practitioners, however taxpayers must be enrolled. Visit [www.eftps.gov](http://www.eftps.gov)
- **EFTPS-PC Software**—Available to taxpayers or providers who wish to make debit payments from a Windows-based PC. Registration is not required for practitioners, however taxpayers must be enrolled.
- **EFTPS-Phone**—Available to taxpayers or providers who wish to make debit payments using the telephone.
- **EFTPS-Batch Provider**—Designed for payroll processors and others who wish to enroll their clients and submit batches of payments using Windows-based software.
- **EFTPS-Bulk Provider**—Designed for payroll processors who initiate frequent payments from and desire automated enrollment through an Electronic Data Interchange (EDI) compatible system.

Whether you use EFTPS-Direct or EFTPS-Through a Financial Institution, you are in control of initiating your tax payments. If you would like to enroll or need additional information call EFTPS Customer Service or visit us online at [www.eftps.gov](http://www.eftps.gov).

1-800-555-4477 or 1-800-945-8400

1-800-945-8600 or 1-800-244-4829 (Español)

1-800-945-8900 or 1-800-733-4829 (TTY/TDD)

The IRS produces a number of print materials that can provide you with additional information on EFTPS. You can order these forms and publications free through the IRS Area Distribution Centers by calling 1-800-829-3676.

- Form 9779, *Business Enrollment Form*
- Form 9783, *Individual Enrollment Form*
- Publication 966, *Now a Full Range of Electronic Choices to Pay Federal Taxes*
- Publication 3425, *5 Easy Ways to Use EFTPS, for tax professionals, accountants, and payroll companies*
- Publication 3806, *The Easiest Way to Pay Your Federal Taxes for Individuals*
- Publication 3889, *Something New for 1040ES Taxpayers*

Some forms can be downloaded from the IRS Web site at [www.irs.gov](http://www.irs.gov), and you can also get some forms via the IRS Tax Fax by dialing (703) 368-9694 from a fax machine and following the voice prompts to get tax forms faxed back to you.

### **Independent Contractor or Employee**

For federal tax purposes, this is an important distinction. Worker classification affects how you pay your federal income tax, social security and Medicare taxes, and how you file your return. Classification affects your eligibility for employer and social security and Medicare benefits and your tax responsibilities.

A worker is either an **independent contractor** or an employee. The classification is determined by relevant facts that fall into three main categories: behavioral control; financial control; and relationship of the parties. In each case, it is very important to consider all the facts — no single fact provides the answer. Publication 1779, *Independent Contractor or Employee*, has detailed information about these facts.

- An independent contractor will usually maintain an office and staff, advertise, and have a financial investment risk. Independent contractors will generally file a Schedule C and may be able to deduct certain expenses that an employee would not.
- Generally, an **employee** is controlled by an employer in ways that a true independent contractor is not. If the employer has the legal right to control the details of how the services are performed, the worker is generally an employee, not an independent contractor.

Those who should be classified as employees, but aren't, may lose out on social security and Medicare benefits, workers' compensation, unemployment benefits, and, in many cases, group insurance (including life and health), and retirement benefits.

If you are not sure whether you are an independent contractor or an employee, get Form SS-8, *Determination of Employee Work Status for Purposes of Federal Employment Taxes and Income Tax Withholding*.

Publication 1779, *Independent Contractor or Employee*, and Publication 15-A, *Employer's Supplemental Tax Guide*, provide additional information on independent contractor or employee status.

IRS publications and forms can be downloaded from the Internet at [www.irs.gov](http://www.irs.gov). You can also order a free copy of IRS publications and forms when you call the IRS at 1-800-829-3676.

### Office of Public Liaison and Small Business Affairs

As a national public liaison for small businesses, this office maintains daily contact and exchanges business tax information with IRS external stakeholders — national organizations representing tax professionals, payroll processors, volunteers and social services, electronic commerce, state departments of revenue, small business organizations, and large corporate taxpayers. This office also works with the Small Business Administration and other government agencies to initiate and foster programs and actions to reduce small business burdens government-wide.

