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SCHEDULES A&B
(Form 1040)

Schedule A—Itemized Deductions

OMB No. 1545-0074

2006

Attachment
Sequence No. **07**

Department of the Treasury
Internal Revenue Service (99)

(Schedule B is on back)

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedules A&B (Form 1040).**

Name(s) shown on Form 1040

Your social security number

Medical and Dental Expenses	1	Caution. Do not include expenses reimbursed or paid by others. Medical and dental expenses (see page A-2)	1			
	2	Enter amount from Form 1040, line 38	2			
	3	Multiply line 2 by 7.5% (.075)	3			
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4			
Taxes You Paid <small>(See page A-2.)</small>	5	State and local income taxes	5			
	6	Real estate taxes (see page A-5)	6			
	7	Personal property taxes	7			
	8	Other taxes. List type and amount ▶	8			
	9	Add lines 5 through 8	9			
Interest You Paid <small>(See page A-5.)</small>	10	Home mortgage interest and points reported to you on Form 1098	10			
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-6 and show that person's name, identifying no., and address ▶	11			
	12	Points not reported to you on Form 1098. See page A-6 for special rules	12			
	13	Investment interest. Attach Form 4952 if required. (See page A-6.)	13			
Note. Personal interest is not deductible.	14	Add lines 10 through 13	14			
Gifts to Charity <small>If you made a gift and got a benefit for it, see page A-7.</small>	15	Gifts by cash or check. If you made any gift of \$250 or more, see page A-7	15			
	16	Other than by cash or check. If any gift of \$250 or more, see page A-7. You must attach Form 8283 if over \$500	16			
	17	Carryover from prior year	17			
	18	Add lines 15 through 17	18			
Casualty and Theft Losses	19	Casualty or theft loss(es). Attach Form 4684. (See page A-8.)	19			
Job Expenses and Certain Miscellaneous Deductions <small>(See page A-8.)</small>	20	Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-8.) ▶	20			
	21	Tax preparation fees	21			
	22	Other expenses—investment, safe deposit box, etc. List type and amount ▶	22			
	23	Add lines 20 through 22	23			
	24	Enter amount from Form 1040, line 38	24			
	25	Multiply line 24 by 2% (.02)	25			
	26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26			
Other Miscellaneous Deductions	27	Other—from list on page A-9. List type and amount ▶	27			
Total Itemized Deductions	28	Is Form 1040, line 38, over \$150,500 (over \$75,250 if married filing separately)? <input type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 40. <input type="checkbox"/> Yes. Your deduction may be limited. See page A-9 for the amount to enter.	28			
	29	If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/>				

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

Your social security number

Schedule B—Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address

2 Add the amounts on line 1
3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815
4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a

Note. If line 4 is over \$1,500, you must complete Part III.

Part II Ordinary Dividends

(See page B-1 and the instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

5 List name of payer

6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a

Note. If line 6 is over \$1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

(See page B-2.)

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

- 7a At any time during 2006, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account?
7b If "Yes," enter the name of the foreign country
8 During 2006, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2

Table with 2 columns: Yes, No. Contains checkboxes for questions 7a, 7b, and 8.



2005 Instructions for Schedules A & B (Form 1040)

Instructions for Schedule A, Itemized Deductions

Use Schedule A (Form 1040) to figure your itemized deductions. In most cases, your federal income tax will be less if you take the larger of your itemized deductions or your standard deduction.

If you itemize, you can deduct a part of your medical and dental expenses and unreimbursed employee business expenses, and amounts you paid for certain taxes, interest, contributions, and miscellaneous expenses. You can also deduct certain casualty and theft losses.

If you and your spouse paid expenses jointly and are filing separate returns for 2005, see Pub. 504 to figure the portion of joint expenses that you can claim as itemized deductions.



Do not include on Schedule A items deducted elsewhere, such as on Form 1040 or Schedule C, C-EZ, E, or F.

Section references are to the Internal Revenue Code unless otherwise noted.

What's New

- Certain cash contributions paid after August 27, 2005, are not subject to the overall limitation on itemized deductions or the 50% adjusted gross income limitation. See the instructions for line 15b on page A-7.
- Casualty and theft losses that occurred in the Hurricane Katrina disaster area after August 24, 2005, are not subject to the \$100 and the 10% adjusted gross income limitations if the loss was caused by Hurricane Katrina. See the instructions for line 19 on page A-8.
- The 2005 rate for use of your vehicle to get medical care is 15 cents a mile (22 cents a mile after August 31, 2005).
- The 2005 rate for charitable use of your vehicle to provide relief related to Hurricane Katrina is 29 cents a mile after August 24, 2005 (34 cents a mile after August 31, 2005).
- If you deduct more than \$500 for a contribution of a motor vehicle, boat, or airplane, you must attach a statement from the charitable organization to your return. See the instructions for line 16 that begin on page A-7.
- If you elected to deduct contributions made in January 2005 for the relief of victims of the Indian Ocean tsunami on your 2004 return, you cannot deduct the contributions for 2005. See *Contributions You Cannot Deduct* on page A-7.
- Special rules apply to certain contributions of food inventory and book inven-

tory made after August 27, 2005. For details, see Pub. 526.

- Certain whaling captains may be able to claim a charitable deduction for whale hunting expenses. See *Gifts to Charity* on page A-6 for more details.
- The tables and worksheet needed to figure your state and local sales tax deduction using the optional method have been added to the instructions for line 5 that begin on page A-3. Pub. 600 and Pub. 600-A do not apply for 2005.
- Line 29 has been added to elect to itemize even though your itemized deductions are less than your standard deduction. This election was previously made on Form 1040.

Medical and Dental Expenses

You can deduct only the part of your medical and dental expenses that exceeds 7.5% of the amount on Form 1040, line 38.

Pub. 502 discusses the types of expenses that you can and cannot deduct. It also explains when you can deduct capital expenses and special care expenses for disabled persons.



If you received a distribution from a health savings account or a medical savings account in 2005, see Pub. 969 to figure your deduction.

Examples of Medical and Dental Payments You Can Deduct

To the extent you were not reimbursed, you can deduct what you paid for:

- Insurance premiums for medical and dental care, including premiums for qualified long-term care contracts as defined in Pub. 502. But see *Limit on long-term care premiums you can deduct* on page A-2. Reduce the insurance premiums by any self-employed health insurance deduction you claimed on Form 1040, line 29.

Note. If, during 2005, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation pension recipient, you must reduce your insurance premiums by any amounts used to figure the health coverage tax credit. See the instructions for line 1 on page A-2.



You cannot deduct insurance premiums paid with pretax dollars because the premiums are not included in box 1 of your Form(s) W-2.

- Prescription medicines or insulin.
- Acupuncturists, chiropractors, dentists, eye doctors, medical doctors, occupational therapists, osteopathic doctors, physical therapists, podiatrists, psychiatrists, psychoanalysts (medical care only), and psychologists.
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths your doctor ordered.
- Nursing help (including your share of the employment taxes paid). If you paid someone to do both nursing and house-

work, you can deduct only the cost of the nursing help.

- Hospital care (including meals and lodging), clinic costs, and lab fees.
- Qualified long-term care services (see Pub. 502).
- The supplemental part of Medicare insurance (Medicare B).
- A program to stop smoking and for prescription medicines to alleviate nicotine withdrawal.
- A weight-loss program as treatment for a specific disease (including obesity) diagnosed by a doctor.
- Medical treatment at a center for drug or alcohol addiction.
- Medical aids such as eyeglasses, contact lenses, hearing aids, braces, crutches, wheelchairs, and guide dogs, including the cost of maintaining them.
- Surgery to improve defective vision, such as laser eye surgery or radial keratotomy.
- Lodging expenses (but not meals) while away from home to receive medical care in a hospital or a medical care facility related to a hospital, provided there was no significant element of personal pleasure, recreation, or vacation in the travel. Do not deduct more than \$50 a night for each eligible person.
- Ambulance service and other travel costs to get medical care. If you used your own car, you can claim what you spent for gas and oil to go to and from the place you received the care; or you can claim 15 cents a mile (22 cents a mile for travel after August 31, 2005). Add parking and tolls to the amount you claim under either method.

Note. Certain medical expenses paid out of a deceased taxpayer's estate can be claimed on the deceased taxpayer's final return. See Pub. 502 for details.

Limit on long-term care premiums you can deduct. The amount you can deduct for qualified long-term care contracts (as defined in Pub. 502) depends on the age, at the end of 2005, of the person for whom the premiums were paid. See the chart below for details.

IF the person was, at the end of 2005, age . . .	THEN the most you can deduct is . . .
40 or under	\$ 270
41–50	\$ 510
51–60	\$ 1,020
61–70	\$ 2,720
71 or older	\$ 3,400

Examples of Medical and Dental Payments You Cannot Deduct

- The basic cost of Medicare insurance (Medicare A).



If you were age 65 or older but not entitled to social security benefits, you can deduct premiums you voluntarily paid for Medicare A coverage.

