

Helpful Information on

HOW TO PREPARE YOUR

Income Tax Return

on Form 1040

for 1957

You can save money for yourself and the Government, if you—

File your return early—Make sure the figures are right

The final date for filing your return is April 15, but taxpayers who wait until the last minute often make costly mistakes.

You should be able to prepare your return with the assistance of the information contained in this pamphlet. The instructions are arranged in the same order as the lines and pages of Form 1040. If you need help from the Internal Revenue Service, you can ask questions by phone of our nearest office or come in for other assistance.



Russell C. Harrison
Commissioner.

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GENERAL INSTRUCTIONS

WHO MUST FILE

Every citizen or resident of the United States—whether an adult or minor—who had \$600 (\$1,200 if 65 years of age or over) or more gross income in 1957 must file. A person with income of less than \$600 (\$1,200 if 65 years of age or over) should file a return to get a refund if tax was withheld. A married person with income less than her (his) own personal exemption(s) should file a joint return with husband or wife to get the smaller tax or larger refund for the couple. For self-employment tax filing requirements, see page 7 of these instructions.

MEMBERS OF ARMED FORCES

Members of Armed Forces should give name, service serial number, and permanent home address.

WHEN AND WHERE TO FILE

Please file as early as possible. You must file not later than April 15. Mail your return to the "District Director of Internal Revenue" for the district in which you live. U. S. citizens abroad who have no legal residence or place of business in the United States should file with Director of International Operations, Internal Revenue Service, Washington 25, D. C. A list of the District Directors' offices is set out below.

WHERE TO GET FORMS

As far as practical, the forms are mailed directly to taxpayers. Additional forms may be obtained from any Internal Revenue Service office, and also at most banks and post offices.

WHERE TO GET HELP

After reading these instructions you should be able to prepare your own return, unless you have complicated problems. If you do need help, you can get it by phoning or visiting any Internal Revenue Service office.

Other Internal Revenue Service publications, copies of which may be obtained from your District Director or the Superintendent of Documents, Government Printing Office, Washington 25, D. C., are:

- Your Federal Income Tax (I. R. S. Pub. No. 17) . . . Price 35¢
- Tax Guide for Small Business (I. R. S. Pub. No. 334) . . Price 35¢
- Employer's Tax Guide, Circular E (I. R. S. Pub. No. 15) Free
- Farmer's Tax Guide (I. R. S. Pub. No. 225) Free
- Income Tax Guides for United States Citizens Abroad (I. R. S. Pub. No. 54) Free

HOW TO PAY

The balance of tax shown to be due

on line 18, page 1, of your return on Form 1040 must be paid in full with your return. Checks or money orders should be made payable to "Internal Revenue Service."

SIGNATURE AND VERIFICATION

You have not filed a valid return unless you sign it. Husband and wife both must sign a joint return.

Any person(s), firm, or corporation who prepares a taxpayer's return also must sign. If the return is prepared by a firm or corporation, the return should be signed in the name of the firm or corporation. This verification is not required if the return is prepared by a regular, full-time employee of the taxpayer such as a clerk, secretary, bookkeeper, etc.

YOUR RIGHTS OF APPEAL

If you believe there is an error in any bill, statement, or refund in connection with your tax, you are entitled to have the matter reconsidered by the office of the District Director. You will be given an opportunity to discuss any change in your tax which is proposed, and you will be advised of further appeal rights if you cannot reach an agreement. Upon request by the District Director you must be able to support all deductions claimed by you.

LOCATIONS OF DISTRICT DIRECTORS' OFFICES

Following is a list of the District Directors' offices. If there is more than one District Director's office in your State and you are not sure which one to use, consult your local post office.

- ALABAMA—Birmingham 3, Ala.
- ALASKA—Tacoma 2, Wash.
- ARIZONA—Phoenix, Ariz.
- ARKANSAS—Little Rock, Ark.
- CALIFORNIA—Los Angeles 12, Calif.; San Francisco 2, Calif.
- COLORADO—Denver 2, Colo.
- CONNECTICUT—Hartford, Conn.
- DELAWARE—Wilmington 99, Del.
- DISTRICT OF COLUMBIA—Baltimore 2, Md.
- FLORIDA—Jacksonville, Fla.
- GEORGIA—Atlanta 3, Ga.
- HAWAII—Honolulu 13, T. H.
- IDAHO—Boise, Idaho.
- ILLINOIS—Chicago 2, Ill.; Springfield, Ill.
- INDIANA—Indianapolis, Ind.
- IOWA—Des Moines 8, Iowa.
- KANSAS—Wichita 21, Kans.

- KENTUCKY—Louisville 2, Ky.
- LOUISIANA—New Orleans, La.
- MAINE—Augusta, Maine.
- MARYLAND—Baltimore 2, Md.
- MASSACHUSETTS—Boston 15, Mass.
- MICHIGAN—Detroit 31, Mich.
- MINNESOTA—St. Paul 1, Minn.
- MISSISSIPPI—Jackson 5, Miss.
- MISSOURI—St. Louis 1, Mo.; Kansas City 6, Mo.
- MONTANA—Helena, Mont.
- NEBRASKA—Omaha 2, Nebr.
- NEVADA—Reno, Nev.
- NEW HAMPSHIRE—Portsmouth, N. H.
- NEW JERSEY—Industrial Office Bldg., Newark 2, N. J.; 7th and Cooper Streets, Camden 1, N. J.
- NEW MEXICO—Albuquerque, N. Mex.
- NEW YORK—Brooklyn 1, N. Y.; 245 West Houston Street, New York 14, N. Y.; 484 Lexington Avenue, New York 17, N. Y.; Albany 1, N. Y.; Syracuse 1, N. Y.; Buffalo 2, N. Y.
- NORTH CAROLINA—Greensboro, N. C.
- NORTH DAKOTA—Fargo, N. Dak.
- OHIO—Cleveland 15, Ohio; Columbus 15, Ohio; Toledo 1, Ohio; Cincinnati 2, Ohio.

- OKLAHOMA—Oklahoma City, Okla.
- OREGON—Portland 9, Oreg.
- PANAMA CANAL ZONE—Director of International Operations, Internal Revenue Service, Washington 25, D. C.
- PENNSYLVANIA—Philadelphia 7, Pa.; Scranton 14, Pa.; Post Office and Courthouse Building, Pittsburgh 30, Pa.
- PUERTO RICO—Santurce Building, Santurce, P. R.
- RHODE ISLAND—Providence 2, R. I.
- SOUTH CAROLINA—Columbia 1, S. C.
- SOUTH DAKOTA—Aberdeen, S. Dak.
- TENNESSEE—Nashville 3, Tenn.
- TEXAS—Austin 14, Tex.; Dallas 1, Tex.
- UTAH—Salt Lake City, Utah.
- VERMONT—Burlington, Vt.
- VIRGINIA—Richmond 19, Va.
- VIRGIN ISLANDS—Charlotte Amalie, St. Thomas, V. I.
- WASHINGTON—Tacoma 2, Wash.
- WEST VIRGINIA—Parkersburg, W. Va.
- WISCONSIN—Milwaukee 2, Wis.
- WYOMING—Cheyenne, Wyo.

FOREIGN ADDRESSES—Taxpayers with legal residence in Foreign Countries—Director of International Operations, Internal Revenue Service, Washington 25, D. C.

SPECIAL CARD FORM (1040A) FOR EMPLOYEES EARNING LESS THAN \$5,000

If your gross income was less than \$5,000 and consisted only of (a) wages reported on withholding statements (Form W-2) and (b) not more than \$100 total of other wages, interest, and dividends, the law provides an easy way for you to file. Merely enter the required information on card Form 1040A. You may figure your own tax from the Tax Table or have the Internal Revenue Service do it for you. *You may obtain the card form from your District Director. If you qualify and decide to use Form 1040A, do not use any of the forms in this pamphlet.*

HOW TO USE FORM 1040

DESIGN OF FORM

Form 1040 is designed to meet the needs of all persons who do not use card Form 1040A described above. Most taxpayers who use Form 1040 will find it necessary to use only a part of the form. Therefore, it is so arranged that pages 3 and 4 may be discarded if not needed.

- If your income was all from salaries and wages, you need only the first two pages of Form 1040.
- If your income was less than \$5,000 and all from salaries and wages, you may need page 1 only.
- Income from farming or other business, which is figured on a separate schedule, is to be reported on page 1. All other income is to be reported on page 3.
- Page 2 contains a schedule for claiming exemptions for persons other than your wife and children, for itemizing your nonbusiness deductions, and for figuring your tax.
- Page 4 contains the schedules for computing the credits for dividends received and retirement income.

HOW TO FILL IN FORM

Filling in the form involves **FOUR STEPS:**

<p>STEP 1 Claiming Your Exemptions</p>	<p>List on page 1 exemptions for yourself (and for your wife, if you are filing a joint return or if she had no income) and for your children. List exemptions for dependents other than your children in the schedule at the top of page 2.</p> <p>DETAILED INSTRUCTIONS, PAGE 4 OF THIS PAMPHLET.</p>
<p>STEP 2 Reporting Your Income</p>	<p>Enter income from salaries and wages on page 1; also, income from farming and other business income, the details of which will be shown in separate Schedules F and C. All other income is to be reported on page 3. If you are an employee, see page 6 of these instructions for information relating to the treatment of sick pay and special deductions for travel expenses, reimbursed expenses, etc.</p> <p>DETAILED INSTRUCTIONS, PAGES 5, 6, AND 7 OF THIS PAMPHLET.</p>
<p>STEP 3 Claiming Your Deductions</p>	<p>The law allows you to reduce your income by certain contributions to charity, expenditures for interest, taxes, extraordinary medical and dental expenses, child care, certain losses, and miscellaneous items, provided you itemize them on your return. Since there are restrictions on these deductions, refer to pages 8, 9, and 10 of this pamphlet for details.</p> <p>The law also provides a "standard deduction" for persons who do not wish to list their deductions. The Tax Table on page 16 automatically allows a standard deduction for persons having income of less than \$5,000. The standard deduction for those with income of \$5,000 or more is 10 percent of the income on line 11, page 1 of the form, but not to exceed \$1,000 (\$500 for a married person filing a separate return). It will be wise to compare the total of your itemized deductions with the standard deduction to see which method is better.</p> <p>DETAILED INSTRUCTIONS, PAGES 8, 9, AND 10 OF THIS PAMPHLET.</p>
<p>STEP 4 Figuring Your Tax</p>	<p>If you do not itemize deductions and if your income on line 11, page 1 of the form, is less than \$5,000, you must use the Tax Table on page 16. If you itemize your deductions or if your income is \$5,000 or more, you must use the tax computation schedule on page 2 of the form and the tax rate schedules on page 11 of this pamphlet. See page 7 if you are unmarried or legally separated, maintain a home, and have a dependent living with you. Also see page 7 if you are a widow or widower.</p> <p>DETAILED INSTRUCTIONS, PAGE 11 OF THIS PAMPHLET.</p>

MARRIED PERSONS—JOINT OR SEPARATE RETURNS

Advantages of a Joint Return.—In most cases it is advantageous for married couples to file joint returns. The law provides "split income" benefits in figuring the tax on a joint return which often results in a lower tax than would result from separate returns.