The Office of Public Liaison and Small Business Affairs provides 'one-stop' service for sharing 'small business' information. Some of these services include:

- working to establish partnering opportunities
- providing forums to discuss new ideas and feedback
- tracking issues and sharing information
- coordinating liaison meetings
- coordinating IRS participation at meetings and conferences

You can write to the IRS Office of Public Liaison and Small Business Affairs if you have **suggestions regarding tax laws, regulations, or policy.**

Internal Revenue Service  
The Office of Public Liaison and  
Small Business Affairs CL:PL  
IR Room 7559  
1111 Constitution Avenue, NW  
Washington, DC 20224  
public\_liaison@irs.gov

This office **does not** handle small business owners' individual tax problems. If a problem has not been resolved after repeated attempts through normal IRS channels, small business owners should contact their local IRS Taxpayer Advocate Service for assistance. See section in this booklet on Taxpayer Advocate Service (TAS) under **Taxpayer Assistance Programs** for more information.

### Small Business/Self-Employed, Taxpayer Education and Communication (TEC)

TEC educates and informs small business and self-employed taxpayers and representatives regarding their tax obligations by developing educational products and services focused on customer needs and by providing top quality pre-filing services to help taxpayers understand and comply with the tax laws. The following tax publications and products are available for businesses and can be ordered free through the IRS by calling 1-800-829-3676.

- Publication 334, *Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ)*
- Publication 454, *Your Business Tax Kit*, contains various IRS business tax forms and publication that may be used to prepare and file business tax returns. Besides forms and publications, the kit includes information on quick and easy access to IRS tax help and forms.
- Publication 583, *Starting a Business and Keeping Records*
- Publication 1518, *Tax Calendar for Small Businesses*—This 12-month calendar is filled with helpful hints, general tax information and a listing of the most common tax filing dates. Each month highlights a new tax tip to help small businesses for the tax filing season during the year.
- Publication 1853, *Business Talk*, tells of the new IRS and lists services and products available for small businesses.
- Publication 3207, *The Small Business Resource Guide CD 2001*—The CD contains all of the business tax forms, instructions, and publications needed by small business owners. In addition, the CD provides other information such as how to prepare a business plan, and finding financing your business.

- Publication 3698, *At a Glance* (TEC Mission Brochure)—This tri-fold brochure explains the mission of TEC and the products and services offered.
- Publication 3698-A, *TEC Phone Number Listing* is inserted in the Publication 3698 and lists all TEC territory phone numbers.
- Publication 3699, *A Virtual Tour*, a brochure that highlights the Small Business Community Web Site.

Many IRS information products and services, including a listing of Small Business Workshops by state, are available on the IRS Web site at [www.irs.gov](http://www.irs.gov).

### SSA/IRS (Social Security Administration/Internal Revenue Service) Reporter (Newsletter)

If you are an employer and have not been receiving a copy of the *SSA/IRS Reporter*, tell your local IRS Communications Manager.

The *SSA/IRS Reporter* is a quarterly newsletter that keeps you up-to-date on changes to taxes and employee wage obligations. This newsletter, produced jointly by the Social Security Administration and the IRS, is mailed to approximately seven million employers along with each quarterly Form 941, *Employer's Quarterly Federal Tax Return*, and instructions.

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## Taxpayer Assistance Programs

The IRS has programs that offer free assistance with tax return preparation and tax counseling using volunteers trained by the IRS. Call the IRS office in your area and ask for the Territory Manager or the Communications Manager for more information on these programs. They can provide you with times and locations of services and information on becoming a volunteer.

### **Volunteer Income Tax Assistance (VITA)**

The VITA program offers free tax help to people who cannot afford paid professional assistance. Volunteers, trained by the IRS, help prepare basic tax returns for taxpayers with special needs — including people with disabilities, those with a low to fixed income, non-English speaking people, and the elderly.

VITA sites are generally located at community and neighborhood centers, libraries, schools, shopping malls, and other convenient locations. A number of locations also offer free electronic filing.

Volunteers (college students; law students; members of professional business and accounting organizations; and members of retirement, religious, military, and community groups) may take part in various VITA program activities:

- directly preparing returns
- teaching taxpayers to prepare their own returns
- managing a VITA site
- arranging publicity

The IRS provides VITA training materials and instructors. Training is conducted at times and locations convenient to volunteers and instructors. Generally, these sessions are offered in December through January each year.

For more information about the VITA program, becoming a VITA volunteer, and to find the location of the VITA site in your area, call your local IRS office and ask to speak to the Territory Manager, or call IRS tax assistance at 1-800-829-1040.