- The cost of diet food.
- Cosmetic surgery unless it was necessary to improve a deformity related to a congenital abnormality, an injury from an accident or trauma, or a disfiguring disease.
- Life insurance or income protection policies.
- The Medicare tax on your wages and tips or the Medicare tax paid as part of the self-employment tax or household employment taxes.
- Nursing care for a healthy baby. But you may be able to take a credit for the amount you paid. See the instructions for Form 1040, line 48.
- Illegal operations or drugs.
- Imported drugs not approved by the U.S. Food and Drug Administration (FDA). This includes foreign-made versions of U.S.-approved drugs manufactured without FDA approval.
- Nonprescription medicines (including nicotine gum and certain nicotine patches).
- Travel your doctor told you to take for rest or a change.
- Funeral, burial, or cremation costs.

Line 1 Medical and Dental Expenses

Enter the total of your medical and dental expenses (see page A-1), after you reduce these expenses by any payments received from insurance or other sources. See *Reimbursements* on this page.



Do not forget to include insurance premiums you paid for medical and dental care. But if you claimed the self-employed health insurance deduction on Form 1040, line 29, reduce the premiums by the amount on line 29.

Note. If, during 2005, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation pension recipient, you must complete Form 8885 before completing Schedule A, line 1. When figuring the amount of insurance premiums you can deduct on Schedule A, do not include any health coverage tax credit advance payments shown in box 1 of Form 1099-H. Also, subtract the amount

shown on Form 8885, line 4 (reduced by any advance payments shown on line 6 of that form), from the total insurance premiums you paid.

Whose medical and dental expenses can you include? You can include medical and dental bills you paid for:

- Yourself and your spouse.
- All dependents you claim on your return.
- Your child whom you do not claim as a dependent because of the rules for children of divorced or separated parents.
- Any person you could have claimed as a dependent on your return except that person received \$3,200 or more of gross income or filed a joint return.
- Any person you could have claimed as a dependent except that you, or your spouse if filing jointly, can be claimed as a dependent on someone else's 2005 return.

Example. You provided over half of your mother's support but cannot claim her as a dependent because she received wages of \$3,200 in 2005. You can include on line 1 any medical and dental expenses you paid in 2005 for your mother.

Reimbursements. If your insurance company paid the provider directly for part of your expenses, and you paid only the amount that remained, include on line 1 only the amount you paid. If you received a reimbursement in 2005 for medical or dental expenses you paid in 2005, reduce your 2005 expenses by this amount. If you received a reimbursement in 2005 for prior year medical or dental expenses, do not reduce your 2005 expenses by this amount. But if you deducted the expenses in the earlier year and the deduction reduced your tax, you must include the reimbursement in income on Form 1040, line 21. See Pub. 502 for details on how to figure the amount to include.

Cafeteria plans. Do not include on line 1 insurance premiums paid by an employer-sponsored health insurance plan (cafeteria plan) unless the premiums are included in box 1 of your Form(s) W-2. Also, do not include any other medical and dental expenses paid by the plan unless the amount paid is included in box 1 of your Form(s) W-2.

Taxes You Paid Taxes You Cannot Deduct

- Federal income and excise taxes.
- Social security, Medicare, federal unemployment (FUTA), and railroad retirement (RRTA) taxes.
- Customs duties.
- Federal estate and gift taxes. But see the instructions for line 27 on page A-9.

- Certain state and local taxes, including: tax on gasoline, car inspection fees, assessments for sidewalks or other improvements to your property, tax you paid for someone else, and license fees (marriage, driver's, dog, etc.).

Line 5



You can elect to deduct state and local general sales taxes instead of state and local income taxes. You cannot deduct

both.

State and Local Income Taxes

If you deduct state and local income taxes, check **box a** on line 5. Include on this line the state and local income taxes listed below.

- State and local income taxes withheld from your salary during 2005. Your Form(s) W-2 will show these amounts. Forms W-2G, 1099-G, 1099-R, and 1099-MISC may also show state and local income taxes withheld.

- State and local income taxes paid in 2005 for a prior year, such as taxes paid with your 2004 state or local income tax return. Do not include penalties or interest.

- State and local estimated tax payments made during 2005, including any part of a prior year refund that you chose to have credited to your 2005 state or local income taxes.

- Mandatory contributions you made to the California, New Jersey, or New York Nonoccupational Disability Benefit Fund, Rhode Island Temporary Disability Benefit Fund, or Washington State Supplemental Workmen's Compensation Fund.

Do not reduce your deduction by any:

- State or local income tax refund or credit you expect to receive for 2005, or

- Refund of, or credit for, prior year state and local income taxes you actually received in 2005. Instead, see the instructions for Form 1040, line 10.

State and Local General Sales Taxes

If you elect to deduct state and local general sales taxes, you **must** check **box b** on line 5. To figure your deduction, you can use either your actual expenses or the optional sales tax tables.

Actual Expenses

Generally, you can deduct the actual state and local general sales taxes (including compensating use taxes) you paid in 2005 if the tax rate was the same as the general sales tax rate. However, sales taxes on food, clothing, medical supplies, and motor vehicles are deductible as a general sales tax even if the tax rate was less than the general sales tax rate. Sales taxes on motor vehicles are also deductible as a general sales tax if the tax rate was more than the

general sales tax rate, but the tax is deductible only up to the amount of tax that would have been imposed at the general sales tax rate. Motor vehicles include cars, motorcycles, motor homes, recreational vehicles, sport utility vehicles, trucks, vans, and off-road vehicles. Also include any state and local general sales taxes paid for a leased motor vehicle.

Do not include sales taxes paid on items used in your trade or business.



You must keep your actual receipts showing general sales taxes paid to use this method.

Refund of general sales taxes. If you received a refund of state or local general sales taxes in 2005 for amounts paid in 2005, reduce your 2005 state and local general sales taxes by this amount. If you received a refund of state or local general sales taxes in 2005 for prior year purchases, do not reduce your 2005 state and local general sales taxes by this amount. But if you deducted your state and local general sales taxes in the earlier year and the deduction reduced your tax, you may have to include the refund in income on Form 1040, line 21. See *Recoveries* in Pub. 525 for details.

Optional Sales Tax Tables

Instead of using your actual expenses, you can use the tables on pages A-10 through A-12 to figure your state and local general sales tax deduction. You may also be able to add the state and local general sales taxes paid on certain specified items.

To figure your state and local general sales tax deduction using the tables, complete the worksheet on page A-4.

Note. Instead of completing the worksheet, you can use the 2005 Sales Tax Calculator on the IRS website at www.irs.gov/pub/irs-soi/SalesTaxCalc05.xls.



If your filing status is married filing separately, both you and your spouse elect to deduct sales taxes, **and** your spouse elects to use the optional sales tax tables, you also must use the tables to figure your state and local general sales tax deduction.

Instructions for Line 5b Worksheet

Line 1. If you lived in the same state for all of 2005, enter the applicable amount, based on your 2005 income and exemptions, from the optional state sales tax table for your state on page A-10 or A-11. Read down the "At least—But less than" columns for your state and find the line that includes your 2005 income. If married filing separately, do not include your spouse's income. Your 2005 income is the amount shown on your Form 1040, line 38, plus any nontaxable items, such as the following.

- Tax-exempt interest.
- Veterans' benefits.

- Nontaxable combat pay.
- Workers' compensation.
- Nontaxable part of social security and railroad retirement benefits.
- Nontaxable part of IRA, pension, or annuity distributions. Do not include rollovers.
- Public assistance payments.

The exemptions column refers to the number of exemptions claimed on Form 1040, line 6d. Do not include any additional exemptions you listed on Form 8914 for individuals displaced by Hurricane Katrina.

What if you lived in more than one state? If you lived in more than one state during 2005, look up the table amount for each state using the above rules. If there is no table for your state, the table amount is considered to be zero. Multiply the table amount for each state you lived in by a fraction. The numerator of the fraction is the number of days you lived in the state during 2005 and the denominator is the total number of days in the year (365). Enter the total of the prorated table amounts for each state on line 1. However, if you also lived in a locality during 2005 that imposed a local general sales tax, do not enter the total on line 1. Instead, complete a separate worksheet for each state you lived in and enter the prorated amount for that state on line 1.

Example. You lived in State A from January 1 through August 31, 2005 (243 days), and in State B from September 1 through December 31, 2005 (122 days). The table amount for State A is \$500. The table amount for State B is \$400. You would figure your state general sales tax as follows.

State A:	$500 \times 243/365 =$	\$333
State B:	$400 \times 122/365 =$	134
Total		= \$467

If none of the localities in which you lived during 2005 imposed a local general sales tax, enter \$467 on line 1 of your worksheet. Otherwise, complete a separate worksheet for State A and State B. Enter \$333 on line 1 of the State A worksheet and \$134 on line 1 of the State B worksheet.