How To Make a Joint Return.—In a joint return you must include all income and deductions of both husband and wife. In the return heading, list both names (for example: "John H. and Mary D. Doe"). Both must sign the return.

A husband and wife may file a joint return even though one of them had no income. A joint return may not be filed if either husband or wife was a

nonresident alien at any time during the taxable year.

When a joint return is filed, the couple assume full legal responsibility for the entire tax, and if one fails to pay, the other must pay it.

How To Make a Separate Return.—In a separate return each must report his or her separate income and deductions and fill in a separate form. The "split income" provisions of the Federal tax law do not apply to separate returns of husband and wife. When filing separate returns, the husband and wife should each claim the allowable deductions paid with his or her own funds. (In community property States, deduc-

tions resulting from payments made out of funds belonging jointly to husband and wife may be divided half and half.) If one itemizes and claims actual deductions, then both must.

Changes in Marital Status.—If married at the close of your taxable year, you are considered married for the entire year. If divorced or legally separated on or before the close of your year, you are considered single for the entire year. If your wife or husband died during the year, you are considered married for the entire year, and may file a joint return. You may also be entitled to the benefits of a joint return for the two years following the death of your husband or wife. See page 7.

HOW TO CLAIM YOUR EXEMPTIONS

You Are Allowed a Deduction of \$600 for Each Exemption for Which You Qualify as Explained Below

LINE 1—EXEMPTIONS FOR YOU AND WIFE

For You.—You, as the taxpayer, are always entitled to at least one exemption. If, at the end of your taxable year, you were blind or were 65 or over, you get two exemptions. If you were both blind and 65 or over, you get three exemptions. Be sure to check the appropriate blocks.

For Your Wife.—An exemption is allowed for your wife (or husband) if you and she are filing a joint return. If you file a separate return, you may claim her exemptions only if she had no income and did not receive more than half her support from another taxpayer. Otherwise, your wife's exemptions are like your own—one, if she was neither blind nor 65 or over; two, if she was either blind or 65 or over; three, if she was both blind and 65 or over.

In Case of Death.—If your wife or husband died during 1957, the number of her or his exemptions is determined as of the date of death.

Proof of Blindness.—If totally blind, a statement of such fact must be attached to the return. If partially blind, attach a statement from a qualified physician or a registered optometrist that (1) central visual acuity did not exceed 20/200 in the better eye with correcting lenses, or (2) that the widest diameter of the visual field subtends an angle no greater than 20°.

LINE 2—EXEMPTIONS FOR YOUR CHILDREN

You are entitled to one exemption for each child (including a stepchild, or legally adopted child), if during the taxable year, that child:

1. **Support.**—Received more than half of his or her support from you (or from husband or wife if a joint return is filed), (see definition below of support), and

2. **Income.**—Had not attained the age of 19 or was a student (if the child is 19 or over and not a student, he must have received less than \$600 gross income), (see definition of student below), and

3. **Married Children.**—Did not file a joint return with her husband (or his wife), and

4. **Nationality.**—Was either a citizen or resident of the United States or a resident of Canada, Mexico, the Republic of Panama or the Canal Zone.

Definition of Support.—Support includes food, shelter, clothing, medical and dental care, education, and the like. Generally, these items of support are measured in terms of the amount of expense incurred by the one furnishing such items. However, if the item of support furnished an individual (either by himself or by others) is in the form of goods, services, or other benefits, it will be necessary to measure the amount of such item in terms of its fair market value. In computing the amount of

support include amounts contributed by the dependent for his own support and also amounts ordinarily excludable from gross income.

In figuring whether you provide more than half of the support of a student, you may disregard amounts received by him as scholarships.

Definition of Student.—The law defines a student as an individual, who during each of 5 calendar months during the year, is (a) a full-time student at an educational institution or (b) pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational institution or of a State, or a political subdivision of a State.

LINE 3—EXEMPTIONS FOR PERSONS OTHER THAN YOUR CHILDREN

You are entitled to one exemption for each other dependent who meets all the following requirements for the year:

1. Received less than \$600 gross income, and

2. Received more than half of his or her support from you (or from husband or wife if a joint return is filed), (see definition of support under line 2, paragraph 4), and

3. Did not file a joint return with her husband (or his wife), and

4. Was either a citizen or resident of the United States or a resident of Canada, Mexico, the Republic of Panama or the Canal Zone, and

5. EITHER (1) for your entire taxable year had your home as his principal place of abode and was a member of your household; OR (2) was related to you (or to husband or wife if a joint return is filed) in one of the following ways:

Mother	Stepbrother	Son-in-law
Father	Stepsister	Daughter-in-law
Grandmother	Stepmother	The following if related by blood:
Grandfather	Stepfather	
Brother	Mother-in-law	Uncle—
Sister	Father-in-law	Aunt—
Grandson	Brother-in-law	Nephew—
Granddaughter	Sister-in-law	Niece—

The information concerning these dependents must be shown in the schedule at the top of page 2 of Form 1040.

Birth or Death of Dependent.—You can claim a full \$600 exemption for a dependent who was not alive during the entire year if the tests for claiming an exemption for such dependent are met for so much of the year the dependent was alive.

Exemptions for Individuals Supported by More Than One Taxpayer.—If several persons contributed toward the support of an individual during the taxable year, but none contributed over half of the support, they may designate one of their number to claim the exemption if:

(a) They as a group have provided over half of the support of the individual; and

(b) Each of them, had he contributed over half of the support, would have been entitled to claim the individual as a dependent; and

(c) The person claiming the exemption for the individual contributed over 10 percent of the support; and

(d) Each person described in (b) above (other than the person claiming the exemption) who contributed over 10 percent of the individual's support makes a declaration that he will not claim the individual as a dependent for the year. Form 2120, Multiple Support Declaration, is available at the nearest Internal Revenue Service office for this purpose.

HOW TO REPORT YOUR INCOME

The law says all kinds of income in whatever form received are subject to tax with specific exceptions. This means that all income which is not spe-

cifically exempt must be included in your return, even though it may be offset by expenses and other deductions.

The following examples will help you

in finding out what kinds of income must be reported on your income tax return and what items are exempt from tax.

Examples of Income Which Must Be Reported

Wages, salaries, bonuses, commissions, fees, tips, and gratuities.
Dividends.
Interest on bank deposits, bonds, notes.
Interest on U. S. Savings bonds.
Profits from sales or exchanges of real estate, securities, autos, other property.

Industrial, civil service and other pensions, annuities, endowments.
Rents and royalties from property, patents, copyrights.
Profits from business or profession.
Your share of partnership profits; estate or trust income.

Alimony, separate maintenance or support payments received from (and deductible by) your husband (or wife). For details see Other Deductions, page 10 of this pamphlet.

Examples of Income Which Should Not Be Reported

All Government payments and benefits made to veterans and their families except nondisability retirement pay.
Dividends on veterans' Government insurance.

Workmen's compensation, insurance, damages, etc., for bodily injury or sickness.
Interest on State and municipal bonds.
Life insurance proceeds upon death.

Federal and State Social Security benefits.
Railroad Retirement Act benefits.
Gifts, inheritances, bequests.

ROUNDING OFF TO WHOLE-DOLLAR AMOUNTS

If you wish, the money items on your return and accompanying schedules required by such return may be shown as whole-dollar amounts. This means that you eliminate any amount less than 50 cents, and increase any amount from 50 cents through 99 cents to the next higher dollar. Your choice as to whether or not you round off to the whole-dollar amount may not be changed after the due date for filing your return.

LINE 5—WAGES, SALARIES, ETC.

Enter all wages, salaries, etc., on the lines provided. If more space is needed attach a separate statement.

You must report the full amount of your wages, salaries, fees, commissions, tips, bonuses, and other payments for your personal services even though taxes and other amounts have been withheld by your employer.

Payment in Merchandise, etc.—If your employer pays part or all of your wages in merchandise, services, stock, or other things of value, you must determine the fair market value of such items and include it in your wages.

Meals and Living Quarters.—Employees who, as a matter of choice, receive meals and lodging from their employers whether or not it is agreed to be part of their salaries must include in income the fair market value of the meals and lodging.

However, if, for the convenience of your employer, your meals are furnished at your place of employment or you are required to accept lodging at your place of employment as a condition of your employment, the value of the meals or lodging is not to be reported in your return.

Income Tax Withheld.—Itemize the taxes withheld, and report the total amount on line 17 (a). If you have lost any Withholding Statement, ask your employer for a copy. If you cannot furnish Withholding Statements for all taxes withheld from you, attach an explanation.

Excess F. I. C. A. Tax Credit.—If more than \$94.50 of F. I. C. A. (Social Security) employee tax was withheld dur-

ing 1957 because you received wages from more than one employer, the excess should be claimed as a credit against income tax. Enter any excess of F. I. C. A. tax withheld over \$94.50 on line 5, column (b), and write "F. I. C. A. tax" in the "Where Employed" column. If a joint return, compute the credit separately.

Credit for Taxes Paid by Regulated Investment Companies.—If you are entitled to a credit for taxes paid by a regulated investment company on undistributed capital gains, enter the credit on line 5, column (b), and write "Credit from regulated investment company" in "Where Employed" column. To substantiate the credit claimed attach Copy B of Form 2439 to page 1 of Form 1040 in the same manner as withholding statements, Forms W-2.