As part of the IRS-sponsored **Tax Counseling for the Elderly** program, the American Association of Retired Persons (AARP) Foundation offers an AARP Tax-Aide counseling program at more than 10,000 sites nationwide during the filing season. Trained with IRS materials and certified by an IRS examination, AARP Tax-Aide volunteer counselors can help with most tax circumstances faced by low and moderate-income taxpayers age 60 and older. Younger taxpayers are helped as counselor-time permits.

To find an AARP Tax-Aide volunteer site in your community call 1-888-AARPNOW; or from a computer access the Internet site locator at [www.aarp.org/taxaide/home.html](http://www.aarp.org/taxaide/home.html)

### **Tax Counseling for the Elderly (TCE)**

The TCE program provides free tax help to people age 60 and older. Volunteers who provide tax counseling are often retired individuals associated with non-profit organizations that receive grants from the IRS. Grant funds are used to reimburse volunteers for out-of-pocket expenses. Some of the expenses may include transportation, meals, and other expenses incurred in training or in providing tax counseling assistance in any of the locations where the elderly are located (retirement homes, neighborhood sites, or private houses of the homebound).

Call your local IRS office for more information on this program and to find locations of TCE assistance in your area.

### **Bank, Post Office and Library (BPOL) Program**

Although free filing materials (forms and instructions) are placed in participating banks, post offices, and libraries nationwide, patrons may still need assistance to get the proper tax publications, forms, and instruction booklets to file their tax return. The IRS may be able to provide volunteers to assist taxpayers at BPOL outlets in your community during the filing season.

You can call your local IRS office and ask to speak to the Territory Manager to request a volunteer for your community BPOL outlet, and to find out how to become a BPOL volunteer. You can also call the IRS at 1-800-829-1040 or access the IRS Web site at [www.irs.gov](http://www.irs.gov) for volunteer information. Click on your state and find the Territory Manager contact information.

### **Student Tax Clinic Program (STCP)**

The STCP is designed to provide free tax counseling to taxpayers who would not normally obtain counsel in audit, appeals, and tax court cases. Law and graduate accounting students staff the STCP. These students must receive special permission from the IRS National Headquarters Director of Practice to represent taxpayers before the IRS during examination and appeals proceedings.

### **Low-Income Taxpayer Clinics (LITC) Grant Program**

The IRS LITC grant program, authorized under the IRS Restructuring and Reform Act of 1998, gives grants to organizations that:

- provide legal assistance to low-income taxpayers in controversy with the IRS
- inform individuals (whose second

language is English) of their tax rights and responsibilities

The grants *are not available to individuals*. However, through this grant program, the IRS awards qualifying *organizations* grants of up to \$100,000 per year to develop, expand, and continue low-income taxpayer clinics. The clinics are administered and sponsored by accredited law, business, and accounting schools where students represent taxpayers in tax controversies before the IRS or before the courts. In addition, the clinics may be administered and sponsored by non-profit organizations that meet program requirements.

To learn more about the **Low-Income Taxpayer Clinics Grant Program**, call your local IRS office and ask to speak to the Territory Manager. You can also call the IRS at 1-800-829-3676 and order a free copy of Publication 3319, *LITC Grant Application Package and Guidelines*. Each year, Publication 3319 is revised to provide the *current year application deadline date*. This product is available on the IRS Web site.

### **Taxpayer Advocate Service**

If you have an ongoing tax issue with the IRS, that has not been resolved through normal channels, you may contact the Taxpayer Advocate Service (formerly the Problem Resolution Program) for assistance. The Taxpayer Advocate Service has the ability to cut through red tape and can often help with delayed refunds, unanswered inquiries, and incorrect billing notices. Generally, the Taxpayer Advocate can help if, as a result of the administration of the tax laws, you:

- are suffering, or are about to suffer, a significant hardship
- are facing an immediate threat of adverse action (penalties, interest, liens)
- will incur significant costs (including fees for professional representation)
- will suffer irreparable injury or long-term adverse impact
- have experienced a delay of more than 30 days to resolve an issue
- have not received a response or resolution through normal channels by the date promised

Hardship situations and other issues that are referred to the Taxpayer Advocate are reviewed on the individual merits of each case. It is important to remember that the Taxpayer Advocate is not a substitute for established IRS procedures or the formal appeals process. The Taxpayer Advocate cannot reverse legal or technical tax determinations.