Line 2. If you checked the "No" box, enter -0- on line 2, and go to line 3. If you checked the "Yes" box and lived in the same locality for all of 2005, enter the applicable amount, based on your 2005 income and exemptions, from the optional local sales tax table for your locality on page A-12. Read down the "At least—But less than" columns for your locality and find the line that includes your 2005 income. See the line 1 instructions on this page to figure your 2005 income. The exemptions column refers to the number of exemptions claimed on Form 1040, line 6d. Do not include any additional exemptions you listed on Form 8914 for individuals displaced by Hurricane Katrina.

What if you lived in more than one locality? If you lived in more than one locality during 2005, look up the table amount

for each locality using the above rules. If there is no table for your locality, the table amount is considered to be zero. Multiply the table amount for each locality you lived in by a fraction. The numerator of the fraction is the number of days you lived in the locality during 2005 and the denominator is the total number of days in the year (365). If you lived in more than one locality in the same state and the local general sales tax rate was the same for each locality, enter the total of the prorated table amounts for each locality in that state on line 2. Otherwise, complete a separate worksheet for lines 2 through 6 for each locality and enter each prorated table amount on line 2 of the applicable worksheet.

Example. You lived in Locality 1 from January 1 through August 31, 2005 (243 days), and in Locality 2 from September 1 through December 31, 2005 (122 days). The table amount for Locality 1 is \$100. The table amount for Locality 2 is \$150.

You would figure the amount to enter on line 2 as follows. Note that this amount may not equal your local sales tax deduction, which is figured on line 6 of the worksheet.

Locality 1:	\$100 x 243/365 =	\$ 67
Locality 2:	\$150 x 122/365 =	$\frac{50}{}$
Total		= \$117

Line 3. If you lived in Virginia, check the “No” box. Your state and local general sales taxes are combined in the table on page A-11.

If you lived in California, check the “No” box if your combined state and local general sales tax rate is 7.25%. Otherwise, check the “Yes” box and include on line 3 only the part of the combined rate that is more than 7.25%.

If you lived in Nevada, check the “No” box if your combined state and local general

eral sales tax rate is 6.5%. Otherwise, check the “Yes” box and include on line 3 only the part of the combined rate that is more than 6.5%

If you lived in Texarkana, Arkansas, check the “Yes” box and enter “4.0” on line 3. Your local general sales tax rate of 4.0% includes the additional 1.0% Arkansas state sales tax rate for Texarkana and the 1.5% sales tax rate for Miller County.

What if your local general sales tax rate changed during 2005? If you checked the “Yes” box and your local general sales tax rate changed during 2005, figure the rate to enter on line 3 as follows. Multiply each tax rate for the period it was in effect by a fraction. The numerator of the fraction is the number of days the rate was in effect during 2005 and the denominator is the total number of days in the year (365). Enter the total of the prorated tax rates on line 3.

State and Local General Sales Tax Deduction Worksheet—Line 5b (See the *Instructions for Line 5b Worksheet* that begin on page A-3.)

Keep for Your Records



1. Enter your state general sales taxes from the applicable table on page A-10 or A-11 (see instructions)	1.	
2. Did you live in Alaska, Arizona, Arkansas (Texarkana only), California (Los Angeles County only), Colorado, Georgia, Illinois, Louisiana, New York (New York City only), or North Carolina in 2005?		
<input type="checkbox"/> No. Enter -0-		
<input type="checkbox"/> Yes. Enter your local general sales taxes from the applicable table on page A-12 (see instructions)	}	
3. Did your locality impose a local general sales tax in 2005? Virginia residents, check the “No” box. Residents of California, Nevada, and Texarkana, Arkansas, see instructions.		
<input type="checkbox"/> No. Skip lines 3 through 5, enter -0- on line 6, and go to line 7.		
<input type="checkbox"/> Yes. Enter your local general sales tax rate, but omit percentages (for example, if your local general sales tax rate was 2.5%, enter 2.5). If your local general sales tax rate changed or you lived in more than one locality in the same state during 2005, see instructions	3.	
4. Did you enter -0- on line 2 above?		
<input type="checkbox"/> No. Skip lines 4 and 5 and go to line 6.		
<input type="checkbox"/> Yes. Enter your state general sales tax rate (from the table heading for your state), but omit percentages. For example, if your state general sales tax rate is 6%, enter 6.0	4.	
5. Divide line 3 by line 4. Enter the result as a decimal (rounded to at least three places)	5.	
6. Did you enter -0- on line 2 above?		
<input type="checkbox"/> No. Multiply line 2 by line 3	}	
<input type="checkbox"/> Yes. Multiply line 1 by line 5. If you lived in more than one locality in the same state during 2005, see instructions.		
7. Enter your general sales taxes paid on specified items, if any (see instructions)	7.	
8. Deduction for general sales taxes. Add lines 1, 6, and 7. Enter the result here and the total from all your worksheets, if applicable, on Schedule A, line 5. Be sure to check box b on that line	8.	

Note. If you elect to deduct general sales taxes, you cannot deduct your state and local income taxes.

Example. Locality 1 imposed a 1% local general sales tax from January 1 through September 30, 2005 (273 days). The rate increased to 1.75% for the period from October 1 through December 31, 2005 (92 days). You would enter “1.189” on line 3, figured as follows.

January 1 –	
September 30:	$1.00 \times 273/365 = 0.748$
October 1 –	
December 31:	$1.75 \times 92/365 = \frac{0.441}{= 1.189}$
Total	

What if you lived in more than one locality in the same state during 2005? Complete a separate worksheet for lines 2 through 6 for each locality in your state if you lived in more than one locality in the same state during 2005 and either of the following applies.

- Each locality did not have the same local general sales tax rate.
- You lived in Texarkana, AR; Los Angeles County, CA; or New York, NY.

To figure the amount to enter on line 3 of the worksheet for each locality in which you lived (except a locality for which you used the table on page A-12 to figure your local general sales tax deduction), multiply the local general sales tax rate by a fraction. The numerator of the fraction is the number of days you lived in the locality during 2005 and the denominator is the total number of days in the year (365).

Example. You lived in Locality 1 from January 1 through August 31, 2005 (243 days), and in Locality 2 from September 1 through December 31, 2005 (122 days). The local general sales tax rate for Locality 1 is 1%. The rate for Locality 2 is 1.75%. You would enter “0.666” on line 3 for the Locality 1 worksheet and “0.585” for the Locality 2 worksheet, figured as follows.

Locality 1:	$1.00 \times 243/365 = 0.666$
Locality 2:	$1.75 \times 122/365 = 0.585$

Line 6. If you lived in more than one locality in the same state during 2005, you should have completed line 1 only on the first worksheet for that state and separate worksheets for lines 2 through 6 for any other locality within that state in which you lived during 2005. If you checked the “Yes” box on line 6 of any of those worksheets, multiply line 5 of that worksheet by the amount that you entered on line 1 for that state on the first worksheet.

Line 7. Enter on line 7 any state and local general sales taxes paid on the following specified items. If you are completing more than one worksheet, include the total for line 7 on only one of the worksheets.

1. A motor vehicle (including a car, motorcycle, motor home, recreational vehicle, sport utility vehicle, truck, van, and off-road vehicle). Also include any state and local general sales taxes paid for a leased motor vehicle. If the state sales tax rate on these items is higher than the general sales tax rate, only include the amount

of tax you would have paid at the general sales tax rate.

2. An aircraft or boat, if the tax rate was the same as the general sales tax rate.

3. A home (including a mobile home or prefabricated home) or substantial addition to or major renovation of a home, but only if the tax rate was the same as the general sales tax rate and any of the following applies.

a. Your state or locality imposes a general sales tax directly on the sale of a home or on the cost of a substantial addition or major renovation.

b. You purchased the materials to build a home or substantial addition or to perform a major renovation and paid the sales tax directly.

c. Under your state law, your contractor is considered your agent in the construction of the home or substantial addition or the performance of a major renovation. The contract must state that the contractor is authorized to act in your name and must follow your directions on construction decisions. In this case, you will be considered to have purchased any items subject to a sales tax and to have paid the sales tax directly.

Do not include sales taxes paid on items used in your trade or business. If you received a refund of state or local general sales taxes in 2005, see *Refund of general sales taxes* on page A-3.

Line 6 Real Estate Taxes

Include taxes (state, local, or foreign) you paid on real estate you own that was not used for business, but only if the taxes are based on the assessed value of the property. Also, the assessment must be made uniformly on property throughout the community, and the proceeds must be used for general community or governmental purposes. Pub. 530 explains the deductions homeowners can take.

Do not include the following amounts on line 6.

- Itemized charges for services to specific property or persons (for example, a \$20 monthly charge per house for trash collection, a \$5 charge for every 1,000 gallons of water consumed, or a flat charge for mowing a lawn that had grown higher than permitted under a local ordinance).

- Charges for improvements that tend to increase the value of your property (for example, an assessment to build a new sidewalk). The cost of a property improvement is added to the basis of the property. However, a charge is deductible if it is used only to maintain an existing public facility in service (for example, a charge to repair an existing sidewalk, and any interest included in that charge).

If your mortgage payments include your real estate taxes, you can deduct only the amount the mortgage company actually paid to the taxing authority in 2005.