LINE 6(a)—TRAVEL, REIMBURSED EXPENSES, ETC.

Reimbursed Expenses Other Than For Travel and Transportation.—If your employer pays you an "expense account" or otherwise reimburses you for money spent for him in connection with your employment (other than "travel and transportation"), you should add these payments to your wages on line 5, and then on line 6(a) subtract the total of your actual allowable expenses of this type but not more than the reimbursements. Attach a detailed statement in explanation. Any allowable expense in excess of the reimbursed amount may be deducted as "Other Deductions" on page 2 of your return if you itemize your deductions.

Out-of-Town Travel Expenses.—The law provides special deductions for the expenses of travel while away from home in connection with your employer's business. Traveling "away from home" means going away from the city or town where you normally work and remaining away at least overnight. "Travel expenses" means the cost of transportation fares, meals, and lodging, and includes porters' tips, hire of public stenographers, baggage charges, and similar expenses necessary to travel. Travel expenses do not include any entertainment expenses or any personal expenses such as laundry. Any amount paid to you to cover these expenses must be included in your wages. You can deduct your full "travel expenses" on line 6(a). Attach a statement to your return explaining in detail the expenses you deduct. If you choose to live away from the city where you regularly work, or do not transfer your home when your employer transfers your work to a dif-

ferent city, the law does not allow any "travel deduction" resulting from your choice of residence.

Other Transportation Expenses.—Even though you do not travel away from home, as explained above, you may deduct transportation expenses paid in connection with the performance of services for your employer on line 6(a). Transportation expenses include payments for actual travel or, if you use your own car, the business portion of the cost of operation, including fuel, repairs, and depreciation. Any reimbursement of these expenses must be included in your income. Attach a statement to your return explaining in detail the expenses you deduct.

Going To and From Work.—The law regards the cost of transportation between your residence and your principal place of employment as personal expense and does not allow you to deduct such cost, no matter how far you live from work, or how expensive the transportation may be.

Expenses of Outside Salesmen.—The law allows "Outside Salesmen" to deduct all their ordinary and necessary business expenses. Such expenses should be deducted on line 6(a). This applies only to full-time salesmen who are engaged in soliciting business for their employers away from their employer's place of business. The term does not include one whose principal activities consist of service and delivery such as a milk-driver salesman.

Other Expenses of Employees.—The expenses set forth above are the only ones which may be deducted from salaries and wages on page 1 of Form 1040 by employees. If you use the Tax Table, or if you take the standard deduction, you automatically receive an allowance for a deduction which takes the place of all other employment expenses and nonbusiness deductions. On the other hand, if you itemize your deductions, you can deduct the cost of tools, materials, dues to unions and professional societies, entertaining customers, and other expenses which are ordinary and necessary in connection with your employment. These items may be itemized and deducted on page 2 under the heading "Other Deductions."

Instead of furnishing the statements mentioned above, you may obtain Form 2106 from the nearest Internal Revenue Service office to explain these expenses.

LINE 6(b)—EXCLUSION FOR "SICK PAY"

The law allows you to exclude from wages amounts received as wages or in

place of wages under a wage continuation plan for the period during which you were absent from work on account of personal injuries or sickness. If both you and your employer contribute to the plan, any benefits attributable to your own contributions are excludable without limit, but there are certain limitations on the exclusion of the benefits attributable to your employer's contributions. In the case of such a contributory plan, it will be necessary for you to know to what extent any benefits are attributable to your contributions and to what extent they are attributable to your employer's contributions.

The employer-provided wage continuation payments can be excluded only at the rate of \$100 a week. In cases where these payments exceed a weekly rate of \$100, the exclusion is figured by multiplying the amount received by 100 and dividing the result by the weekly rate of payment.

If your absence is due to sickness, the exclusion of employer-provided wage continuation payments does not apply to the amounts received for the first 7 calendar days of the absence from work. However, if you were (a) hospitalized on account of sickness for at least one day at any time during the absence from work, or (b) injured, the exclusion applies from the first day of absence.

If you received sick pay and it is included in your gross wages as shown on Form W-2, enter the gross wages on line 5, and enter on line 6(b) the amount of such wages to be excluded. If you claim an exclusion of any sick pay, attach a statement showing your computation, and indicating the period or periods of absence, nature of sickness or injury, and whether hospitalized. If you wish, you may obtain from the nearest Internal Revenue Service office Form 2440 to explain the exclusion.

LINE 8—BUSINESS OR PROFESSION

General.—The law taxes the profits from a business or profession—not its total receipts. Therefore, separate Schedule C (Form 1040), which contains further instructions, is provided to help you figure your profit or loss from business.

If some of your expenses are part business and part personal, you can deduct the business portion but not the personal portion. For instance, a doctor who uses his car half for business can deduct only half the operating expenses.

Everyone engaged in a trade or business and making payments to another person of salaries, wages, commissions,

interest, rent, etc., of \$600 or more in the course of such trade or business during his taxable year must file information returns, Forms 1096 and 1099, to report such payments. If a portion of such salary or wage payments was reported on a Withholding Statement (Form W-2), only the remainder must be reported on Form 1099.

Accounting Methods and Records.—Your return must be on the "cash method" unless you keep books of account. "Cash method" means that all items of taxable income actually or constructively received during the year (whether in cash or in property or services) and only those amounts actually paid during the year for deductible expenses are shown. Income is "constructively" received when it is credited to your account or set aside for you and may be drawn upon by you at any time. Uncashed salary or dividend checks, bank interest credited to your account, matured bond coupons, and similar items which you can immediately turn into cash are "constructively received" even though you have not actually converted them into cash.

An "accrual method" means that you report income when earned, even if not received, and deduct expenses when incurred, even if not paid within the taxable period.

The method used in keeping your records may be the cash receipts and disbursements method, or an accrual method, so long as income is clearly reflected. However, in most cases you must secure consent of the Commissioner of Internal Revenue, Washington 25, D. C., before changing your accounting method.

Net Operating Loss.—If, in 1957, your business or profession lost money instead of making a profit or if you had a casualty loss, or a loss from the sale or other disposition of depreciable property (or real property) used in your trade or business, you can apply these losses against your other 1957 income. If these losses exceed your other income, the excess of this "net operating loss" must first be carried back to offset your income for 1955 and 1956, and any remaining excess may be carried forward against your income for the years 1958 through 1962. If a carryback entitles you to a refund of prior year taxes, ask the District Director for Form 1045 to claim a quick refund. For further information, see section 172 of the Internal Revenue Code of 1954 and section 122 of the 1939 Code.

If you had a loss in preceding years which may be carried over to 1957, you should apply the net operating loss deduction as an adjustment of the amount entered on line 11, and attach a statement showing this computation.

LINE 9—FARMING

For the assistance of farmers, a separate Schedule F (Form 1040) is provided to report farm income for income and self-employment tax purposes. Additional instructions for farmers have been provided for use with Schedule F and are also available in the Internal Revenue Service offices.

SPECIAL COMPUTATION

Unmarried Head of Household.—The law provides a special tax rate for any individual who qualifies as a "Head of Household." Only the following persons may qualify: (a) those who are unmarried (or legally separated) at the end of the taxable year, or (b) one who is married at the close of the year to an individual who was a nonresident alien at any time during the taxable year. In addition, you must have furnished over half of the cost of maintaining as your home a household which during the entire year, except for temporary absence, was occupied as the principal place of abode and as a member of such household by (1) any related person (see those listed under requirement 5 at the top of page 5 of these instructions) for whom you are entitled to a deduction for an exemption, unless the deduction arises from a multiple support agreement, (2) your unmarried child, grandchild, or stepchild, even though such child is not a dependent or (3) your married child, grandchild, or stepchild for whom you are entitled to a deduction for an exemption.

If you qualify under (a) or (b) above, you are entitled to the special tax rate if you pay more than half the cost of maintaining a household (not necessarily your home) which is the principal place of abode of your father or mother and who qualifies as your dependent.

The cost of maintaining a household includes such items as rent, property insurance, property taxes, mortgage interest, repairs, utilities (gas, telephone, etc.) and cost of food. Such expenses do not include the cost of clothing, education, medical treatment, vacations, life insurance, and transportation. Do not include the value of personal services performed by you or by the person qualifying you as Head of Household. These expenditures are to

be considered only for determining whether you are entitled to the use of the head of household tax rate. Do not claim them as deductions on your return unless they are otherwise allowable.

The rates for Head of Household are found in Tax Rate Schedule III on page 11 of these instructions.

Widows and Widowers.—Under certain conditions a taxpayer whose husband (wife) has died during either of her two preceding taxable years may compute her tax by including only her income, exemptions, and deductions, but otherwise computing the tax as if a joint return had been filed.

The conditions are that the taxpayer (a) must not have remarried, (b) must maintain as her home a household which is the principal place of abode of her child or stepchild for whom she is entitled to a deduction for an exemption, and (c) must have been entitled to file a joint return with her husband (or wife) in the year of death.

USE OF TAX TABLE ON PAGE 16 OF THESE INSTRUCTIONS

Purpose of Table.—The table is a shortcut method of finding your income tax. It is provided by law and saves you the trouble of itemizing deductions and computing your tax on page 2 of the return. The table allows for an exemption of \$600 for each person listed in line 4, page 1, and charitable contributions, interest, taxes, etc., approximating 10 percent of your income.

How To Find Your Tax.—Read down the income columns until you find the line that fits the income you reported on line 11, page 1. Then read across that line until you come to the exemption column which is headed by a number corresponding to the number of exemptions you claimed on line 4 on page 1. The figure you find there is your tax.

LINE 13(a)—See page 15 of these instructions.

LINE 13(b)—See page 15 of these instructions.

LINE 15—SELF-EMPLOYMENT TAX

Every self-employed individual must file an annual return of his self-employment income on Form 1040 if he has at least \$400 of net earnings from self-employment in his taxable year, even though he may not have sufficient income to require the filing of an income tax return or is already receiving social security benefits.

Generally, if you carry on a business as a sole proprietor, or if you render service as an independent contractor, or as a member of a partnership or similar

organization, you will have self-employment income.