To reach a Taxpayer Advocate, call 1-877-777-4778. You can also call the IRS at 1-800-829-1040 and ask for Taxpayer Advocate assistance. Deaf and hearing-impaired, with access to teletypewriter/telecommunication device for the deaf (TTY/TDD) equipment, may call the IRS at 1-800-829-4059.

For more information about Taxpayer Advocate Service and for a list of Taxpayer Advocate telephone numbers and addresses, listen to TeleTax topic #104 (See Table of Contents in this booklet for TeleTax page number), or call the IRS at 1-800-829-3676 for a copy of Publication 1546, *The Taxpayer Advocate Service of the Internal Revenue Service*. You may also download this publication from the IRS Web site at [www.irs.gov](http://www.irs.gov)



## Taxpayer Education Programs

The IRS has year-round education programs designed to help you understand the tax laws and IRS procedures. Volunteers trained by the IRS are an important part of these programs. For times and locations of the available services in your community, or to become a volunteer, call the IRS office in your area and ask for the Taxpayer Education Coordinator or the Public Affairs Officer/Communications Manager.

### Community Outreach Tax Education

Through this program, IRS staff or trained volunteers will speak to groups of people (retirees, farmers, small business owners, and employees) with common tax concerns. This program offers two kinds of assistance:

- line-by-line self-help income tax return preparation
- tax seminars on various tax topics

Outreach sessions may be co-sponsored by community organizations and other government agencies.

### Understanding Taxes Program for Students

**Understanding Taxes** consists of four separate tax education courses designed to teach students about their federal tax rights and responsibilities and the economics and history on which our tax system is based.

- The eighth grade program, *Taxes in U.S. History*, details the roles that taxes have played in our nation's history. It is designed for U.S. history classes. Students learn how tax policies of the past have contributed to tax policies in effect today. Teachers can integrate the program into standard curricula.
- The high school program, *Understanding Taxes*, explains how to prepare and file a simple tax return and teaches about the history, politics, and economics of our tax system. The variety of topics covered in a modular format allows the course to be used in a number of different classes, such as history, economics, consumer education, social studies, government, civics, and business education.

- TAX Interactive (TAXi) is an on-line learning lab designed for high school student and teacher use. Visit TAX Interactive on the IRS Web site at [www.irs.gov](http://www.irs.gov) for an educational and entertaining way to learn about tax rights and responsibilities.
- The post-secondary program, *Taxes and You*, is designed to assist adult learners in becoming responsible participants in the tax system. Students will learn how taxes affect people and the economy and how to interpret and prepare tax forms. By learning how to pay only what is owed, managing personal finances will become a lot easier.

### Practitioner Education

Through this program, training is provided to people who prepare tax returns and counsel taxpayers for a fee. Classes are held in every state in cooperation with the state bureau of revenue, colleges, universities, and professional accounting groups. Tax professional institutes alert participants of the tax law changes and work with participants to improve the quality of return preparation to reduce errors.



## Important Tax Subjects You Should Know About

The IRS has many programs and processes that can reduce anxieties of taxes. A description of some of the more popular ones follows. In most cases, the description lists free IRS publications for additional information.

### Amending a Return

If you find that you made a mistake on your tax return, you can correct it by filing a Form 1040X, *Amended U.S. Individual Income Tax Return*. Generally, you must file this form within three years from the date you filed your original return or within two years from the date you paid your tax, whichever is later. File Form 1040X with the Internal Revenue Service Center for your area. (Your **state tax** liability may be affected by a change made on your federal income tax return. For more information on this, contact your state tax authority.)

### Adoption Taxpayer Identification Number (ATIN)

If you are in the process of adopting a child and are able to claim the child as your dependent, or are able to claim the child care credit, you may need an ATIN for your adoptive child. The Internal Revenue Service can issue an ATIN as a temporary taxpayer identification number for children who are being adopted. Parents will use the ATIN to identify the child on their Federal Income Tax Return while final adoption is pending. See FORM W-7A, *Adoption Taxpayer Identification Number*, in this section.