If you sold your home in 2005, any real estate tax charged to the buyer should be shown on your settlement statement and in box 5 of any Form 1099-S you received. This amount is considered a refund of real estate taxes. See *Refunds and rebates* below. Any real estate taxes you paid at closing should be shown on your settlement statement.

Refunds and rebates. If you received a refund or rebate in 2005 of real estate taxes you paid in 2005, reduce your deduction by the amount of the refund or rebate. If you received a refund or rebate in 2005 of real estate taxes you paid in an earlier year, do not reduce your deduction by this amount. Instead, you must include the refund or rebate in income on Form 1040, line 21, if you deducted the real estate taxes in the earlier year and the deduction reduced your tax. See *Recoveries* in Pub. 525 for details on how to figure the amount to include in income.

Line 7 Personal Property Taxes

Enter personal property tax you paid, but only if it is based on value alone and it is charged on a yearly basis.

Example. You paid a yearly fee for the registration of your car. Part of the fee was based on the car’s value and part was based on its weight. You can deduct only the part of the fee that was based on the car’s value.

Line 8 Other Taxes

If you had any deductible tax not listed on line 5, 6, or 7, list the type and amount of tax. Enter only one total on line 8. Include on this line income tax you paid to a foreign country or U.S. possession.



You may want to take a credit for the foreign tax instead of a deduction. See the instructions for Form 1040, line 47, for

details.

Interest You Paid

Whether your interest expense is treated as investment interest, personal interest, or business interest depends on how and when you used the loan proceeds. See Pub. 535 for details.

In general, if you paid interest in 2005 that applies to any period after 2005, you can deduct only amounts that apply for 2005.

Lines 10 and 11

Home Mortgage Interest

A home mortgage is any loan that is secured by your main home or second home. It includes first and second mortgages, home equity loans, and refinanced mortgages.

A home can be a house, condominium, cooperative, mobile home, boat, or similar property. It must provide basic living accommodations including sleeping space, toilet, and cooking facilities.

Limit on home mortgage interest. If you took out any mortgages after October 13, 1987, your deduction may be limited. Any additional amounts borrowed after October 13, 1987, on a line-of-credit mortgage you had on that date are treated as a mortgage taken out after October 13, 1987. If you refinanced a mortgage you had on October 13, 1987, treat the new mortgage as taken out on or before October 13, 1987. But if you refinanced for more than the balance of the old mortgage, treat the excess as a mortgage taken out after October 13, 1987.

See Pub. 936 to figure your deduction if either (1) or (2) below applies. If you had more than one home at the same time, the dollar amounts in (1) and (2) apply to the total mortgages on both homes.

1. You took out any mortgages after October 13, 1987, and used the proceeds for purposes other than to buy, build, or improve your home, and all of these mortgages totaled over \$100,000 at any time during 2005. The limit is \$50,000 if married filing separately. An example of this type of mortgage is a home equity loan used to pay off credit card bills, buy a car, or pay tuition.

2. You took out any mortgages after October 13, 1987, and used the proceeds to buy, build, or improve your home, and these mortgages plus any mortgages you took out on or before October 13, 1987, totaled over \$1 million at any time during 2005. The limit is \$500,000 if married filing separately.



If the total amount of all mortgages is more than the fair market value of the home, additional limits apply. See

Pub. 936.

Line 10

Enter on line 10 mortgage interest and points reported to you on Form 1098 under your social security number (SSN). If this form shows any refund of overpaid interest, do not reduce your deduction by the refund. Instead, see the instructions for Form 1040, line 21. If you and at least one other person (other than your spouse if filing jointly) were liable for and paid interest on the mortgage, and the interest was reported on Form 1098 under the other person's SSN, report your share of the interest on line 11 (as explained in the line 11 instructions below).

If you paid more interest to the recipient than is shown on Form 1098, see Pub. 936 to find out if you can deduct the additional interest. If you can, attach a statement explaining the difference and enter "See attached" to the right of line 10.



If you are claiming the mortgage interest credit (for holders of qualified mortgage credit certificates issued by state or local governmental units or agencies), subtract the amount shown on Form 8396, line 3, from the total deductible interest you paid on your home mortgage. Enter the result on line 10.

Line 11

If you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 11.

If you bought your home from the recipient, be sure to show that recipient's name, identifying no., and address on the dotted lines next to line 11. If the recipient is an individual, the identifying no. is his or her social security number (SSN). Otherwise, it is the employer identification number. You must also let the recipient know your SSN. If you do not show the required information about the recipient or let the recipient know your SSN, you may have to pay a \$50 penalty.

If you and at least one other person (other than your spouse if filing jointly) were liable for and paid interest on the mortgage, and the other person received the Form 1098, attach a statement to your return showing the name and address of that person. To the right of line 11, enter "See attached."

Line 12

Points Not Reported on Form 1098

Points are shown on your settlement statement. Points you paid only to borrow money are generally deductible over the life of the loan. See Pub. 936 to figure the amount you can deduct. Points paid for other purposes, such as for a lender's services, are not deductible.

Refinancing. Generally, you must deduct points you paid to refinance a mortgage over the life of the loan. This is true even if the new mortgage is secured by your main home.

If you used part of the proceeds to improve your main home, you may be able to deduct the part of the points related to the improvement in the year paid. See Pub. 936 for details.



If you paid off a mortgage early, deduct any remaining points in the year you paid off the mortgage.

Line 13

Investment Interest

Investment interest is interest paid on money you borrowed that is allocable to property held for investment. It does not include any interest allocable to passive activities or to securities that generate tax-exempt income.

Complete and attach Form 4952 to figure your deduction.

Exception. You do not have to file Form 4952 if all three of the following apply.

1. Your investment interest expense is not more than your investment income from interest and ordinary dividends minus any qualified dividends.
2. You have no other deductible investment expenses.
3. You have no disallowed investment interest expense from 2004.



Alaska Permanent Fund dividends, including those reported on Form 8814, are not investment income.

For more details, see Pub. 550.

Gifts to Charity

You can deduct contributions or gifts you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You can also deduct what you gave to organizations that work to prevent cruelty to children or animals. Certain whaling captains may be able to deduct expenses paid in 2005 for Native Alaskan subsistence bowhead whale hunting activities. See Pub. 526 for details.

To verify an organization's charitable status, you can:

- Check with the organization to which you made the donation. The organization should be able to provide you with verification of its charitable status.
- See Pub. 78 for a list of most qualified organizations. You can access Pub. 78 on the IRS website at www.irs.gov under *Charities and Non-Profits*.
- Call our Tax Exempt/Government Entities Customer Account Services at 1-877-829-5500. Assistance is available Monday through Friday from 8:30 a.m. to 5:30 p.m. Eastern Time.

Examples of Qualified Charitable Organizations

- Churches, mosques, synagogues, temples, etc.
- Boy Scouts, Boys and Girls Clubs of America, CARE, Girl Scouts, Goodwill Industries, Red Cross, Salvation Army, United Way, etc.
- Fraternal orders, if the gifts will be used for the purposes listed above.
- Veterans' and certain cultural groups.

- Nonprofit schools, hospitals, and organizations whose purpose is to find a cure for, or help people who have, arthritis, asthma, birth defects, cancer, cerebral palsy, cystic fibrosis, diabetes, heart disease, hemophilia, mental illness or retardation, multiple sclerosis, muscular dystrophy, tuberculosis, etc.

- Federal, state, and local governments if the gifts are solely for public purposes.

Contributions You Can Deduct

Contributions can be in cash (keep canceled checks, receipts, or other reliable written records showing the name of the organization and the date and amount given), property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described earlier. If you drove to and from the volunteer work, you can take the actual cost of gas and oil or 14 cents a mile. But, if the volunteer work was to provide relief related to Hurricane Katrina after August 24, 2005, this amount is increased to 29 cents a mile (34 cents a mile after August 31, 2005). Add parking and tolls to the amount you claim under either method. But do not deduct any amounts that were repaid to you.

Gifts from which you benefit. If you made a gift and received a benefit in return, such as food, entertainment, or merchandise, you can generally only deduct the amount that is more than the value of the benefit. But this rule does not apply to certain membership benefits provided in return for an annual payment of \$75 or less. For details, see Pub. 526.

Example. You paid \$70 to a charitable organization to attend a fund-raising dinner and the value of the dinner was \$40. You can deduct only \$30.

Gifts of \$250 or more. You can deduct a gift of \$250 or more only if you have a statement from the charitable organization showing the information in (1) and (2) below.

In figuring whether a gift is \$250 or more, do not combine separate donations. For example, if you gave your church \$25 each week for a total of \$1,300, treat each \$25 payment as a separate gift. If you made donations through payroll deductions, treat each deduction from each paycheck as a separate gift. See Pub. 526 if you made a separate gift of \$250 or more through payroll deduction.

1. The amount of any money contributed and a description (but not value) of any property donated.

2. Whether the organization did or did not give you any goods or services in return for your contribution. If you did receive any goods or services, a description and estimate of the value must be included. If you received only intangible religious benefits (such as admission to a religious ceremony), the organization must state this, but

it does not have to describe or value the benefit.