If your income is derived solely from salary or wages, or from dividends or interest on investments, capital gains, annuities, or pensions, you will have no self-employment income and no self-employment tax to pay.

The computation of self-employment tax is made on separate Schedule C or separate Schedule F, which with attached Schedule SE should be filed with your individual income tax return. The self-employment tax is a part of the total tax to be paid with your income tax return.

Any declaration of estimated tax required to be filed may, if you desire, include estimated tax on self-employment income.

LINE 17(a)—CREDIT FOR TAX WITHHELD

Enter the total amount of income tax withheld, credit for excess F. I. C. A. tax, and credit for taxes paid by regulated investment companies as shown on line 5, column (b). Also see explanation for line 5 on pages 5 and 6 of these instructions relating to these credits.

LINE 17(b)—CREDIT FOR ESTIMATED TAX PAYMENTS

If you paid any estimated tax on a Declaration of Estimated Tax (Form 1040-ES) for 1957, report the total of such payments on line 17(b). If on your 1956 return you had an overpayment which you chose to apply as a credit on your 1957 tax, include the credit in this total.

See page 15 of these instructions for filing requirements for 1958 declaration of estimated tax.

Additional Charge for Underpayment of Estimated Tax.—The following additional charge is imposed by law for underpayment of any installment of estimated tax: 6 percent per year for the period of the underpayment on the difference between the installment payment made and 70 percent (66⅔ percent in the case of farmers) of the installment due on the basis of the final return or tax for the year.

The charge with respect to any underpayment of any installment is mandatory and will be made unless the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds whichever of the following is the lesser—

(a) The amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the least—

(1) The tax shown on your return for the previous year (if your return for such year showed a liability for tax and covered a taxable year of 12 months), or

(2) A tax computed by using the previous year's income with the current year's rates and exemptions, or

(3) 70 percent (66⅔ percent in the case of farmers) of a tax computed by projecting to the end of the year the income received from the beginning of

the year up to the beginning of the month of the installment payment; OR

(b) An amount equal to 90 percent of the tax computed, at the rates applicable to the taxable year, on the basis of the actual taxable income for the months in the taxable year ending before the month in which the installment is required to be paid.

If you have an underpayment of estimated tax and believe the additional charge should not be asserted due to one or more of the relief provisions, attach a statement to your return explaining which of the provisions apply to you and showing any necessary computations. If you wish, you may obtain Form 2210 from the nearest Internal Revenue Service office for this purpose.

LINES 18 AND 19—BALANCE OF TAX DUE OR REFUND OF OVERPAYMENT

After figuring your tax either from the Tax Table or from the computation on page 2, enter the amount on line 12. Enter on line 15 the amount of your self-employment tax shown on line 34, separate Schedule C, or line 18, separate Schedule F. Show on line 18 any balance you owe, or on line 19 the amount of any overpayment due you, after taking credit for the amounts entered on line 17.

In order to facilitate the processing of collections and refunds, balances due of less than \$1.00 need not be paid, and overpayments of less than \$1.00 will be refunded only upon separate application to your District Director.

INSTRUCTIONS FOR PAGE 2 OF FORM 1040

Itemized Deductions—If you do not use Tax Table or Standard Deduction.

CONTRIBUTIONS

If you itemize deductions, you can deduct gifts to religious, charitable, educational, scientific, or literary organizations, and organizations for the prevention of cruelty to children and animals, unless the organization is operated for personal profit, or conducts propaganda or otherwise attempts to influence legislation. You can deduct gifts to fraternal organizations if they are to be used for charitable, religious, etc., purposes. You can also deduct

gifts to veterans' organizations, or to a governmental agency which will use the gifts for public purposes. A contribution may be made in money or property (not services). If in property, it is measured by the fair market value of the property at the time of contribution.

For the contribution to be deductible, the recipient of the contribution must have been organized or created in the United States or its possessions, or under our law. The law does not allow deductions for gifts to individuals, or to other

types of organizations, however worthy.

In general, the deduction for contributions may not exceed 20 percent of your adjusted gross income (line 11, page 1). However, you may increase this limitation to 30 percent if the extra 10 percent consists of contributions made to churches, a convention or association of churches, tax-exempt educational institutions, tax-exempt hospitals, or certain medical research organizations.

(Continued on page 9)

If all your contributions were to these churches, schools, hospitals, or medical research organizations, you can deduct the contributions made but not more than 30 percent of your adjusted gross income. To compute the deduction for contributions you should first figure the contributions to these special institutions to the extent of 10 percent of your adjusted gross income and the amount in excess of 10 percent should be added to the other contributions to which the 20 percent limitation applies. Attach a schedule showing this computation.

While you can deduct gifts to the kind of organizations listed below, you cannot deduct dues or other payments to them, for which you receive personal benefits. For example, you can deduct gifts to a YMCA but not dues.

Some examples of the treatment of contributions are:

You CAN Deduct Gifts To:

Churches, including assessments
Salvation Army
Red Cross, community chests
Nonprofit schools and hospitals
Veterans' organizations
Boy Scouts, Girl Scouts, and other similar organizations
Nonprofit organizations primarily engaged in conducting research or education for the alleviation and cure of diseases such as tuberculosis, cancer, multiple sclerosis, muscular dystrophy, cerebral palsy, poliomyelitis, diabetes, and diseases of the heart, etc.

You CANNOT Deduct Gifts To:

Relatives, friends, other individuals
Political organizations or candidates
Social clubs
Labor unions
Chambers of commerce
Propaganda organizations

INTEREST

If you itemize deductions, you can deduct interest you paid on your personal debts, such as bank loans or home mortgages. Interest paid on business debts should be reported in separate Schedules C or F or Schedule G, page 3, of Form 1040. Do not deduct interest paid on money borrowed to buy tax-exempt securities or single-premium life insurance. Interest paid on behalf of another person is not deductible unless you were legally liable to pay it. In figuring the interest paid on a mortgage on your home or on an installment contract for goods for your personal use, eliminate such items as carrying charges and insurance, which are not deductible, and taxes which may be deductible but which should be itemized separately.

The law allows a deduction for interest paid for purchasing personal prop-

erty (such as automobiles, radios, etc.) on the installment plan where the interest charges are not separately stated from other carrying charges. This deduction is equal to 6 percent of the average unpaid monthly balance under the contract. Compute the average unpaid monthly balance by adding up the unpaid balance at the beginning of each month during the year and dividing by 12. The unpaid balance at the beginning of each month is determined by taking into account the amounts required to be paid under the contract whether or not such amounts are actually paid. The interest deduction may not exceed the portion of the total carrying charges attributable to the taxable year.

You CAN Deduct Interest On:

Your personal note to a bank or an individual
A mortgage on your home
A life insurance loan, if you pay the interest in cash
Delinquent taxes

You CANNOT Deduct Interest On:

Indebtedness of another person, when you are not legally liable for payment of the interest
A gambling debt or other nonenforceable obligation
A life insurance loan, if interest is added to the loan and you report on the cash basis

TAXES

If you itemize deductions, you can deduct most non-Federal taxes paid by you. You can deduct State or local retail sales taxes if under the laws of your State they are imposed directly upon the consumer, or if they are imposed on the retailer (or wholesaler in case of gasoline taxes) and the amount of the tax is separately stated by the retailer to the consumer. In general, you cannot deduct taxes assessed for pavements or other local improvements, including front-foot benefits, which tend to increase the value of your property. Consult your Internal Revenue Service office for circumstances under which local improvement taxes may be deducted. If you paid foreign income taxes, you may be entitled to a credit against your tax rather than a deduction from income. Form 1116 should be used to claim this credit.

Do not deduct on page 2 any non-business Federal taxes, or any taxes paid in connection with a business or profession which are deductible in Schedule G or separate Schedules C or F.

You CAN Deduct:

Personal property taxes
Real estate taxes
State income taxes
State or local retail sales taxes

Auto license fees
State capitation or poll taxes
State gasoline taxes

You CANNOT Deduct:

Any Federal excise taxes on your personal expenditures, such as taxes on theater admissions, furs, jewelry, cosmetics, railroad tickets, telephone, etc.
Federal social security taxes
Hunting licenses, dog licenses
Auto inspection fees
Water taxes
Taxes paid by you for another person

MEDICAL AND DENTAL EXPENSES

If you itemize deductions, you can deduct, within the limits described below, the amount you paid during the year (not compensated by hospital, health or accident insurance) for medical or dental expenses for yourself, your wife, or any dependent who received over half of his support from you. List name and amount paid to each person. If you pay medical expenses for a dependent who gets over half of his support from you, you can deduct the payments even though you are not entitled to an exemption for that dependent because he had \$600 or more gross income.

You can deduct amounts paid for the prevention, cure, correction, or treatment of a physical or mental defect or illness. If you pay someone to perform both nursing and domestic duties, you can deduct only that part of the cost which is for nursing.

You can deduct the cost of transportation primarily for and essential to medical care, but you cannot deduct any other travel expense even if it benefits your health. Meals and lodging while away from home receiving medical treatment may not be treated as medical expense unless they are part of a hospital bill or are included in the cost of care in a similar institution.

Figuring the Deduction.—You can deduct only those medical and dental expenses which exceed 3 percent of your adjusted gross income. However, in figuring these expenses, the amount paid for medicine and drugs may be taken into account only to the extent it exceeds 1 percent of your adjusted gross income; line 11, page 1. There is a schedule provided on page 2 to make this computation.

Any expense claimed as a deduction for the care of children and certain other dependents should not be included in your computation of the deduction for medical expense.

Limitations.—The deduction may not exceed \$2,500 multiplied by the number of exemptions other than the exemptions for age and blindness. In addition, there is a maximum limitation as follows:

(a) \$5,000 if the taxpayer is single and not a head of household or a widow or widower entitled to the special tax rates;

(b) \$5,000 if the taxpayer is married but files a separate return; or

(c) \$10,000 if the taxpayer files a joint return, or is a head of household or a widow or widower entitled to the special tax rates.