### Collection Process

When the IRS sends you a notice of tax due, do not ignore it — pay the amount owed, or contact your local IRS office by telephone or through written correspondence about the notice. If you believe a bill from the IRS is incorrect, you will need to provide information showing why you think the bill is wrong. If the IRS agrees with you, then your account will be corrected. However, if the bill is correct, interest and penalties will be charged on the amount owed until the full amount due is paid.

If you are not able to pay the taxes you owe in full, IRS staff will work with you to find the best way to meet your tax obligations. This may include an installment agreement or acceptance of an offer to settle the account. If taxes, interest, and penalties are not paid in full, a Federal tax lien may also be filed. Under certain conditions, the IRS may enforce collection and seize personal assets, including income and other property. The collection process can be stopped at any stage if the amount owed is paid in full.

More information about your rights and the collection process are found in Publication 1, *Your Rights as a Taxpayer*, and Publication 594, *What You Should Know About the IRS Collection Process*. Both publications are also available in Spanish.

### Copies of Prior Year Returns

There are occasions when you may need a copy of your prior year(s) Federal Tax Forms 1040, 1040A, and 1040EZ, a transcript of return, or account information.

A *transcript of return* contains information from the original return. It does not contain information regarding amended returns or subsequent payments. If amended returns or subsequent payment summary is needed, account information can be secured.

Examples of when you may need a copy of a return or a transcript of return include applying for a home mortgage loan or financial aid for education. While there is a fee for requesting a photocopy of a return, transcripts are free of charge. Make sure a transcript is acceptable by the company or establishment needing your income information.

- You can get a **copy** of a prior year(s) tax return by completing Form 4506, *Request for Copy or Transcript of Tax Form*, and mailing it to the IRS address for your area.

See “**Where to File**” *Your Taxes for Tax Year 2000* on last page. There is a fee of \$23 for each return requested. Please allow up to 60 days to receive your copy.

- For a **transcript** that reflects most items from your return, send a completed Form 4506 to the IRS address where the return was filed. There is no charge at this time. You should receive the transcript within 7-10 workdays from the IRS office’s receipt of your request.
- For tax **account information**, you can visit an IRS office or call the IRS toll-free number listed in your telephone directory. This list of basic tax data, like marital status, type of return filed, adjusted gross income, and taxable income, is available free of charge. Do not use Form 4506 to request this information. Please allow 15 days for delivery.

To obtain Form 4506, download from the IRS Web site, use IRS Tax Fax system (See IRS Tax Fax under **Tax Information Available Electronically**), or order by calling the IRS at 1-800-829-3676.

### Credits

The tax laws include a number of credits you may be entitled to take. The following are several of the more popular credits available.

- adoption credit
- child and dependent care credit
- child tax credit
- earned income tax credit
- education credits: Hope, lifetime learning
- foreign tax credit
- mortgage interest

Turn to the *Index of Topics and Related Publications* section and look under “Credits” for a list of the credits and the related publications for details.

## Disaster/Casualty Losses

When property is damaged or lost in a hurricane, earthquake, fire, flood, or similar event that is sudden, unexpected, or unusual, it is called a casualty. Your unreimbursed loss from a casualty may be deductible on your tax return for the year the casualty occurred. If the loss happened in an area the President designated as a disaster area, you may not have to wait until the end of the year to file a tax return and claim a loss. You may be able to file an amended return for last year right now and get a refund of taxes you have already paid. If you

were located in a Presidentially-declared disaster area, there will be no interest on taxes due for the length of any extension granted for filing your tax return. For details, get Publication 547, *Casualties, Disasters, and Thefts (Business and Nonbusiness)*. You can also download a copy of Publication 1600, *Disaster Losses — Help From the IRS*, from the IRS Web site.

## Estimated Tax

If you are self-employed or have other income not subject to income tax withholding, you may have to make estimated tax payments. For details on

who must pay estimated taxes and how and when to make payments, get Publication 505, *Tax Withholding and Estimated Tax*.

## Examination of Returns

If your return is selected for examination, you may be asked to show records such as canceled checks, receipts, or other supporting documents to verify entries on your return. You can appeal if you disagree with the examination results. Your appeal rights will be explained to you.

You may act on your own behalf or have an attorney, a certified public accountant, or an individual (enrolled to practice before the IRS) represent or accompany you. The Student Tax Clinic Program is available in some areas to help people during examination and appeal proceedings. Call your local IRS office and ask the Taxpayer Education Coordinator or the Communications Manager about this program.