You must get the statement by the date you file your return or the due date (including extensions) for filing your return, whichever is earlier. Do not attach the statement to your return. Instead, keep it for your records.

Limit on the amount you can deduct. See Pub. 526 to figure the amount of your deduction if any of the following applies.

1. Your cash contributions or contributions of ordinary income property are more than 30% of the amount on Form 1040, line 38.

2. Your gifts of capital gain property are more than 20% of the amount on Form 1040, line 38.

3. You gave gifts of property that increased in value or gave gifts of the use of property.



The limit described in item (1) above does not apply to certain cash contributions paid after August 27, 2005, if you elect to treat those contributions as qualified contributions. See the instructions for line 15b on this page for details.

Contributions You Cannot Deduct

- Any contribution you made in January 2005 for the relief of victims in areas affected by the December 26, 2004, Indian Ocean tsunami that you elected to deduct on your 2004 return.

- Travel expenses (including meals and lodging) while away from home, unless there was no significant element of personal pleasure, recreation, or vacation in the travel.

- Political contributions.

- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.

- Cost of raffle, bingo, or lottery tickets. But you may be able to deduct these expenses on line 27. See page A-9 for details.

- Cost of tuition. But you may be able to deduct this expense on line 20 (see page A-8), or Form 1040, line 34, or take a credit for this expense (see Form 8863).

- Value of your time or services.

- Value of blood given to a blood bank.

- The transfer of a future interest in tangible personal property (generally, until the entire interest has been transferred).

- Gifts to individuals and groups that are run for personal profit.

- Gifts to foreign organizations. But you may be able to deduct gifts to certain U.S. organizations that transfer funds to foreign charities and certain Canadian, Is-

raeli, and Mexican charities. See Pub. 526 for details.

- Gifts to organizations engaged in certain political activities that are of direct financial interest to your trade or business. See section 170(f)(9).

- Gifts to groups whose purpose is to lobby for changes in the laws.

- Gifts to civic leagues, social and sports clubs, labor unions, and chambers of commerce.

- Value of benefits received in connection with a contribution to a charitable organization. See Pub. 526 for exceptions.

Line 15a

Total Gifts by Cash or Check

Enter on line 15a the total gifts you made in cash or by check (including out-of-pocket expenses).

Line 15b

Qualified Contributions

In general, you can elect to treat gifts by cash or check as qualified contributions if the gifts were paid after August 27, 2005, to a qualified charitable organization (other than certain private foundations described in section 509(a)(3)). Qualified contributions are not subject to the overall limitation on itemized deductions or the 50% adjusted gross income limitation.

Qualified contributions do not include contributions to organizations for which cash gifts are subject to a limit based on 30% of your adjusted gross income (such as contributions to veterans' organizations, fraternal societies, nonprofit cemeteries, and certain private nonoperating foundations). Also, qualified contributions do not include any contributions to a segregated fund or account for which you (or any person appointed or designated by you) have, or reasonably expect to have, advisory privileges with respect to distributions or investments based on your contribution.

Certain limits may apply if your qualified contributions are more than the amount on Form 1040, line 38, minus all other allowable contributions. For details, see Pub. 526.

Line 16

Other Than by Cash or Check

Enter your contributions of property. If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale.

For more details on determining the value of donated property, see Pub. 561.

If the amount of your deduction is more than \$500, you must complete and attach Form 8283. For this purpose, the "amount of your deduction" means your deduction before applying any income limits that could result in a carryover of contributions. If you deduct more than \$500 for a contribution of a motor vehicle, boat, or airplane, you must also attach a statement from the charitable organization to your return. If your total deduction is over \$5,000, you may also have to get appraisals of the values of the donated property. See Form 8283 and its instructions for details.

Recordkeeping. If you gave property, you should keep a receipt or written statement from the organization you gave the property to, or a reliable written record, that shows the organization's name and address, the date and location of the gift, and a description of the property. For each gift of property, you should also keep reliable written records that include:

- How you figured the property's value at the time you gave it. If the value was determined by an appraisal, keep a signed copy of the appraisal.
- The cost or other basis of the property if you must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.
- How you figured your deduction if you chose to reduce your deduction for gifts of capital gain property.
- Any conditions attached to the gift.



If your total deduction for gifts of property is over \$500, you gave less than your entire interest in the property, or you made a "qualified conservation contribution," your records should contain additional information. See Pub. 526 for details.

Line 17

Carryover From Prior Year

Enter any carryover of contributions that you could not deduct in an earlier year because they exceeded your adjusted gross income limit. See Pub. 526 for details.

Casualty and Theft Losses

Line 19

Complete and attach Form 4684 to figure the amount of your loss to enter on line 19.

You may be able to deduct part or all of each loss caused by theft, vandalism, fire, storm, or similar causes, and car, boat, and other accidents. You may also be able to

deduct money you had in a financial institution but lost because of the insolvency or bankruptcy of the institution.

You can deduct nonbusiness casualty or theft losses only to the extent that:

1. The amount of each separate casualty or theft loss is more than \$100, and
2. The total amount of all losses during the year (reduced by the \$100 limit discussed in (1) above) is more than 10% of the amount on Form 1040, line 38.



The limits in items (1) and (2) above do not apply to casualty and theft losses that occurred in the Hurricane Katrina disaster area after August 24, 2005, if the loss was caused by Hurricane Katrina. See Form 4684 and its instructions for details.

Special rules apply if you had both gains and losses from nonbusiness casualties or thefts. See Form 4684 and its instructions for details.

Use Schedule A, line 22, to deduct the costs of proving that you had a property loss. Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.

For information on federal disaster area losses, see Pub. 547. For information on tax benefits related to Hurricane Katrina, see Pub. 4492.

Job Expenses and Certain Miscellaneous Deductions

You can deduct only the part of these expenses that exceeds 2% of the amount on Form 1040, line 38.

Pub. 529 discusses the types of expenses that can and cannot be deducted.

Examples of Expenses You Cannot Deduct

- Political contributions.
- Personal legal expenses.
- Lost or misplaced cash or property.
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Commuting expenses. See Pub. 529 for the definition of commuting.
- Travel expenses for employment away from home if that period of employment exceeds 1 year. See Pub. 529 for an exception for certain federal employees.
- Travel as a form of education.
- Expenses of attending a seminar, convention, or similar meeting unless it is related to your employment.
- Club dues. See Pub. 529 for exceptions.

• Expenses of adopting a child. But you may be able to take a credit for adoption expenses. See Form 8839 for details.

- Fines and penalties.
- Expenses of producing tax-exempt income.

Line 20

Unreimbursed Employee Expenses

Enter the total ordinary and necessary job expenses you paid for which you were not reimbursed. (Amounts your employer included in box 1 of your Form W-2 are not considered reimbursements.)

An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.

But you must fill in and attach Form 2106 if either (1) or (2) below applies.

1. You claim any travel, transportation, meal, or entertainment expenses for your job.
2. Your employer paid you for any of your job expenses reportable on line 20.



If you used your own vehicle and (2) above does not apply, you may be able to file Form 2106-EZ instead.

If you do not have to file Form 2106 or 2106-EZ, list the type and amount of each expense on the dotted line next to line 20. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 20.



Do not include on line 20 any educator expenses you deducted on Form 1040, line 23.

Examples of other expenses to include on line 20 are:

- Safety equipment, small tools, and supplies needed for your job.
- Uniforms required by your employer that are not suitable for ordinary wear.
- Protective clothing required in your work, such as hard hats, safety shoes, and glasses.
- Physical examinations required by your employer.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and other costs to look for a new job in your present occupation, even if you do not get a new job.
- Certain business use of part of your home. For details, including limits that apply, use TeleTax topic 509 (see page 8 of

the Form 1040 instructions) or see Pub. 587.

- Certain educational expenses. For details, use TeleTax topic 513 (see page 8 of the Form 1040 instructions) or see Pub. 970. Reduce your educational expenses by any tuition and fees deduction you claimed on Form 1040, line 34.



You may be able to take a credit for your educational expenses instead of a deduction. See Form 8863 for details.

Line 21

Tax Preparation Fees

Enter the fees you paid for preparation of your tax return, including fees paid for filing your return electronically. If you paid your tax by credit card, do not include the convenience fee you were charged.

Line 22

Other Expenses

Enter the total amount you paid to produce or collect taxable income and manage or protect property held for earning income. But do not include any personal expenses. List the type and amount of each expense on the dotted lines next to line 22. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 22.

Examples of expenses to include on line 22 are:

- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (for example, trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on nonfederally insured deposits in an insolvent or bankrupt financial institution. For details, including limits that apply, see Pub. 529.
- Casualty and theft losses of property used in performing services as an employee from Form 4684, lines 35 and 41b, or Form 4797, line 18a.
- Deduction for repayment of amounts under a claim of right if \$3,000 or less.

Other Miscellaneous Deductions

Line 27

Only the expenses listed next can be deducted on this line. List the type and amount of each expense on the dotted lines next to line 27. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 27.