Special Rule for Persons 65 or Over.—

If either you or your wife were 65 or over during the taxable year, the maximum limitation for amounts spent is the same as set out above. However, amounts deductible for medical and dental expenses for you and your wife, if either was 65 or over, are not restricted to the excess over 3 percent of your adjusted gross income. In effect, the 3 percent rule may be disregarded. But the amounts spent by you for medicine and drugs for yourself, your wife, and your dependents are still limited to the excess of 1 percent of your adjusted gross income, and amounts spent by you for your dependents' medical expenses are deductible only to the extent they exceed 3 percent of your adjusted gross income.

Subject to the Foregoing Limitations, You CAN Deduct as Medical Expenses Payments To or For:

Doctors, dentists, nurses, and hospitals
Drugs or medicines.
Transportation necessary to get medical care
Eyeglasses, artificial teeth, medical or surgical appliances, braces, etc.
X-ray examinations or treatment
Premiums on hospital or medical insurance

You CANNOT Deduct Payments For:

Funeral expenses
Cemetery plot
Illegal operations or drugs
Travel ordered or suggested by your doctor for rest or change
Premiums on life insurance

OTHER DEDUCTIONS

Expenses for the Care of Children and Certain Other Dependents.—There is allowed a deduction not to exceed a total of \$600 for expenses paid by a woman or a widower (including men who are divorced or legally separated under a decree and who have not remarried) for the care of one or more dependents if such care is to enable the taxpayer to be gainfully employed or actively to seek

gainful employment. For this purpose, the term "dependent" does not include the husband (wife) of the taxpayer and is limited to the following persons for whom the taxpayer is entitled to a deduction for an exemption:

(a) a person who is under 12 years of age; or

(b) a person who is physically or mentally incapable of caring for himself.

Do not deduct any child care payments to a person for whom you claim an exemption.

In the case of a woman who is married, the deduction is allowed only (a) if she files a joint return with her husband; and (b) the deduction is reduced by the amount (if any) by which their combined adjusted gross income exceeds \$4,500. If the husband is incapable of self-support because mentally or physically defective, these two limitations do not apply.

If the person who receives the payment performs duties not related to dependent care, only that part of the payment which is for the dependent's care may be deducted.

If you claim this deduction, attach a detailed statement showing the amount expended and the person or persons to whom it was paid. If you wish you may obtain Form 2441 from the nearest Internal Revenue Service office for this purpose.

Casualty Losses and Thefts.—If you itemize deductions, you can deduct your net loss resulting from the destruction of your property in a fire, storm, automobile accident, shipwreck, or other losses caused by natural forces. Damage to your car by collision or accident can be deducted if due merely to faulty driving but cannot be deducted if due to your willful act or negligence. You can also deduct in the year of discovery losses due to theft, but not losses due to mislaying or losing articles.

The amount of loss to be deducted is measured by the fair market value of the property just before the casualty less its fair market value immediately after the casualty (but not more than the cost or other adjusted basis of the property), reduced by any insurance or compensation received. Explain in an attached statement.

If your 1957 casualty losses exceed your 1957 income, the excess must be treated in the same manner as a net operating loss described on page 7.

You CAN Deduct Losses On:

Property such as your home, clothing, or automobile destroyed or damaged by fire
Property, including cash, which is stolen from you
Loss or damage of property by flood, lightning, storm, explosion, or freezing

You CANNOT Deduct Losses On:

Personal injury to yourself or another person
Accidental loss by you of cash or other personal property
Property lost in storage or in transit
Damage by rust or gradual erosion
Animals or plants damaged or destroyed by disease

Miscellaneous.—If you itemize deductions, you can deduct several other types of expenses under the heading "Other Deductions."

If you work for wages or a salary, you can deduct the ordinary and necessary expenses which you incur for your employer's benefit and which have not been claimed on page 1. For example, if your job requires you to furnish small tools, you can deduct the cost of such tools.

You CAN Deduct Cost Of:

Safety equipment
Dues to union or professional societies
Entertaining customers
Tools and supplies
Fees to employment agencies

You CANNOT Deduct Cost Of:

Travel to and from work
Entertaining friends
Bribes and illegal payments
Educational expenses

You can deduct all ordinary and necessary expenses connected with the production or collection of income, or for the management or protection of property held for the production of income.

If you are divorced or legally separated and are making periodic payments of alimony or separate maintenance under a court decree, you can deduct these amounts. Periodic payments made after August 16, 1954, under either (a) a written separation agreement entered into after that date or (b) a decree for support entered after March 1, 1954, are also deductible. Such payments must be included in the wife's income. You cannot deduct any voluntary payments not under a court order or a written separation agreement, lump-sum settlements, or specific maintenance payments for support of minor children.

You may deduct gambling losses to the extent of gambling winnings only if you itemize deductions.

If you are a tenant-stockholder in a cooperative housing corporation, you can deduct your share of its payments for interest and real-estate taxes.

TAX COMPUTATION

If you do not use the Tax Table on page 16, then figure your tax on amount on line 5, page 2 of your return, by using appropriate tax rate schedule on this page.

Schedule I applies to (1) single taxpayers who do not qualify for the special rates for "Head of Household" or for "Widow or Widower," and (2) married taxpayers filing separate returns.

Schedule II applies to married taxpayers filing joint returns, and to widows or widowers who qualify for the special rates. It provides the split-income benefits.

Schedule III applies to unmarried (or legally separated) taxpayers who qualify as "Head of Household."

LINE 8(a)—Credit For Foreign Income Taxes

If you itemize your deductions and claim credit for foreign income taxes, you should submit with your return Form 1116 which contains a schedule for the computation of the credit with appropriate instructions. This form may be obtained from your Internal Revenue Service office.

LINE 8(b)—Credit For Partially Tax-Exempt Interest

If you itemize your deductions, you may deduct on line 8 (b), page 2 of your return, a credit for partially tax-exempt interest. This credit is 3 percent of the partially tax-exempt interest included in gross income. The credit may not exceed the lesser of (a) 3 percent of taxable income (line 5, page 2, Form 1040, or line 14, separate Schedule D, whichever is applicable) for taxable year or (b) the amount of tax less the credit for income taxes paid to foreign countries and possessions of U. S. and the credit for dividends received.

Schedule I. (A) SINGLE TAXPAYERS who do not qualify for rates in Schedules II and III, and (B) married persons filing separate returns

If the amount on line 5, page 2, is:		Enter on line 6, page 2:	
Not over \$2,000.....		20% of the amount on line 5.	
Over—	But not over—		of excess over—
\$2,000	— \$4,000.....	\$400, plus 22%	— \$2,000
\$4,000	— \$6,000.....	\$840, plus 26%	— \$4,000
\$6,000	— \$8,000.....	\$1,360, plus 30%	— \$6,000
\$8,000	— \$10,000.....	\$1,960, plus 34%	— \$8,000
\$10,000	— \$12,000.....	\$2,640, plus 38%	— \$10,000
\$12,000	— \$14,000.....	\$3,400, plus 43%	— \$12,000
\$14,000	— \$16,000.....	\$4,260, plus 47%	— \$14,000
\$16,000	— \$18,000.....	\$5,200, plus 50%	— \$16,000
\$18,000	— \$20,000.....	\$6,200, plus 53%	— \$18,000
\$20,000	— \$22,000.....	\$7,260, plus 56%	— \$20,000
\$22,000	— \$26,000.....	\$8,380, plus 59%	— \$22,000
\$26,000	— \$32,000.....	\$10,740, plus 62%	— \$26,000
\$32,000	— \$38,000.....	\$14,460, plus 65%	— \$32,000
\$38,000	— \$44,000.....	\$18,360, plus 69%	— \$38,000
\$44,000	— \$50,000.....	\$22,500, plus 72%	— \$44,000
\$50,000	— \$60,000.....	\$26,820, plus 75%	— \$50,000
\$60,000	— \$70,000.....	\$34,320, plus 78%	— \$60,000
\$70,000	— \$80,000.....	\$42,120, plus 81%	— \$70,000
\$80,000	— \$90,000.....	\$50,220, plus 84%	— \$80,000
\$90,000	— \$100,000.....	\$58,620, plus 87%	— \$90,000
\$100,000	— \$150,000.....	\$67,320, plus 89%	— \$100,000
\$150,000	— \$200,000.....	\$111,820, plus 90%	— \$150,000
\$200,000	\$156,820, plus 91%	— \$200,000

Schedule II. (A) MARRIED TAXPAYERS filing joint returns, and (B) certain widows and widowers. (See page 7 of these instructions)

If the amount on line 5, page 2, is:		Enter on line 6, page 2:	
Not over \$4,000.....		20% of the amount on line 5.	
Over—	But not over—		of excess over—
\$4,000	— \$8,000.....	\$800, plus 22%	— \$4,000
\$8,000	— \$12,000.....	\$1,680, plus 26%	— \$8,000
\$12,000	— \$16,000.....	\$2,720, plus 30%	— \$12,000
\$16,000	— \$20,000.....	\$3,920, plus 34%	— \$16,000
\$20,000	— \$24,000.....	\$5,280, plus 38%	— \$20,000
\$24,000	— \$28,000.....	\$6,800, plus 43%	— \$24,000
\$28,000	— \$32,000.....	\$8,520, plus 47%	— \$28,000
\$32,000	— \$36,000.....	\$10,400, plus 50%	— \$32,000
\$36,000	— \$40,000.....	\$12,400, plus 53%	— \$36,000
\$40,000	— \$44,000.....	\$14,520, plus 56%	— \$40,000
\$44,000	— \$52,000.....	\$16,760, plus 59%	— \$44,000
\$52,000	— \$64,000.....	\$21,480, plus 62%	— \$52,000
\$64,000	— \$76,000.....	\$28,920, plus 65%	— \$64,000
\$76,000	— \$88,000.....	\$36,720, plus 69%	— \$76,000
\$88,000	— \$100,000.....	\$45,000, plus 72%	— \$88,000
\$100,000	— \$120,000.....	\$53,640, plus 75%	— \$100,000
\$120,000	— \$140,000.....	\$68,640, plus 78%	— \$120,000
\$140,000	— \$160,000.....	\$84,240, plus 81%	— \$140,000
\$160,000	— \$180,000.....	\$100,440, plus 84%	— \$160,000
\$180,000	— \$200,000.....	\$117,240, plus 87%	— \$180,000
\$200,000	— \$300,000.....	\$134,640, plus 89%	— \$200,000
\$300,000	— \$400,000.....	\$223,640, plus 90%	— \$300,000
\$400,000	\$313,640, plus 91%	— \$400,000

Schedule III. Unmarried (or legally separated) taxpayers who qualify as HEAD OF HOUSEHOLD.