For more information on the examination of returns, get Publication 556, *Examination of Returns, Appeal Rights, and Claims for Refund*, and Publication 1, *Your Rights as a Taxpayer*. Also see Publication 947, *Practice Before the IRS and Power of Attorney*. Publication 1 is also available in Spanish.

## Form W-4, Employee's Withholding Allowance Certificate

Each time you start working for an employer, you should complete a Form W-4. The information you provide will help your employer know how much federal tax to withhold from your wages. If your tax situation changes, complete a new Form W-4 so that the correct amount of tax will be withheld. For more information on tax withholding, get Publication 919, *How Do I Adjust My Tax Withholding?*



**Form W-5, Earned Income Credit Advance Payment Certificate**

In 2001, you may be able to file a Form W-5 with your employer for the Advance EITC if:

- 1) you expect you will be eligible for the Earned Income Tax Credit (EITC), and
- 2) if you will have a qualifying child on your 2001 Federal Tax Return.

Filing for the Advance EITC will allow you to receive partial payment of the EITC during the year rather than only when you file your tax return. The amount of the Advance EITC payments you receive will be shown on your Form W-2, *Wage and Tax Statement*. For more information, get Publication 596, *Earned Income Credit*. This publication is also available in Spanish.

**Form W-7, Application for IRS Individual Taxpayer Identification Number**

If you are required to have an identifying number for federal tax purposes, but cannot obtain a social security number (SSN), the IRS will issue an individual taxpayer identification number (ITIN). The IRS will issue this number for a nonresident or resident alien who **does not have** and **is not eligible** to get an SSN issued by the Social Security Administration (SSA). To apply for an ITIN, file Form W-7 with the IRS.

*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.*

**Form W-7A, Application for Taxpayer Identification Number for Pending U.S. Adoptions**

If you have a child placed in your home for legal adoption, the adoption is not yet final, and you cannot obtain an SSN for that child, you must get an adoption taxpayer identification number (ATIN) if you want to claim various tax benefits (but not the Earned Income Tax Credit). When the adoption is final, you should no longer use the ATIN. Instead, you must obtain a social security number issued by the Social Security Administration and use it.

**Late (Overdue) Returns**

Sometimes people do not file their tax return(s) because of personal problems, no money to pay, lost records, or confusion over complex tax rules.

If you have not filed your federal income tax return for a year or more and should have filed, IRS staff will work with you to help you get back on track. Copies of missing documents like Form W-2, *Wage and Tax Statement*, can often be retrieved. If you owe taxes, the IRS will explain your payment options. And if you have a refund coming, they will explain the time limit on getting it.

Call your local IRS office or call toll-free 1-800-829-1040 for assistance. Remember, interest and penalties are adding up if you owe taxes, and time is running out if you are due a refund.

**Social Security Number (SSN)**

Your SSN **is not** posted anywhere in your tax package. So **make sure** you write your SSN on your Form 1040, 1040A, or 1040EZ and on each supporting schedule or form that you include with your return when you file it. List the complete and correct SSN issued by the Social Security Administration (SSA) for yourself, spouse, and each dependent on your tax return.

**Name Change**

If your name has changed for some reason, like marriage or divorce, notify the Social Security Administration (SSA) immediately.

If the name and social security number you show on your tax return does not match the one SSA has on record, there can be a processing delay, which could hold up your refund.

**Dependent's SSN**

If you claim an exemption for a dependent, you are required to show his or her social security number on your tax return.

If you do not list a complete and correct social security number issued by the SSA, the IRS may disallow the exemption for that dependent.

To get a social security number, contact the nearest Social Security Administration office to get Form SS-5, *Application for a Social Security Card*.

If you are not eligible to obtain a social security number from the SSA, use an IRS individual taxpayer identification number (ITIN) instead of a social security number. To get an ITIN, contact the IRS to get Form W-7, *Application for Individual Taxpayer Identification Number*.

## Tips when Filing Your Return

Gathering forms, receipts, and other paperwork to file your taxes is only half the battle. Once you've completed your forms, it is equally important to double-check your figures, information, and packaging procedures (as applicable to your filing method).