- Gambling losses, but only to the extent of gambling winnings reported on Form 1040, line 21.
- Casualty and theft losses of income-producing property from Form

4684, lines 35 and 41b, or Form 4797, line 18a.

- Loss from other activities from Schedule K-1 (Form 1065-B), box 2.
- Federal estate tax on income in respect of a decedent.
- Amortizable bond premium on bonds acquired before October 23, 1986.
- Deduction for repayment of amounts under a claim of right if over \$3,000. See Pub. 525 for details.
- Certain unrecovered investment in a pension.
- Impairment-related work expenses of a disabled person.

For more details, see Pub. 529.

Total Itemized Deductions

Line 28

Use the worksheet below to figure the amount to enter on line 28 if the amount on Form 1040, line 38, is over \$145,950 (\$72,975 if married filing separately).

Line 29

If you elect to itemize for state tax or other purposes even though your itemized deductions are less than your standard deduction, check the box on line 29.

Itemized Deductions Worksheet—Line 28

Keep for Your Records



1. Enter the total of the amounts from Schedule A, lines 4, 9, 14, 18, 19, 26, and 27	1.	_____
2. Enter the total of the amounts from Schedule A, lines 4, 13, 15b, and 19, plus any gambling and casualty or theft losses included on line 27.	2.	_____
Be sure your total gambling and casualty or theft losses are clearly identified on the dotted lines next to line 27.		
3. Is the amount on line 2 less than the amount on line 1? <input type="checkbox"/> No. Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 28. <input type="checkbox"/> Yes. Subtract line 2 from line 1	3.	_____
4. Multiply line 3 by 80% (.80)	4.	_____
5. Enter the amount from Form 1040, line 38	5.	_____
6. Enter: \$145,950 (\$72,975 if married filing separately)	6.	_____
7. Is the amount on line 6 less than the amount on line 5? <input type="checkbox"/> No. Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 28. <input type="checkbox"/> Yes. Subtract line 6 from line 5	7.	_____
8. Multiply line 7 by 3% (.03)	8.	_____
9. Enter the smaller of line 4 or line 8	9.	_____
10. Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule A, line 28	10.	_____

2005 Optional State and Certain Local Sales Tax Tables

Income	Exemptions					Exemptions					Exemptions					Exemptions					Exemptions										
	At least	But less than	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4
			Alabama 4.0000%					Arizona 5.6000%					Arkansas 6.0000%					California¹ 7.2500%					Colorado 2.9000%								
\$0	\$20,000	195	236	265	288	307	323	183	212	231	245	257	274	297	358	399	432	459	498	195	227	249	265	279	298	93	107	117	124	130	138
20,000	30,000	299	361	404	437	466	506	324	374	407	432	453	482	478	573	638	690	732	793	346	401	438	467	491	524	155	179	194	206	216	229
30,000	40,000	351	423	473	512	545	591	400	462	502	533	559	595	570	683	760	821	871	943	427	495	541	576	605	646	188	216	235	249	261	277
40,000	50,000	396	476	532	575	612	663	468	539	587	623	653	694	650	777	865	933	991	1072	499	578	631	672	706	753	217	249	270	287	300	318
50,000	60,000	436	524	584	632	671	728	530	610	664	705	738	785	721	862	959	1034	1098	1187	565	655	715	761	799	852	243	279	303	321	335	356
60,000	70,000	472	567	632	683	725	786	587	676	735	781	818	869	787	940	1044	1126	1195	1292	627	726	792	843	885	943	267	306	332	352	368	391
70,000	80,000	507	607	676	731	776	841	643	740	804	853	894	950	848	1013	1125	1213	1287	1391	686	794	866	921	967	1031	290	332	360	382	399	423
80,000	90,000	538	645	718	775	823	891	694	799	868	922	965	1026	906	1080	1200	1294	1372	1483	741	858	935	995	1044	1113	312	357	387	409	428	454
90,000	100,000	568	680	757	817	867	939	744	856	930	987	1034	1099	960	1145	1271	1370	1453	1569	794	919	1002	1066	1119	1192	332	380	412	436	456	483
100,000	120,000	608	726	808	872	925	1001	810	932	1013	1074	1125	1196	1032	1229	1364	1440	1559	1684	865	1000	1090	1160	1217	1297	359	411	445	471	492	522
120,000	140,000	662	790	878	947	1005	1086	903	1038	1127	1196	1252	1330	1130	1346	1493	1608	1705	1841	964	1114	1214	1291	1355	1444	397	453	491	519	543	575
140,000	160,000	709	845	939	1012	1074	1161	984	1132	1229	1303	1365	1450	1216	1447	1605	1729	1832	1978	1052	1215	1324	1407	1477	1573	430	491	531	562	587	622
160,000	180,000	756	901	1000	1077	1142	1234	1067	1226	1331	1412	1478	1571	1302	1548	1717	1849	1958	2114	1140	1317	1434	1525	1600	1704	463	529	572	605	632	670
180,000	200,000	799	950	1054	1131	1204	1300	1142	1313	1425	1511	1582	1680	1380	1640	1818	1957	2073	2237	1221	1410	1535	1632	1712	1823	493	563	609	644	673	712
200,000 or more		1010	1198	1326	1426	1510	1628	1530	1755	1905	2019	2113	2244	1769	2097	2321	2496	2643	2849	1637	1887	2053	2181	2287	2435	646	736	795	841	878	929
		Connecticut² 6.0000%					District of Columbia² 5.7500%					Florida 6.0000%					Georgia 4.0000%					Hawaii² 4.0000%									
\$0	\$20,000	179	202	217	228	238	250	153	175	190	201	210	223	192	226	249	266	281	301	137	156	169	179	187	197	207	250	279	302	321	349
20,000	30,000	317	358	384	404	421	443	273	312	337	357	373	396	335	393	431	462	486	521	230	261	282	298	311	328	333	401	447	483	513	556
30,000	40,000	392	442	475	499	520	548	338	386	417	442	462	489	411	482	529	566	596	639	278	316	341	360	376	397	398	477	532	575	611	661
40,000	50,000	458	516	555	584	607	640	395	451	488	517	540	572	479	561	615	658	693	743	321	364	393	414	432	457	453	544	605	654	694	752
50,000	60,000	519	585	628	661	687	724	448	511	553	585	612	648	541	632	694	742	782	837	359	408	439	464	483	511	503	603	671	725	769	833
60,000	70,000	575	648	696	732	762	803	497	567	614	649	678	719	598	699	767	820	863	924	394	448	482	509	530	560	549	657	731	789	838	906
70,000	80,000	629	709	761	801	833	878	544	621	672	710	742	787	648	763	837	894	941	1008	428	486	523	552	575	607	592	708	788	850	902	976
80,000	90,000	680	766	823	865	900	949	588	671	726	768	802	850	704	822	902	964	1015	1086	460	521	562	592	617	651	632	756	840	907	962	1040
90,000	100,000	729	821	881	927	965	1016	631	720	778	823	860	911	753	880	964	1030	1085	1161	490	555	598	630	657	693	670	801	890	960	1019	1101
100,000	120,000	793	894	960	1009	1050	1106	687	784	848	897	937	992	819	956	1047	1119	1178	1260	530	600	646	681	710	749	720	860	956	1031	1093	1182
120,000	140,000	884	996	1069	1124	1169	1232	766	874	945	999	1044	1105	910	1061	1163	1242	1307	1398	585	662	713	751	783	826	789	941	1045	1127	1195	1292
140,000	160,000	964	1086	1165	1226	1275	1343	836	953	1031	1090	1138	1206	990	1155	1265	1351	1421	1520	634	717	772	813	847	893	849	1012	1124	1212	1285	1388
160,000	180,000	1044	1176	1263	1328	1381	1455	907	1034	1117	1181	1234	1307	1072	1249	1368	1460	1536	1643	682	772	831	875	911	963	909	1083	1202	1296	1374	1484
180,000	200,000	1118	1259	1351	1421	1478	1557	971	1107	1197	1265	1337	1399	1146	1335	1462	1560	1641	1755	727	822	884	931	970	1021	963	1147	1273	1372	1454	1570
200,000 or more		1495	1684	1807	1900	1976	2081	1302	1484	1603	1694	1769	1873	1524	1773	1940	2069	2176	2326	952	1075	1155	1216	1265	1334	1235	1467	1626	1750	1854	2001
		Idaho 5.5000%					Illinois 6.2500%					Indiana² 6.0000%					Iowa 5.0000%					Kansas 5.3000%									
\$0	\$20,000	266	323	363	394	420	458	199	233	256	273	288	308	208	243	266	283	298	318	177	204	223	237	248	264	256	313	352	383	409	446
20,000	30,000	408	494	553	599	638	693	346	403	442	472	497	531	343	398	435	462	487	519	308	355	387	411	431	452	480	495	556	604	644	702
30,000	40,000	479	579	647	701	746	810	424	494	542	578	608	650	413	479	523	556	584	623	378	436	474	504	528	562	485	588	659	716	763	831
40,000	50,000	540	651	727	787	838	909	493	574	629	671	706	755	474	549	599	637	669	713	440	507	551	585	614	653	551	667	748	811	865	941
50,000	60,000	595	716	799	865	917	997	556	648	709	756	795	850	529	612	668	710	745	794	496	572	622	660	692	736	611	738	827	897	956	1040
60,000	70,000	644	774	864	934	993	1077	615	715	783	835	878	938	580	671	731	777	815	869	548	631	687	729	764	813	665	803	899	975	1039	1129
70,000	80,000	691	830	925	1000	1063	1152	671	780	853	910	957	1022	648	726	791	841	882	939	598	689	749	795	833	886	716	864	967	1048	1117	1214
80,000	90,000	734	881	981	1061	1127	1221	723	841	920	980	1031	1101</																		