If the amount on line 5, page 2, is:		Enter on line 6, page 2:	
Not over \$2,000.....		20% of the amount on line 5.	
Over—	But not over—		of excess over—
\$2,000	— \$4,000.....	\$400, plus 21%	— \$2,000
\$4,000	— \$6,000.....	\$820, plus 24%	— \$4,000
\$6,000	— \$8,000.....	\$1,300, plus 26%	— \$6,000
\$8,000	— \$10,000.....	\$1,820, plus 30%	— \$8,000
\$10,000	— \$12,000.....	\$2,420, plus 32%	— \$10,000
\$12,000	— \$14,000.....	\$3,060, plus 35%	— \$12,000
\$14,000	— \$16,000.....	\$3,780, plus 39%	— \$14,000
\$16,000	— \$18,000.....	\$4,560, plus 42%	— \$16,000
\$18,000	— \$20,000.....	\$5,400, plus 43%	— \$18,000
\$20,000	— \$22,000.....	\$6,260, plus 47%	— \$20,000
\$22,000	— \$24,000.....	\$7,200, plus 49%	— \$22,000
\$24,000	— \$28,000.....	\$8,180, plus 52%	— \$24,000
\$28,000	— \$32,000.....	\$10,260, plus 54%	— \$28,000
\$32,000	— \$38,000.....	\$12,420, plus 58%	— \$32,000
\$38,000	— \$44,000.....	\$15,900, plus 62%	— \$38,000
\$44,000	— \$50,000.....	\$19,620, plus 66%	— \$44,000
\$50,000	— \$60,000.....	\$23,580, plus 68%	— \$50,000
\$60,000	— \$70,000.....	\$30,380, plus 71%	— \$60,000
\$70,000	— \$80,000.....	\$37,480, plus 74%	— \$70,000
\$80,000	— \$90,000.....	\$44,880, plus 76%	— \$80,000
\$90,000	— \$100,000.....	\$52,480, plus 80%	— \$90,000
\$100,000	— \$150,000.....	\$60,480, plus 83%	— \$100,000
\$150,000	— \$200,000.....	\$101,980, plus 87%	— \$150,000
\$200,000	— \$300,000.....	\$145,480, plus 90%	— \$200,000
\$300,000	\$235,480, plus 91%	— \$300,000

SCHEDULE A—DIVIDENDS

If you own stock, the payments you receive out of the company's earnings and profits are called dividends and must be reported in your tax return. Usually dividends are paid in cash, but if paid in merchandise or other property, they are taxable at their fair market value.

If a distribution is not paid from earnings and profits, it is not taxable as a dividend, but is treated as reduction of the cost or other basis of your stock. These distributions are not taxable until they exceed your cost or other basis, after which you must generally include any additional receipts as gains from the sale or exchange of property, for which special tax treatment is provided.

In some cases a corporation distributes both a dividend and a repayment of capital at the same time; the check or notice will usually show them separately. In any case, you must report the dividend portion as income.

There are special rules applicable to stock dividends, partial liquidations, stock rights, and redemptions; call your Internal Revenue Service office for more complete information.

You may exclude from your income \$50 of dividends received from qualifying domestic corporations during your taxable year.

If a joint return is filed and both husband and wife have dividend income, each one may exclude \$50 of dividends received from qualifying corporations, but one may not use any portion of the \$50 exclusion not used by the other. For example, if the husband had \$200 in dividends, and the wife had \$20, only \$70 may be excluded on a joint return.

Use Schedule A to list your dividends and to show the amount of the exclusion to which you are entitled. So-called "dividends" from the following corporations are considered interest for Federal income tax purposes and should be reported as interest in Schedule B:

Mutual savings banks, cooperative banks, domestic building and loan associations, domestic savings and loan associations, and Federal savings and loan associations, on deposits or withdrawable accounts; and Federal credit unions.

Taxable dividends from the following corporations are not considered for exclusion or credit purposes, and should be reported as dividends from non-qualifying corporations on line 5 of Schedule A:

(a) life insurance companies, and mutual insurance companies (other

than mutual marine or mutual fire insurance companies issuing perpetual policies).

(b) China Trade Act corporations.

(c) so-called exempt organizations (charitable, fraternal, etc.) and exempt farmers' cooperative organizations.

(d) regulated investment companies except to the extent designated by the company to be taken into account as a dividend for these purposes.

(e) corporations deriving 80 percent or more of their income from U. S. possessions and 50 percent or more of their income from the active conduct of a business therein.

See page 15 for the dividends received credit.

SCHEDULE B—INTEREST

You must include in your return any interest you receive or which is credited to your account (whether entered in your pass-book or not) and can be withdrawn by you. All interest on bonds, debentures, notes, savings accounts, or loans is taxable, except for certain governmental issues. For example, some of the interest which is fully exempt from tax is (a) interest from State and municipal bonds and securities and (b) interest on any \$5,000 principal value of Treasury bonds issued before March 1, 1941.

If you own United States Savings or War bonds (Series A to F, inclusive), the gradual increase in value of each bond (as shown in the table on its back) is considered interest, but you need not report it in your tax return until you cash the bond or until the year of final maturity whichever is earlier. However, if you report income on the cash method, you may at any time elect to report each year the annual increase in value, but if you do so you must report in the first year the entire increase to date and must continue to report the annual increase each year.

Itemize your interest in Schedule B, stating the name of the payer and the amount of interest received.

SCHEDULE D—SALE AND EXCHANGE OF PROPERTY

If you sell your house, car, furniture, securities, real estate, or any other kind of property, you must report any profit from the sale on your tax return. Generally, such profits are capital gains if the property was not held for sale to customers in the ordinary course of business. Separate Schedule D (Form 1040) is provided to compute capital gains and losses, and the results from other transactions in property.

Nonbusiness Bad Debts.—If you fail to collect a personal loan, you can list the bad debt as a "short-term capital loss" provided the loan was made with a true expectation of collecting. So-called loans to close relatives, which are really in the nature of gifts, must not be listed as deductible losses.

Sale of Homes, etc.—General Rule.—The law requires you to report any gains from the sale or exchange of your residence or other nonbusiness property, but does not allow you to claim any loss from the sale of a home or other asset which was not held for the purpose of producing income. Your gain from the sale of this kind of property is the difference between (1) the sales price and (2) your original cost plus the cost of permanent improvements. If depreciation was allowed or allowable during any period because you rented the house or used part of it for business purposes, the original cost must be reduced by the amount of depreciation which was allowed or allowable.

Special Rule.—Deferring Gain When Buying New Residence.—If you sold or exchanged your principal residence during 1957 at a gain and within one year after (or before) the sale you purchase another residence, and use it as your principal residence, none of the gain is taxable if the cost of the new residence equals or exceeds the adjusted sales price of the old residence. See, however, instructions below for information to be furnished. If instead of purchasing another residence, you begin construction of a new residence (either one year before or within one year after the sale of your old residence) and use it as your principal residence not later than 18 months after the sale, none of the gain upon the sale is taxable if your costs attributable to construction during, plus the cost of land acquired within, the period beginning one year before the sale and ending 18 months after the sale equals or exceeds the adjusted sales price of the old residence.

If the adjusted sales price of your old residence exceeds the cost of your new residence, the gain on the sale is taxable to the extent of such excess. The adjusted sales price is the gross selling price less commissions, selling expenses, and the expenses for work performed on the residence in order to assist in its sale, such as redecorating expenses. Redecorating expenses, however, must be for work performed during the 90-day period ending on the day on which a contract to sell is entered into, and must be paid within 30 days after date of sale.

If you sold or exchanged your residence at a gain, report the details of the sale in separate Schedule D. If you do not intend to replace, or if the period for replacement has passed, report the details in the year of sale. If you have acquired your new residence and used it as your principal residence, enter in column (h) of Schedule D only the amount of taxable gain, if any, and attach statement showing the purchase price, date of purchase, and date of occupancy.

If you have decided to replace, but have not done so, or if you are undecided, you should enter "None" in column (h) of Schedule D. When you do replace within the required period, you must advise the District Director, giving full details. When you decide not to replace, or the period has passed, you must file an amended return, if you previously filed a return. Since any additional tax due will bear interest from the due date of the original return until paid, it is advisable to file the amended return for the year of sale as promptly as possible.

SCHEDULE E—PENSIONS AND ANNUITIES

Noncontributory Annuities.—The full amount of an annuity or a pension of a retired employee, where the employee did not contribute to the cost and was not taxable on his employer's contributions, must be included in his gross income. The total of the payments received during his taxable year should be shown on line 6, part I of Schedule E.

Other Annuities.—Amounts received from other annuities, pensions, endowments, or life insurance contracts for a reason other than the death of the insured, whether paid for a fixed number of years or for life, may have a portion of the payment excluded from gross income. The following types are included under this rule: (a) pensions where the employee has either contributed to its cost or has been taxed on his employer's contributions, and (b) amounts paid for a reason other than the death of the insured under an annuity, endowment, or life insurance contract.

Schedule E and the following instructions should enable you to compute the taxable portion of the annuity. If you are receiving payments on more than one pension or annuity, fill out a separate schedule for each one.

Special Rule for Certain Types of Employees' Annuities.—There is a special rule provided for amounts received as employees' annuities where part of the cost is contributed by the employer and the

amount contributed by the employee will be returned within 3 years from the date (whether or not before January 1, 1954) of the first payment received under the contract. If both of these conditions are met, then all the payments received under the contract are to be excluded from gross income until the employee recovers his cost (the amount contributed by him plus the contributions made by the employer on which the employee was previously taxable); thereafter all amounts received under the contract are fully taxable. This method of computing taxable income also applies to employee's beneficiary if employee died before receiving any annuity or pension payments.