Make certain that you include your social security number (SSN) on each page of your return and on supporting schedules and forms when you file your return. (If you use your tax package, remember your SSN is not pre-printed on the address label or the forms.) Always review your filing entries for misprinted or overlooked data. And with a paper return, also review your forms for miscalculations. Any mistake can cause processing delays that may hold up your refund. When mailing a paper return, make sure you have enough postage and your complete return address on the IRS envelope to avoid mailing delays. If you owe taxes, remember any delay could cause you notices, penalties, and interest charges.

The tips below can serve as your checklist to prevent filing mistakes.

### Important Parts of Your Return

- **Enter Social Security Number(s)?**  
Make sure your social security number **is on your return and all supporting schedules and forms.**
- **Check Age/Blindness Box?**  
If you are age 65 or older or blind, or your spouse is age 65 or older or blind, make sure you notate the appropriate box(es) on Form 1040 or Form 1040A.
- **Claim Child Tax Credit?**  
If you have income below a certain level, and a child under age 17, you may be able to claim this credit. Read about this credit in your Forms 1040 or 1040A Instructions.
- **Claim Earned Income Credit; Figure Correctly?**  
This tax credit can help some people who work and have income below a certain level. For more information on whether you qualify and how to figure the credit, get Publication 596, *Earned Income Credit*, or Publication 596SP, *Crédito por Ingreso del Trabajo*.
- **Enter Federal Income Tax Withheld, not Social Security Tax, on the Return?** Form W-2, *Wage and Tax Statement*, shows both the federal income tax and FICA (social security tax) withheld. Remember to use the amount for federal income tax withheld on your return to calculate your total income tax payments.
- **Enter Correct Standard Deduction Amount?**  
If you do not itemize deductions, use the correct standard deduction chart to find the right amount.
- **Check Refund or Balance Due Amount?**  
On paper return, check your addition and subtraction. If your total payments are more than your total tax, you are due a refund. A balance due is figured when your taxes due are more than the amount you have already paid. If you make a payment by check, you should make the check out to the **United States Treasury.**
- **Take Correct Tax from Tax Table?**  
When using the tax table, first you have to take the amount shown on the taxable income line of your Form 1040, 1040A, or 1040EZ and find the line in the tax table showing that amount. Next, find the column for your marital status (married filing joint, single, etc.) and read down the column. The amount shown where the income line and filing status column meet is your tax.

### Important Double-Checks on Your Paper Return Before Mailing

- **Attach** a copy of all Forms **W-2.**
- **Attach** all required **forms** and related **schedules. Write your SSN** (and spouse's if filing joint) on your return form and supporting schedules and forms.
- **Place** preprinted **address label on** your **return** and **make** any necessary **changes** on it.
- **Sign** and **date** your **return** (both husband and wife must sign a joint return).
- If you owe tax, **include** your check or money order payable to **United States Treasury.** Write your **social security number, daytime telephone number, tax form number, and tax year** on your check or money order.
- **Make a copy** of the return for your records.

### Important Mailing Procedures

- **Use preprinted envelope** that came in the tax package to mail your return. If you do not have one, address an envelope to the Internal Revenue Service Center for your state.
- **Write** your **complete return address** on the envelope.
- **Attach** the **correct postage.**

## 'Where to File' Your Taxes for Tax Year 2001

This filing season (for Tax Year 2001) most 1040 tax packages will contain an envelope with two labels. The two labels will enable the IRS to more efficiently sort the refund returns from the remittance returns.

These labels will contain the address of the IRS Service Center and separate zip+4 zip codes and PostNet barcodes. One of the labels will be used by taxpayers filing for a refund, or the other label will be used by taxpayers filing a balance due return and remittance.

In addition, the 'Where to File' instructions will have the same service center addresses with the same two zip codes. This will allow the taxpayers or practitioners to place a handwritten address on their tax return envelope and the U.S. Postal Service will imprint the proper PostNet barcode on the face of the envelope. Barcodes will permit the tax returns to be sorted.

### Help Us To Picture Them Home



### Shannon Sikes

**Female, Age Now: 4**  
**Ht:3'2 Wt:38 lbs.**  
**Blue eyes, Blonde hair**

National Center for Missing and Exploited Children

**Call 1-800-THE-LOST**  
**(1-800-843-5678)**

Proud Partners With  
Internal Revenue Service



**[www.missingkids.com](http://www.missingkids.com)**

**Missing From: Morrow, GA on 12/10/2000**