2005 Optional State and Certain Local Sales Tax Tables (Continued)

Income	Exemptions					Exemptions					Exemptions					Exemptions					Exemptions										
	At least	But less than	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5
			Nevada³ 6.5000%					New Jersey^{2,4} 6.0000%					New Mexico 5.0000%					New York 4.1034%					North Carolina 4.5000%								
\$0	\$20,000	213	246	269	286	300	320	178	202	217	229	239	253	184	213	231	246	257	274	140	163	177	189	198	211	152	179	197	211	222	239
20,000	30,000	368	426	464	493	517	550	314	356	384	405	422	446	321	369	401	426	446	475	246	284	309	329	345	367	262	307	337	361	380	408
30,000	40,000	451	521	568	603	633	673	388	440	474	500	521	551	393	453	492	522	547	582	302	349	380	404	423	451	321	375	412	441	464	497
40,000	50,000	525	605	659	700	734	781	453	514	554	584	609	643	458	527	572	607	636	676	352	406	442	470	493	525	372	435	478	511	538	576
50,000	60,000	592	682	742	789	827	880	513	582	627	661	689	728	516	594	645	685	717	762	397	459	499	530	556	592	419	490	537	574	605	648
60,000	70,000	654	753	820	871	912	971	569	645	694	732	763	806	571	656	713	756	792	841	439	507	552	586	615	654	463	540	593	633	667	714
70,000	80,000	713	821	893	949	994	1057	622	705	759	800	834	881	622	716	777	824	863	917	480	553	602	640	671	714	504	589	645	689	726	777
80,000	90,000	768	885	962	1022	1071	1139	672	761	820	865	901	952	671	771	838	888	930	988	518	597	650	690	723	770	543	634	695	742	781	835
90,000	100,000	821	946	1028	1092	1144	1216	720	815	878	926	965	1019	717	824	895	950	994	1056	554	638	695	738	774	823	580	677	742	792	834	892
100,000	120,000	892	1027	1116	1185	1241	1320	784	888	956	1008	1050	1109	779	895	972	1031	1079	1146	602	694	755	802	840	894	629	734	804	859	904	966
120,000	140,000	990	1139	1238	1314	1376	1463	872	988	1064	1122	1169	1234	865	994	1079	1144	1197	1272	669	771	838	890	933	993	698	813	891	951	1001	1070
140,000	160,000	1077	1239	1346	1428	1496	1590	951	1077	1160	1222	1274	1345	941	1080	1173	1243	1302	1382	728	839	912	969	1015	1080	758	884	968	1033	1086	1161
160,000	180,000	1164	1339	1454	1543	1616	1717	1030	1167	1256	1324	1380	1457	1017	1168	1267	1344	1406	1494	788	907	987	1048	1098	1168	819	954	1045	1119	1172	1253
180,000	200,000	1244	1430	1553	1647	1725	1833	1103	1249	1344	1417	1476	1559	1087	1247	1354	1435	1502	1595	842	970	1054	1119	1173	1248	875	1018	1105	1185	1251	1337
200,000 or more		1651	1895	2056	2180	2282	2423	1473	1668	1795	1892	1971	2081	1441	1653	1793	1900	1988	2111	1119	1288	1400	1486	1557	1655	1158	1346	1472	1569	1649	1762
		North Dakota 5.0000%					Ohio 5.7500%					Oklahoma 4.5000%					Pennsylvania 6.0000%					Rhode Island² 7.0000%									
\$0	\$20,000	163	191	210	225	237	254	204	236	258	274	288	306	205	246	274	297	315	342	176	201	219	232	242	257	201	230	249	264	276	293
20,000	30,000	281	328	360	385	406	435	351	405	441	469	492	524	333	398	443	478	508	549	307	352	381	404	423	449	352	402	435	460	481	510
30,000	40,000	345	402	441	471	496	531	429	495	539	573	600	639	399	477	530	571	606	655	378	432	468	496	519	551	433	494	534	565	591	626
40,000	50,000	401	467	511	546	575	616	497	574	624	663	695	740	457	544	604	651	691	747	440	503	545	578	604	641	504	575	622	658	687	728
50,000	60,000	452	526	576	615	647	693	559	645	702	746	782	832	509	605	672	724	767	829	497	568	616	652	682	723	570	650	702	743	776	822
60,000	70,000	499	581	635	678	714	764	617	711	774	822	862	917	556	661	733	790	837	904	549	628	681	721	754	800	631	719	777	821	858	909
70,000	80,000	545	633	692	739	777	831	672	774	842	895	938	997	601	714	791	852	903	975	600	686	743	786	822	872	689	785	848	896	936	991
80,000	90,000	587	682	746	795	837	895	723	833	906	962	1009	1073	643	763	846	910	964	1041	647	740	801	848	887	941	744	847	915	967	1010	1069
90,000	100,000	628	729	797	850	894	955	772	890	967	1027	1076	1145	683	810	897	965	1022	1103	692	791	857	907	948	1006	796	906	979	1034	1080	1143
100,000	120,000	682	791	864	922	969	1036	838	964	1049	1113	1166	1240	736	872	965	1038	1099	1186	752	860	931	985	1030	1093	865	985	1064	1124	1174	1242
120,000	140,000	757	877	958	1022	1074	1148	928	1068	1161	1232	1291	1373	809	957	1058	1128	1205	1299	836	955	1033	1094	1144	1213	962	1095	1182	1249	1304	1380
140,000	160,000	824	954	1042	1110	1167	1246	1008	1159	1260	1327	1401	1493	873	1031	1140	1226	1297	1398	909	1039	1124	1190	1244	1313	1048	1192	1287	1359	1419	1501
160,000	180,000	891	1031	1125	1199	1260	1346	1088	1251	1360	1443	1512	1607	937	1106	1222	1313	1389	1497	984	1124	1216	1287	1345	1427	1135	1290	1392	1470	1535	1624
180,000	200,000	952	1101	1202	1280	1345	1436	1161	1335	1450	1539	1612	1713	995	1174	1296	1392	1473	1586	1052	1201	1299	1375	1437	1524	1213	1379	1488	1572	1640	1735
200,000 or more		1266	1460	1590	1692	1777	1896	1531	1759	1910	2026	2122	2254	1288	1513	1668	1789	1891	2034	1397	1594	1725	1825	1907	2022	1617	1835	1979	2089	2180	2305
		South Carolina 5.0000%					South Dakota 4.0000%					Tennessee 7.0000%					Texas 6.2500%					Utah 4.7500%									
\$0	\$20,000	235	288	324	353	378	412	199	240	269	291	310	337	322	386	430	465	494	534	216	250	273	291	305	325	232	282	315	342	365	397
20,000	30,000	374	456	512	557	595	648	320	385	430	466	495	537	525	627	697	752	798	863	377	436	475	505	530	565	371	448	501	543	578	627
30,000	40,000	445	541	608	660	705	768	382	460	513	554	589	639	629	751	835	900	954	1032	464	536	584	621	651	693	442	533	595	645	686	744
40,000	50,000	506	614	689	749	799	870	436	523	583	631	670	726	719	858	953	1027	1089	1177	540	624	679	722	757	806	503	606	676	732	778	844
50,000	60,000	561	680	763	828	883	961	484	581	647	699	743	804	801	955	1059	1142	1210	1307	610	704	767	815	854	909	558	671	749	810	861	934
60,000	70,000	611	740	829	900	959	1044	528	633	705	761	809	876	876	1043	1157	1246	1321	1426	674	778	847	900	944	1005	608	730	815	881	937	1015
70,000	80,000	658	796	892	968	1032	1122	570	682	760	820	871	943	946	1126	1249	1345	1425	1539	736	849	924	982	1030	1096	655	787	877	948	1008	1092
80,000	90,000	702	849	951	1031	1099	1195																								

Which Optional Local Sales Tax Table Should I Use?

