

# Table of Contents

WAGE AND NONBUSINESS INCOME FORM 1040 .....	1
OVERVIEW .....	1
Filing Requirements .....	1
Which Form to File.....	7
Due Dates .....	10
Identification Number .....	15
Marital Status .....	16
Filing Status .....	17
Personal Exemptions.....	26
Dependency Exemptions.....	27
Review Questions .....	43
Answers.....	45
INCOME .....	47
Wages, Salaries, Tips, etc.....	47
Interest Income .....	52
Dividends .....	57
State Refund .....	60
Alimony .....	61
Business Income (Schedule C-EZ).....	62
Capital Gain or Loss (Schedule D).....	77
IRA Distributions .....	94
Pension Distribution .....	98
Unemployment Compensation .....	99
Social Security Benefits .....	100
Other Income .....	103
Review Questions .....	119
Answers.....	120
DEDUCTIONS .....	121
Educator Expenses .....	121
Health Savings Account Deduction .....	121
Moving Expenses.....	132
One-half of Self-employment Tax.....	134
Penalty on Early Withdrawal of Savings .....	134
Alimony Paid.....	134
IRA Deduction.....	135
Student Loan Interest Deduction .....	140
Tuition and Fees Deduction .....	141
Other Adjustments .....	144
Standard Deduction .....	145
Itemized Deductions .....	148
Exemption Deduction .....	166
Review Questions .....	167
Answers.....	172
NONREFUNDABLE CREDITS.....	175
Child and Dependent Care Credit .....	175
Education Credits .....	182
Retirement Savings Contributions Credit .....	191
Child Tax Credit .....	195
Residential Energy Credits .....	196

Credit for the Elderly or the Disabled .....	200
District of Columbia First-Time Homebuyer Credit .....	201
Review Questions .....	203
Answers .....	205
OTHER TAXES .....	207
Self-employment Tax .....	207
Unreported Tip Income (Form 4137) .....	209
Advance Earned Income Credit Payments .....	209
Repayment of First-time Homebuyer Credit .....	210
PAYMENTS .....	211
Federal Income Tax Withholding .....	211
Estimated Tax Payments .....	211
Making Work Pay Credit .....	212
Earned Income Credit .....	212
Additional Child Tax Credit .....	216
American Opportunity Tax Credit .....	219
First Time Homebuyer Credit .....	219
Amounts Paid With Extension .....	221
Excess Social Security Withheld .....	221
Review Questions .....	223
Answers .....	224
COMPLETING THE RETURN .....	225
Refund .....	225
Owe Tax .....	226
Filing the Return .....	227
AMENDING THE RETURN .....	227
WAGE AND SMALL BUSINESS INCOME .....	229
INCOME .....	229
Schedule C .....	229
Foreclosure or Repossession .....	261
Sale of Business Property .....	266
Installment Sales .....	275
Like-kind Exchange .....	289
Rental Real Estate (Schedule E) .....	317
Schedule K-1s .....	345
Schedule F .....	365
Form 2555 .....	380
Review Questions .....	395
Answers .....	412
DEDUCTIONS .....	425
Self-employed SEP, SIMPLE, and Qualified Plans .....	425
Self-employed Health Insurance .....	431
Domestic Production Activities Deduction .....	432
Investment Interest Expense .....	438
Property Contributions (Form 8283) .....	441
Casualty/Theft Loss .....	443
Form 2106 .....	460
Review Questions .....	461
Answers .....	463
TAXES .....	465
Kiddie Tax .....	465
AMT .....	467
Form 8919 .....	484

Form 5329 .....	485
Review Questions .....	487
Answers .....	489
NONREFUNDABLE CREDITS.....	491
Foreign Tax Credit (Form 1116).....	491
General Business Credit (Form 3800) .....	495
Minimum Tax Credit (Form 8801) .....	502
Mortgage Interest Credit (Form 8396) .....	503
Alternative Motor Vehicle Credit (Form 8910) .....	506
Review Questions .....	511
Answers .....	512
PAYMENTS .....	513
Earned Income Credit (Form 8862) .....	513
Fuel Tax Credit (Form 4136) .....	514
Tax paid by RIC or REIT (Form 2439).....	517
Adoption Credit (Form 8839).....	517
Refundable Minimum Tax Credit .....	519
Health Coverage Tax Credit (Form 8885) .....	522
Estimated Tax Penalty (Form 2210) .....	524
Review Questions .....	525
Answers .....	526
NONRESIDENT ALIENS.....	529
Source of Income .....	529
Nontaxable U.S. Source Income .....	541
Tax Rates.....	546
Form 1040NR .....	552
Tax Treaties .....	560
Employees of Foreign Governments and International Organizations.....	566
Review Questions .....	569
Answers.....	570
FORM 1040PR.....	571
INDEX.....	575