Example: An employee receives \$200 a month under an annuity. While he worked, he contributed \$4,925 toward the cost of the annuity. His employer also made contributions toward the cost of the annuity. The retired employee would be paid \$7,200 during his first 3 years, which amount exceeds his contribution of \$4,925. Therefore, he excludes from gross income all the payments received from the annuity until he has received \$4,925. All payments received thereafter are fully taxable.

General Rule for Annuities.—In general, amounts received from annuities and pensions are included in income to the extent they exceed the exclusion described below. You may exclude from your income an amount found by using the following formula:

$$\frac{\text{Investment in the contract}}{\text{Expected return}} \times \text{payment received}$$

This formula means that you divide the investment in the contract by the expected return and multiply the result by the payment received under the annuity, pension, or contract. Formula terms are explained below.

"INVESTMENT IN THE CONTRACT" is, in general, the total amount of the premiums or other consideration paid (the amount contributed by you plus the contributions made by your employer on which you were previously taxable) for the contract as of the annuity starting date. This investment must be reduced by the amounts received under the investment before the annuity starting date to the extent excludable from gross income under prior income tax law.

For contracts which provide for refunds if the annuitant dies before receiving specified amounts, the "investment in the contract" should be reduced by the value of the refund feature. The latter is computed from actuarial tables which will be furnished by your Internal Revenue Service office upon request.

The "ANNUITY STARTING DATE" is the first day of the first period for which a payment is received as an annuity under the contract; except that if the date was before January 1, 1954, then the annuity starting date is considered January 1, 1954.

"EXPECTED RETURN"—There are two methods for determining expected return depending on the type of contract:

(a) If the contract provides for amounts to be received for a fixed number of years, then the expected return is the total amount of the payments to be received after the annuity starting date.

(b) If the contract provides for amounts to be received for the life of the annuitant, then the expected return is found by multiplying the amount of the annual payment by the multiple applicable to the age and sex of the annuitant as of the annuity starting date. Special multiples are applicable in the case of payments under joint and survivor annuities. The multiples are set out in actuarial tables which will be furnished by your Internal Revenue Service office upon request. Once the multiple is determined, it is the same for every year.

"PAYMENT RECEIVED" is the total amount received for a year under the contract.

Example: D purchased a life annuity on January 1, 1952, for \$15,000 which provides for semi-monthly payments of \$50 beginning January 1, 1953. The multiple applicable in D's case as of January 1, 1954, is 15.0. During the year 1953, D received tax-free under the existing tax laws \$750 (\$1,200 less 3% of \$15,000). The amount of each payment which D is to exclude from his gross income beginning with the 1954 payment is \$950, determined as follows:

Annual payment (24 × \$50)	\$1,200
Investment in the contract	\$15,000
Less: Amount recovered tax free in prior years	750

Investment in the contract as of 1/1/54, the annuity starting date as defined above	\$14,250
Expected return (\$1,200 × 15.0)	\$18,000

The amount to be excluded based on the formula above:

\$14,250	× \$1,200 which equals \$950
\$18,000	

D will include in his income \$250 (\$1,200—\$950) in the year 1954 and each subsequent year as long as he lives.

Amounts Received Under Life-Insurance Policies by Reason of Death.—In general, a lump sum payable at the death of the insured under a life insurance policy is

excludable from the gross income of the recipient.

For other types of annuities which are not covered by these rules and for more detailed information, call or visit your Internal Revenue Service office.

SCHEDULE G—RENTS AND ROYALTIES

If you are not engaged in selling real estate to customers but receive rent from property owned or controlled by you, or royalties from copyrights, mineral leases, and similar rights, report the total amount received in Schedule G. If property, other than cash, was received as rent, its fair market value should be reported.

You are entitled to various deductions which are indicated in Schedule G. In the case of buildings you can deduct depreciation, as explained elsewhere on this page.

You can also deduct all ordinary and necessary expenditures on the property such as taxes, interest, repairs, insurance, agent's commissions, maintenance, and similar items. However, you cannot deduct capital investments or improvements but must add them to the basis of the property for the purpose of depreciation. For example, a landlord can deduct the cost of minor repairs but not the cost of major improvements such as a new roof or remodeling.

Expenses, depreciation, and depletion should be listed in total in the columns provided in Schedule G.

If You Rent Part of Your House, etc.— If you rent out only part of your property, you can deduct only a similar portion of the expenses. For example, if you rent out half of your home, and live in the other half, you can deduct only half of the depreciation and other expenses.

Room rent and other space rentals should be reported as business income in separate Schedule C if services are rendered to the occupant; otherwise, report such income in Schedule G. If you are engaged in the business of selling real estate, you should report rentals received in separate Schedule C.

SCHEDULE H—OTHER INCOME

Partnerships.—A partnership does not pay income tax unless it elects to be taxed on the same basis as a domestic corporation. Each partner must report in his personal tax return his share of his partnership's taxable income and pay tax on it.

Include in Schedule H your share of the ordinary income (whether actually received by you or not) or the net loss of a partnership, joint venture, or the like, whose taxable year ends within or

with the year covered by your return. Other items of income, deductions, etc., to be carried to the appropriate schedule of your individual return are shown in Schedule K of the partnership return.

If the partnership is engaged in a trade or business, the individual partner may be subject to the self-employment tax on his share of the self-employment income from the partnership. In such a case the partner's share of partnership self-employment net earnings (or loss) should be entered on line 28(b), separate Schedule C. Farm partnerships should use Schedule F to figure self-employment tax.

Estates and Trusts.—If you are a beneficiary of an estate or trust, report in your personal tax return your taxable portion of its income (whether actually received or not) which, for the taxable year, is either required to be distributed to you or has been paid or credited to your account. Your share of such income of the following classes should be entered on the appropriate lines:

Dividends.

Interest on tax-free covenant bonds.

Partially tax-exempt interest.

Gains from the sale or exchange of capital assets and other property.

All other taxable income from estates and trusts should be included in Schedule H of your return. Any depreciation (on estate or trust property) which is allocable to you may be subtracted from estate or trust income so that only the net income received will be included in your return. Information with respect to these items may be obtained from the fiduciary.

Other Sources.—If you cannot find any specific place on your return to list certain types of income, you should report such income in Schedule H. This is the proper place to report amounts received as alimony, support, prizes, as well as recoveries of bad debts, etc., which reduced your tax in a prior year.

SCHEDULE I—DEPRECIATION

A reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in the trade or business or of property held by the taxpayer for the production of income shall be allowed as a depreciation deduction. The allowance does not apply to inventories or stock-in-trade nor to land apart from the improvements or physical development added to it.

The useful life of an asset can be measured in units of production but the ordinary practice is to measure useful life in years. Business experience, engineering information, and other relevant

factors provide a reasonable basis for estimating the useful life of property. The cost (or other basis) to be recovered should be charged off over the expected useful life of the property. For guidance, comprehensive tables of "average useful lives" of various kinds of buildings, machines, and equipment in many industries and businesses have been published in a booklet called Bulletin F, which may be purchased for 30 cents from the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

Straight Line Method.—The most common method of computing depreciation is the "straight line" method. It allows for the recovery of cost in equal annual amounts over the life of the property, with only salvage value remaining at the end of its useful life. To compute the deduction, add the cost of improvements to the cost (or other basis) of the asset and deduct both the estimated salvage value and the total depreciation allowed or allowable in past years. Divide the result by the number of years of useful life remaining to the asset—the quotient is the depreciation deduction.

Declining Balance Method.—Under this method a uniform rate is applied each year to the remaining cost or other basis of property (without adjustment for salvage value) determined at the beginning of such year. For property acquired before January 1, 1954, or used property whenever acquired, the rate of depreciation under this method may not exceed one and one-half times the applicable straight-line rate.

Special Rules for New Assets Acquired After December 31, 1953.

—The cost or other basis of an asset acquired after December 31, 1953, may be depreciated under methods proper in the past; or, it may be depreciated under any of the following methods provided (1) that the asset is tangible, (2) that it has an estimated useful life of three years or more, and (3) that the original use of the asset commenced with the taxpayer and commenced after December 31, 1953. If an asset is constructed, reconstructed, or erected by the taxpayer, so much of the basis of the asset as is attributable to construction, reconstruction, or erection after December 31, 1953, may be depreciated under methods proper in the past; or, it may be depreciated under any of the following methods provided that the asset meets qualifications (1) and (2) above.

(1) *Declining balance method.*—This method may be used with a rate not in

excess of twice the applicable straight-line rate.

(2) *Sum of the years-digit method.*—Under this method annual allowances for depreciation are computed by applying changing fractions to the taxpayer's cost or other basis of property (reduced by estimated salvage).

The deduction for each year is computed by multiplying the cost or other basis of the asset (reduced by estimated

salvage value) by the number of years of useful life remaining (including the year for which the deduction is computed) and dividing the product by the sum of all the digits corresponding to the years of the estimated useful life of the asset. In the case of a 5-year life this sum would be 15 (5+4+3+2+1). For the first year five-fifteenths of the cost reduced by estimated salvage value would be allowable, for the second year

four-fifteenths, etc.

(3) *Other methods.*—A taxpayer may use any consistent method which does not result in accumulated allowances at the end of any year greater than the total of the accumulated allowances which would have resulted from the use of the declining balance method. This limitation applies only during the first two-thirds of the useful life of the property.

INSTRUCTIONS FOR PAGE 4 OF FORM 1040

SCHEDULE J—DIVIDENDS RECEIVED CREDIT

The law provides a credit against tax for dividends received from qualifying domestic corporations. This credit is equal to 4 percent of such dividends in excess of those which you may exclude from your gross income (see page 12 of this pamphlet). The credit may not exceed the lesser of:

- (a) the total income tax reduced by the foreign tax credit; or
- (b) 4 percent of the taxable income.

SCHEDULE K—RETIREMENT INCOME CREDIT

You may qualify for this credit if you received earned income in excess of \$600 in each of any 10 calendar years—not necessarily consecutive—before the beginning of your taxable year.

The term "earned income" means wages, salaries, or professional fees, and other amounts received as compensation for personal services actually rendered. It does not include any amount received as an annuity or pension. If you were engaged in a trade or business in which both personal services and capital were material income-producing factors, a reasonable allowance as compensation for the personal services rendered by you, not in excess of 30% of your share of the net profits of such trade or business, shall be considered as earned income.