IF you live in the state of...	AND you live in...	THEN use Local Table...
Alaska	Any locality	C
Arizona	Any locality	B
Arkansas	Texarkana	B
California	Los Angeles County	B
Colorado	Aurora, Greeley, Longmont, or City of Pueblo	B
	Arvada, City of Boulder, Fort Collins, Lakewood, Thornton, or Westminster	C
	Boulder County, Pueblo County, or any other locality	A
Georgia	Any locality	B
Illinois	Arlington Heights, Aurora, Bloomington, Champaign, Chicago, Cicero, Decatur, Elgin, Evanston, Joliet, Palatine, Peoria, Schaumburg, Skokie, Springfield, or Waukegan	B
	Any other locality	A
Louisiana	Any locality	C
New York	New York City	B
North Carolina	Any locality	C

2005 Optional Local Sales Tax Tables A, B, and C

(Based on a local sales tax rate of 1 percent)

Income At least	But less than	Local Table A							Local Table B							Local Table C						
		Exemptions							Exemptions							Exemptions						
		1	2	3	4	5	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5			
\$0	\$20,000	32	37	40	43	45	48	41	48	53	57	60	65	50	60	67	72	77	83			
20,000	30,000	54	62	67	71	75	79	66	78	87	93	98	105	80	96	107	115	122	132			
30,000	40,000	65	75	81	86	90	96	80	94	104	111	118	126	96	114	127	137	145	157			
40,000	50,000	75	86	93	99	103	110	92	108	119	127	134	144	109	130	144	155	165	178			
50,000	60,000	84	96	104	111	116	123	102	120	132	142	149	161	121	144	160	172	182	197			
60,000	70,000	92	106	115	121	127	135	112	131	145	155	163	175	132	157	174	187	198	214			
70,000	80,000	100	115	124	132	138	146	121	142	156	167	176	189	142	169	187	202	214	230			
80,000	90,000	107	123	133	141	148	157	129	152	167	179	189	202	151	180	200	215	228	245			
90,000	100,000	114	131	142	150	157	167	137	161	177	190	200	215	160	191	211	227	241	260			
100,000	120,000	124	141	153	162	170	180	148	174	191	204	216	231	172	205	227	244	258	279			
120,000	140,000	137	156	169	179	187	198	163	191	210	225	237	254	189	224	248	267	282	304			
140,000	160,000	148	169	183	194	202	214	176	206	226	242	255	273	203	241	266	286	303	327			
160,000	180,000	159	182	197	208	218	231	189	221	243	260	274	293	217	257	285	306	324	349			
180,000	200,000	170	194	210	222	232	245	201	235	258	276	290	311	230	273	301	324	343	369			
200,000	or more	222	253	274	289	302	320	260	304	333	356	374	401	295	348	384	413	436	470			

Instructions for Schedule B, Interest and Ordinary Dividends

TIP You can list more than one payer on each entry space for lines 1 and 5, but be sure to clearly show the amount paid next to the payer's name. Add the separate amounts paid by the payers listed on an entry space and enter the total in the "Amount" column. If you still need more space, attach separate statements that are the same size as the printed schedule. Use the same format as lines 1 and 5, but show your totals on Schedule B. Be sure to put your name and social security number (SSN) on the statements and attach them at the end of your return.

Part I. Interest

Line 1

Interest

Report on line 1 all of your taxable interest. Interest should be shown on your Forms 1099-INT, Forms 1099-OID, or substitute statements. Include interest from series EE and I U.S. savings bonds. List each payer's name and show the amount.

Special Rules

Seller-Financed Mortgages

If you sold your home or other property and the buyer used the property as a personal residence, list first any interest the buyer paid you on a mortgage or other form of seller financing. Be sure to show the buyer's name, address, and SSN. You must also let the buyer know your SSN. If you do not show the buyer's name, address, and SSN, or let the buyer know your SSN, you may have to pay a \$50 penalty.

Nominees

If you received a Form 1099-INT that includes interest you received as a nominee (that is, in your name, but the interest actually belongs to someone else), report the total on line 1. Do this even if you later distributed some or all of this income to others. Under your last entry on line 1, put a subtotal of all interest listed on line 1. Below this subtotal, enter "Nominee Distribution" and show the total interest you received as a nominee. Subtract this amount from the subtotal and enter the result on line 2.

Use Schedule B (Form 1040) if any of the following applies.

- You had over \$1,500 of taxable interest.
- Any of the *Special Rules* listed in the instructions for line 1 apply to you.
- You are claiming the exclusion of interest from series EE or I U.S. savings bonds issued after 1989.
- You had over \$1,500 of ordinary dividends.
- You received ordinary dividends as a nominee.
- You had a foreign account or you received a distribution from, or were a grantor of, or transferor to, a foreign trust. Part III of the schedule has questions about foreign accounts and trusts.

TIP If you received interest as a nominee, you must give the actual owner a Form 1099-INT unless the owner is your spouse. You must also file a Form 1096 and a Form 1099-INT with the IRS. For more details, see the *General Instructions for Forms 1099, 1098, 5498, and W-2G* and the *Instructions for Forms 1099-INT and 1099-OID*.

Accrued Interest

When you buy bonds between interest payment dates and pay accrued interest to the seller, this interest is taxable to the seller. If you received a Form 1099 for interest as a purchaser of a bond with accrued interest, follow the rules earlier under *Nominees* to see how to report the accrued interest on Schedule B. But identify the amount to be subtracted as "Accrued Interest."

Tax-Exempt Interest

If you received a Form 1099-INT for tax-exempt interest, follow the rules earlier under *Nominees* to see how to report the interest on Schedule B. But identify the amount to be subtracted as "Tax-Exempt Interest."

Original Issue Discount (OID)

If you are reporting OID in an amount less than the amount shown on Form 1099-OID, follow the rules earlier under *Nominees* to see how to report the OID on Schedule B. But identify the amount to be subtracted as "OID Adjustment."

Amortizable Bond Premium

If you are reducing your interest income on a bond by the amount of amortizable bond premium, follow the rules earlier under *Nominees* to see how to report the interest on Schedule B. But identify the amount to be subtracted as "ABP Adjustment."

Line 3

Excludable Interest on Series EE and I U.S. Savings Bonds Issued After 1989

If, during 2005, you cashed series EE or I U.S. savings bonds issued after 1989 and you paid qualified higher education expenses for yourself, your spouse, or your

dependents, you may be able to exclude part or all of the interest on those bonds. See Form 8815 for details.

Part II. Ordinary Dividends

TIP You may have to file Form 5471 if, in 2005, you were an officer or director of a foreign corporation. You may also have to file Form 5471 if, in 2005, you owned 10% or more of the total (a) value of a foreign corporation's stock, or (b) combined voting power of all classes of a foreign corporation's stock with voting rights. For details, see Form 5471 and its instructions.

Line 5

Ordinary Dividends

Report on line 5 all of your ordinary dividends. This amount should be shown in box 1a of your Forms 1099-DIV or substitute statements. List each payer's name and show the amount.

Nominees

If you received a Form 1099-DIV that includes ordinary dividends you received as a nominee (that is, in your name, but the ordinary dividends actually belong to someone else), report the total on line 5. Do this even if you later distributed some or all of this income to others. Under your last entry on line 5, put a subtotal of all ordinary dividends listed on line 5. Below this subtotal, enter "Nominee Distribution" and show the total ordinary dividends you received as a nominee. Subtract this amount from the subtotal and enter the result on line 6.

TIP If you received dividends as a nominee, you must give the actual owner a Form 1099-DIV unless the owner is your spouse. You must also file a Form 1096 and a Form 1099-DIV with the IRS. For more details, see the *General Instructions for Forms 1099, 1098, 5498, and W-2G* and the *Instructions for Form 1099-DIV*.

Part III. Foreign Accounts and Trusts

Lines 7a and 7b Foreign Accounts

Line 7a

Check the “Yes” box on line 7a if either (1) or (2) below applies.

1. You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

2. At any time during 2005 you had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account).



For line 7a, item (2) does not apply to foreign securities held in a U.S. securities account.

Exceptions. Check the “No” box if any of the following applies to you.

- The combined value of the accounts was \$10,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

- You were an officer or employee of a commercial bank that is supervised by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation; the account was in your employer’s name; and you did not have a personal financial interest in the account.

- You were an officer or employee of a domestic corporation with securities listed on national securities exchanges or with assets of more than \$1 million and 500 or more shareholders of record; the account was in your employer’s name; you did not have a personal financial interest in the account; and the corporation’s chief financial officer has given you written notice that the corporation has filed a current report that includes the account.

See Form TD F 90-22.1 to find out if you are considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account). You can get Form TD F 90-22.1 by visiting the IRS website at www.irs.gov/pub/irs-pdf/f9022-1.pdf.

If you checked the “Yes” box on line 7a, file Form TD F 90-22.1 by June 30, 2006, with the Department of the Treasury at the address shown on that form. Do not attach it to Form 1040.



If you are required to file Form 90-22.1 but do not do so, you may have to pay a penalty of up to \$10,000 (more in some cases).

Line 7b

If you checked the “Yes” box on line 7a, enter the name of the foreign country or countries in the space provided on line 7b. Attach a separate statement if you need more space.

Line 8

Foreign Trusts

If you received a distribution from a foreign trust, you must provide additional information. For this purpose, a loan of cash or marketable securities generally is considered to be a distribution. See Form 3520 for details.

If you were the grantor of, or transferor to, a foreign trust that existed during 2005, you may have to file Form 3520.
