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.

Form **1040** Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return 2006

(99) IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2006, or other tax year beginning , 2006, ending , 20

OMB No. 1545-0074

Label
(See instructions on page 16.)

Use the IRS label. Otherwise, please print or type.

LABEL HERE

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.	▲ You **must** enter your SSN(s) above. ▲
City, town or post office, state, and ZIP code. If you have a foreign address, see page 16.		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

6a ☐ **Yourself.** If someone can claim you as a dependent, **do not** check box 6a

b ☐ **Spouse**

c **Dependents:**

(1) First name Last name	**(2)** Dependent's social security number	**(3)** Dependent's relationship to you	**(4)** ✓ if qualifying child for child tax credit (see page 19)
			☐
			☐
			☐
			☐

If more than four dependents, see page 19.

d 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
b	**Tax-exempt** interest. **Do not** include on line 8a	8b	
9a	Ordinary dividends. Attach Schedule B if required		9a
b	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	b Taxable amount (see page 25) 15b
16a	Pensions and annuities	16a	b 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	b 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	
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) **38**

39a Check if: { ☐ **You** were born before January 2, 1942, ☐ Blind. / ☐ **Spouse** was born before January 2, 1942, ☐ Blind. } **Total boxes checked ▶ 39a** ☐

b If your spouse itemizes on a separate return or you were a dual-status alien, see page 35 and check here ▶**39b** ☐

40 **Itemized deductions** (from Schedule A) **or** your **standard deduction** (see left margin) . . **40**

41 Subtract line 40 from line 38 . . . . **41**

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 **42**

43 **Taxable income.** Subtract line 42 from line 41. If line 42 is more than line 41, enter -0- . **43**

44 **Tax** (see page 37). Check if any tax is from: **a** ☐ Form(s) 8814 **b** ☐ Form 4972 . . . **44**

45 **Alternative minimum tax** (see page 39). Attach Form 6251 . . . . **45**

46 Add lines 44 and 45 . . . . ▶ **46**

47 Foreign tax credit. Attach Form 1116 if required . . . **47**

48 Credit for child and dependent care expenses. Attach Form 2441 **48**

49 Credit for the elderly or the disabled. Attach Schedule R . **49**

50 Education credits. Attach Form 8863 . . . . **50**

51 Retirement savings contributions credit. Attach Form 8880 . **51**

52 Residential energy credits. Attach Form 5695 . . . . . **52**

53 Child tax credit (see page XX). Attach Form 8901 if required **53**

54 Credits from: **a** ☐ Form 8396 **b** ☐ Form 8839 **c** ☐ Form 8859 **54**

55 Other credits: **a** ☐ Form 3800 **b** ☐ Form 8801 **c** ☐ Form ______ **55**

56 Add lines 47 through 55. These are your **total credits** **56**

57 Subtract line 56 from line 46. If line 56 is more than line 46, enter -0- . . . . ▶ **57**

Other Taxes

58 Self-employment tax. Attach Schedule SE **58**

59 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137 . . **59**

60 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required . . **60**

61 Advance earned income credit payments from Form(s) W-2, box 9 . . . . **61**

62 Household employment taxes. Attach Schedule H **62**

63 Add lines 57 through 62. This is your **total tax** . . . . ▶ **63**

Payments

If you have a qualifying child, attach Schedule EIC.

64 Federal income tax withheld from Forms W-2 and 1099 . . **64**

65 2006 estimated tax payments and amount applied from 2005 return **65**

66a **Earned income credit (EIC)** **66a**

b Nontaxable combat pay election ▶ **66b**

67 Excess social security and tier 1 RRTA tax withheld (see page 59) **67**

68 Additional child tax credit. Attach Form 8812 . . . . . **68**

69 Amount paid with request for extension to file (see page 59) **69**

70 Payments from: **a** ☐ Form 2439 **b** ☐ Form 4136 **c** ☐ Form 8885 . **70**

71 Credit for federal telephone excise tax paid. Attach Form 8913 if required **71**

72 Add lines 64, 65, 66a, and 67 through 71. These are your **total payments** . . . . . ▶ **72**

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** **73**

74a Amount of line 73 you want **refunded to you.** If Form 8888 is attached, check here ▶ ☐ **74a**

▶ **b** Routing number ▶ **c** Type: ☐ Checking ☐ Savings

▶ **d** Account number

75 Amount of line 73 you want **applied to your 2007 estimated tax** ▶ **75**

Amount You Owe

76 **Amount you owe.** Subtract line 72 from line 63. For details on how to pay, see page 60 ▶ **76**

77 Estimated tax penalty (see page 60) **77**

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

Joint return? See page 17.

Keep a copy for your records.

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.

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. ( )	