

2006 Form 1040, U.S. Individual Income Tax Return

Purpose: This is the third circulated draft of the 2006 Form 1040 for your review and comments. See below for a discussion of the major change. The change noted reflects only the change from the second circulation. The first circulation was posted April 26, 2006. The second circulation was posted May 19, 2006.

TPCC Meeting: None, but one may be arranged if requested.

Prior version: The 2005 Form 1040 is available at:
<http://www.irs.gov/pub/irs-pdf/f1040.pdf>

Instructions: The 2006 Instructions for Form 1040 will be circulated at a later date. The 2005 instructions are available at: <http://www.irs.gov/pub/irs-pdf/i1040gi.pdf>

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, fax, call, or mail any comments by June 16, 2006. We apologize for the short response time. The early release date of the form is imminent.

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Major Change to the 2006 Form 1040

New line 71 is added for the credit for federal telephone excise tax paid. Notice 2006-50. All subsequent lines are renumbered.

Label

(See instructions on page 16.) Use the IRS label. Otherwise, please print or type.

Label Here

For the year Jan. 1–Dec. 31, 2006, or other tax year beginning , 2006, ending , 20 OMB No. 1545-0074 Your first name and initial Last name Your social security number If a joint return, spouse's first name and initial Last name Spouse's social security number Home address (number and street). If you have a P.O. box, see page 16. Apt. no. City, town or post office, state, and ZIP code. If you have a foreign address, see page 16. You must enter your SSN(s) above. Checking a box below will not change your tax or refund.

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16) You Spouse

Filing Status

Check only one box.

- 1 Single 2 Married filing jointly (even if only one had income) 3 Married filing separately. Enter spouse's SSN above and full name here. 4 Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. 5 Qualifying widow(er) with dependent child (see page 17)

Exemptions

If more than four dependents, see page 19.

6a Yourself. If someone can claim you as a dependent, do not check box 6a 6b Spouse 6c Dependents: (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) if qualifying child for child tax credit (see page 19) 6d Total number of exemptions claimed Boxes checked on 6a and 6b No. of children on 6c who: lived with you did not live with you due to divorce or separation (see page 20) Dependents on 6c not entered above Add numbers on lines above

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see page 22.

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

7 Wages, salaries, tips, etc. Attach Form(s) W-2 7 8a Taxable interest. Attach Schedule B if required 8a 8b Tax-exempt interest. Do not include on line 8a 8b 9a Ordinary dividends. Attach Schedule B if required 9a 9b Qualified dividends (see page 23) 9b 10 Taxable refunds, credits, or offsets of state and local income taxes (see page 23) 10 11 Alimony received 11 12 Business income or (loss). Attach Schedule C or C-EZ 12 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here 13 14 Other gains or (losses). Attach Form 4797 14 15a IRA distributions 15a 15b Taxable amount (see page 25) 15b 16a Pensions and annuities 16a 16b Taxable amount (see page 25) 16b 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 17 18 Farm income or (loss). Attach Schedule F 18 19 Unemployment compensation 19 20a Social security benefits 20a 20b Taxable amount (see page 27) 20b 21 Other income. List type and amount (see page 29) 21 22 Add the amounts in the far right column for lines 7 through 21. This is your total income 22

Adjusted Gross Income

23 Archer MSA deduction. Attach Form 8853 23 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 24 25 Health savings account deduction. Attach Form 8889 25 26 Moving expenses. Attach Form 3903 26 27 One-half of self-employment tax. Attach Schedule SE 27 28 Self-employed SEP, SIMPLE, and qualified plans 28 29 Self-employed health insurance deduction (see page 30) 29 30 Penalty on early withdrawal of savings 30 31a Alimony paid b Recipient's SSN 31a 31b 32 IRA deduction (see page 31) 32 33 Student loan interest deduction (see page 33) 33 34 Jury duty pay you gave to your employer 34 35 Domestic production activities deduction. Attach Form 8903 35 36 Add lines 23 through 31a and 32 through 35 36 37 Subtract line 36 from line 22. This is your adjusted gross income 37

Tax and Credits

Standard Deduction for—

• People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 36.

• All others: Single or Married filing separately, \$5,150

Married filing jointly or Qualifying widow(er), \$10,300

Head of household, \$7,550

38 Amount from line 37 (adjusted gross income)
39a Check if: [] You were born before January 2, 1942, [] Blind. Total boxes checked
b If your spouse itemizes on a separate return or you were a dual-status alien, see page 35 and check here
40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)
41 Subtract line 40 from line 38
42 If line 38 is over \$112,875, or you provided housing to a person displaced by Hurricane Katrina, see page 37. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d
43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-
44 Tax (see page 37). Check if any tax is from: a [] Form(s) 8814 b [] Form 4972
45 Alternative minimum tax (see page 39). Attach Form 6251
46 Add lines 44 and 45
47 Foreign tax credit. Attach Form 1116 if required
48 Credit for child and dependent care expenses. Attach Form 2441
49 Credit for the elderly or the disabled. Attach Schedule R
50 Education credits. Attach Form 8863
51 Retirement savings contributions credit. Attach Form 8880
52 Residential energy credits. Attach Form 5695
53 Child tax credit (see page XX). Attach Form 8901 if required
54 Credits from: a [] Form 8396 b [] Form 8839 c [] Form 8859
55 Other credits: a [] Form 3800 b [] Form 8801 c [] Form
56 Add lines 47 through 55. These are your total credits
57 Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-

Other Taxes

58 Self-employment tax. Attach Schedule SE
59 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137
60 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required
61 Advance earned income credit payments from Form(s) W-2, box 9
62 Household employment taxes. Attach Schedule H
63 Add lines 57 through 62. This is your total tax

Payments

If you have a qualifying child, attach Schedule EIC.

64 Federal income tax withheld from Forms W-2 and 1099
65 2006 estimated tax payments and amount applied from 2005 return
66a Earned income credit (EIC)
b Nontaxable combat pay election
67 Excess social security and tier 1 RRTA tax withheld (see page 59)
68 Additional child tax credit. Attach Form 8812
69 Amount paid with request for extension to file (see page 59)
70 Payments from: a [] Form 2439 b [] Form 4136 c [] Form 8885
71 Credit for federal telephone excise tax paid. Attach Form 8913 if required
72 Add lines 64, 65, 66a, and 67 through 71. These are your total payments

Refund

Direct deposit? See page 59 and fill in 74b, 74c, and 74d, or Form 8888.

73 If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid
74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here
b Routing number
c Type: [] Checking [] Savings
d Account number
75 Amount of line 73 you want applied to your 2007 estimated tax
76 Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 60
77 Estimated tax penalty (see page 60)

Amount You Owe

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 61)? [] Yes. Complete the following. [] No
Designee's name Phone no. Personal identification number (PIN)

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See page 17. Keep a copy for your records.

Your signature Date Your occupation Daytime phone number
Spouse's signature. If a joint return, both must sign. Date Spouse's occupation

Paid Preparer's Use Only

Preparer's signature Date Check if self-employed Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code EIN Phone no.