If you qualify, you are entitled to a credit for retirement income you are now receiving.

If you are a surviving widow (widower) and have not remarried, you may use the earned income of your deceased husband (wife), or you may combine such income with your earned income, for the purpose of determining whether you qualify for this credit. If a husband and wife both qualify and each has retirement income, each is entitled to the credit.

Retirement income for the purpose of the credit means—

- (a) In the case of an individual who is 65 years of age before the close of the taxable year, only that income

received from pensions and annuities under a public retirement system (one established by the Federal Government, a State, county, city, etc.) which is included in gross income in his return.

(b) In the case of an individual who is 65 years of age or over before the close of his taxable year, income from pensions, annuities, interest, rents, and dividends, which are included in gross income in his return. (Gross income from rents for this purpose means gross receipts from rents without reduction for depreciation or any other expenses. Royalties are not considered rents for this computation.)

The amount of the retirement income used for the credit computation may not exceed \$1,200 reduced by:

- (a) any amount received and excluded from gross income as a pension or annuity under the Social Security Act and Railroad Retirement Acts and by other tax-exempt pensions or annuities. This reduction does not include (1) that part of a pension or annuity which is excluded from gross income because it represents, in effect, a return of capital or tax-free proceeds of a like nature, or (2) amounts excluded from gross income which are received as compensation for injuries or sickness or under accident or health plans; and
- (b) in the case of any individual who is not 65 before the close of the taxable year, any amount of earned income in excess of \$900 received in the taxable year; and in the case of an individual who is 65 or over but who is not 72 before the close of the taxable year, any amount of earned income in excess of \$1,200 received in the taxable year.

Example: Assume that a qualified individual, who is married and over 65 but not 72, has the following items of income for 1957:

Dividend income after exclusion . . .	\$700
Pension under the Railroad Retirement Act (entirely excludable from gross income)	500
Disability payments under a workmen's compensation act (entirely excludable from gross income)	400
Rental income (Gross)	600
Earned at odd jobs	1,500

The credit is computed as follows:

Retirement income includes—	
Dividend income	\$700
Rental income	600
Total retirement income	\$1,300
But retirement income is limited to:	\$1,200
Less:	
Railroad retirement pension .	\$500
Earned income in excess of \$1,200 (\$1,500-\$1,200) .	300
Amount of retirement income upon which credit is computed	\$400
Retirement income credit 20 percent of \$400	\$80

1958 DECLARATIONS OF ESTIMATED TAX

Who Must File.—For many taxpayers the withholding tax on wages is not sufficient to keep them paid up on their income tax. The law requires every citizen or resident of the United States to file a Declaration of Estimated Tax, Form 1040-ES, and to make quarterly payments in advance of filing the annual income tax return if:

(a) his gross income can reasonably be expected to consist of wages subject to withholding and of not more than \$100 from other sources, and to exceed—

- (1) \$10,000 for a head of a household or a widow or widower entitled to the special tax rates;
- (2) \$5,000 for other single individuals;
- (3) \$5,000 for a married individual not entitled to file a joint declaration;
- (4) \$5,000 for a married individual entitled to file a joint declaration, and the combined income of both husband and wife can reasonably be expected to exceed \$10,000; OR

(b) his gross income can reasonably be expected to include more than \$100 from sources other than wages subject to withholding and to exceed the sum of: (1) \$600 for each of his exemptions and (2) \$400.

The Internal Revenue Service will mail Form 1040-ES, as far as is practicable, to each person who may need it. Others required to file should obtain the form from an Internal Revenue Service office in time to file by April 15, 1958. Farmers may postpone filing their 1958 declarations until January 15, 1959.

TAX TABLE FOR CALENDAR YEAR 1957

FOR PERSONS WITH INCOMES UNDER \$5,000 NOT COMPUTING TAX ON PAGE 2 OF FORM 1040

Read down the income columns below until you find the line covering the adjusted gross income you entered on line 11, page 1, Form 1040. Then read across to the appropriate column headed by the number corresponding to the number of exemptions claimed on line 4, page 1. Enter the tax you find there on line 12, page 1.

If total income on line 11, page 1, is—		And the number of exemptions claimed on line 4, page 1, is—			If total income on line 11, page 1, is—		And the number of exemptions claimed on line 4, page 1, is—											
At least	But less than	1	2	3 If 4 or more there is no tax	At least	But less than	1 And you are—		2 And you are—			3 And you are—			4	5	6	7 If 8 or more there is no tax
							Single or a married person filing separately	An un-married head of a household	Single or a married person filing separately	An un-married head of a household	A married couple filing jointly	Single or a married person filing separately	An un-married head of a household	A married couple filing jointly				
		Your tax is—					Your tax is—											
\$0	\$675	\$0	\$0	\$0	\$2, 325	\$2, 350	\$301	\$301	\$181	\$181	\$181	\$61	\$61	\$61	\$0	\$0	\$0	\$0
675	700	4	0	0	2, 350	2, 375	305	305	185	185	185	65	65	65	0	0	0	0
700	725	8	0	0	2, 375	2, 400	310	310	190	190	190	70	70	70	0	0	0	0
725	750	13	0	0	2, 400	2, 425	314	314	194	194	194	74	74	74	0	0	0	0
750	775	17	0	0	2, 425	2, 450	319	319	199	199	199	79	79	79	0	0	0	0
775	800	22	0	0	2, 450	2, 475	323	323	203	203	203	83	83	83	0	0	0	0
800	825	26	0	0	2, 475	2, 500	328	328	208	208	208	88	88	88	0	0	0	0
825	850	31	0	0	2, 500	2, 525	332	332	212	212	212	92	92	92	0	0	0	0
850	875	35	0	0	2, 525	2, 550	337	337	217	217	217	97	97	97	0	0	0	0
875	900	40	0	0	2, 550	2, 575	341	341	221	221	221	101	101	101	0	0	0	0
900	925	44	0	0	2, 575	2, 600	346	346	226	226	226	106	106	106	0	0	0	0
925	950	49	0	0	2, 600	2, 625	350	350	230	230	230	110	110	110	0	0	0	0
950	975	53	0	0	2, 625	2, 650	355	355	235	235	235	115	115	115	0	0	0	0
975	1, 000	58	0	0	2, 650	2, 675	359	359	239	239	239	119	119	119	0	0	0	0
1, 000	1, 025	62	0	0	2, 675	2, 700	364	364	244	244	244	124	124	124	4	0	0	0
1, 025	1, 050	67	0	0	2, 700	2, 725	368	368	248	248	248	128	128	128	8	0	0	0
1, 050	1, 075	71	0	0	2, 725	2, 750	373	373	253	253	253	133	133	133	13	0	0	0
1, 075	1, 100	76	0	0	2, 750	2, 775	377	377	257	257	257	137	137	137	17	0	0	0
1, 100	1, 125	80	0	0	2, 775	2, 800	382	382	262	262	262	142	142	142	22	0	0	0
1, 125	1, 150	85	0	0	2, 800	2, 825	386	386	266	266	266	146	146	146	26	0	0	0
1, 150	1, 175	89	0	0	2, 825	2, 850	391	391	271	271	271	151	151	151	31	0	0	0
1, 175	1, 200	94	0	0	2, 850	2, 875	395	395	275	275	275	155	155	155	35	0	0	0
1, 200	1, 225	98	0	0	2, 875	2, 900	400	400	280	280	280	160	160	160	40	0	0	0
1, 225	1, 250	103	0	0	2, 900	2, 925	405	404	284	284	284	164	164	164	44	0	0	0
1, 250	1, 275	107	0	0	2, 925	2, 950	410	409	289	289	289	169	169	169	49	0	0	0
1, 275	1, 300	112	0	0	2, 950	2, 975	415	414	293	293	293	173	173	173	53	0	0	0
1, 300	1, 325	116	0	0	2, 975	3, 000	420	419	298	298	298	178	178	178	58	0	0	0
1, 325	1, 350	121	1	0	3, 000	3, 050	427	426	305	305	305	185	185	185	65	0	0	0
1, 350	1, 375	125	5	0	3, 050	3, 100	437	435	314	314	314	194	194	194	74	0	0	0
1, 375	1, 400	130	10	0	3, 100	3, 150	447	445	323	323	323	203	203	203	83	0	0	0
1, 400	1, 425	134	14	0	3, 150	3, 200	457	454	332	332	332	212	212	212	92	0	0	0
1, 425	1, 450	139	19	0	3, 200	3, 250	467	464	341	341	341	221	221	221	101	0	0	0
1, 450	1, 475	143	23	0	3, 250	3, 300	476	473	350	350	350	230	230	230	110	0	0	0
1, 475	1, 500	148	28	0	3, 300	3, 350	486	482	359	359	359	239	239	239	119	0	0	0
1, 500	1, 525	152	32	0	3, 350	3, 400	496	492	368	368	368	248	248	248	128	8	0	0
1, 525	1, 550	157	37	0	3, 400	3, 450	506	501	377	377	377	257	257	257	137	17	0	0
1, 550	1, 575	161	41	0	3, 450	3, 500	516	511	386	386	386	266	266	266	146	26	0	0
1, 575	1, 600	166	46	0	3, 500	3, 550	526	520	395	395	395	275	275	275	155	35	0	0
1, 600	1, 625	170	50	0	3, 550	3, 600	536	530	404	404	404	284	284	284	164	44	0	0
1, 625	1, 650	175	55	0	3, 600	3, 650	546	539	414	413	413	293	293	293	173	53	0	0
1, 650	1, 675	179	59	0	3, 650	3, 700	556	549	424	423	422	302	302	302	182	62	0	0
1, 675	1, 700	184	64	0	3, 700	3, 750	566	558	434	432	431	311	311	311	191	71	0	0
1, 700	1, 725	188	68	0	3, 750	3, 800	575	567	443	441	440	320	320	320	200	80	0	0
1, 725	1, 750	193	73	0	3, 800	3, 850	585	577	453	451	449	329	329	329	209	89	0	0
1, 750	1, 775	197	77	0	3, 850	3, 900	595	586	463	460	458	338	338	338	218	98	0	0
1, 775	1, 800	202	82	0	3, 900	3, 950	605	596	473	470	467	347	347	347	227	107	0	0
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