

## 2007 Form 8606, Nondeductible IRAs

**Purpose:** This is the first circulated draft of the 2007 Form 8606, Nondeductible IRAs, for your review and comments. The major changes are listed below.

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

**Prior Version:** The 2006 Form 8606 is available at:  
<http://www.irs.gov/pub/irs-pdf/f8606.pdf>

**Instructions:** The 2007 Instructions for Form 8606 will be circulated at a later date. The 2006 instructions are available at:  
<http://www.irs.gov/pub/irs-pdf/i8606.pdf>

**Other Products:** Circulations of draft tax forms, instructions, notices, and publications are posted at:  
[http://taxforms.web.irs.gov/draft\\_products.html](http://taxforms.web.irs.gov/draft_products.html)

**Comments:** Please email, fax, call, or mail any comments by **May 18, 2007**.

**Gregg M. Lynam**  
**Tax Forms and Publications**  
SE:W:CAR:MP:T:I:S  
Email: [Gregg.M.Lynam@irs.gov](mailto:Gregg.M.Lynam@irs.gov)  
Phone: 202- 622- 4056  
Fax: 202- 622- 5022

### Changes to the 2007 Form 8606

- After 2006, qualified hurricane distributions cannot be made.
  - References to qualified hurricane distributions were deleted from the text in Part I, line 6, and line 7. ( P.L. 109-135; IRC 1400Q)
  - Line 15b and line 25b were deleted because qualified hurricane distributions cannot be made after 2006. Line 15a and line 15c were combined and line 25a and line 25c were combined. (P.L. 109-135; IRC 1400Q)
- For 2007, a one-time distribution from an IRA to fund an HSA can be made. This was added to the text in Part I, line 7, and Part III. (P.L. 109-432, sec. 307; IRC 408(d)(9))
- Year references were updated throughout.

## Nondeductible IRAs

▶ See separate instructions.

▶ Attach to Form 1040, Form 1040A, or Form 1040NR.

Name. If married, file a separate form for each spouse required to file Form 8606. See page 5 of the instructions. Your social security number

<b>Fill in Your Address Only If You Are Filing This Form by Itself and Not With Your Tax Return</b>	Home address (number and street, or P.O. box if mail is not delivered to your home)	Apt. no.
	City, town or post office, state, and ZIP code	

### Part I Nondeductible Contributions to Traditional IRAs and Distributions From Traditional, SEP, and SIMPLE IRAs

Complete this part only if one or more of the following apply.

- You made nondeductible contributions to a traditional IRA for 2007.
- You took distributions from a traditional, SEP, or SIMPLE IRA in 2007 **and** you made nondeductible contributions to a traditional IRA in 2007 or an earlier year. For this purpose, a distribution does not include a rollover, qualified charitable distribution, one-time distribution to fund an HSA, conversion, recharacterization, or return of certain contributions.
- You converted part, but not all, of your traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2007 (excluding any portion you recharacterized) **and** you made nondeductible contributions to a traditional IRA in 2007 or an earlier year.

<b>1</b>	Enter your nondeductible contributions to traditional IRAs for 2007, including those made for 2007 from January 1, 2008, through April 15, 2008 (see page 5 of the instructions)		<b>1</b>							
<b>2</b>	Enter your total basis in traditional IRAs (see page 5 of the instructions)		<b>2</b>							
<b>3</b>	Add lines 1 and 2		<b>3</b>							
<table border="1" style="margin: auto; border-collapse: collapse;"> <tr> <td style="padding: 5px;"> <b>In 2007, did you take a distribution from traditional, SEP, or SIMPLE IRAs, or make a Roth IRA conversion?</b> </td> <td style="padding: 5px; text-align: center;"> <b>No</b> </td> <td style="padding: 5px;"> <b>→</b> Enter the amount from line 3 on line 14. Do not complete the rest of Part I.                 </td> </tr> <tr> <td></td> <td style="padding: 5px; text-align: center;"> <b>Yes</b> </td> <td style="padding: 5px;"> <b>→</b> Go to line 4.                 </td> </tr> </table>					<b>In 2007, did you take a distribution from traditional, SEP, or SIMPLE IRAs, or make a Roth IRA conversion?</b>	<b>No</b>	<b>→</b> Enter the amount from line 3 on line 14. Do not complete the rest of Part I.		<b>Yes</b>	<b>→</b> Go to line 4.
<b>In 2007, did you take a distribution from traditional, SEP, or SIMPLE IRAs, or make a Roth IRA conversion?</b>	<b>No</b>	<b>→</b> Enter the amount from line 3 on line 14. Do not complete the rest of Part I.								
	<b>Yes</b>	<b>→</b> Go to line 4.								
<b>4</b>	Enter those contributions included on line 1 that were made from January 1, 2008, through April 15, 2008		<b>4</b>							
<b>5</b>	Subtract line 4 from line 3		<b>5</b>							
<b>6</b>	Enter the value of <b>all</b> your traditional, SEP, and SIMPLE IRAs as of December 31, 2007, plus any outstanding rollovers (see page 5 of the instructions).		<b>6</b>							
<b>7</b>	Enter your distributions from traditional, SEP, and SIMPLE IRAs in 2007. <b>Do not</b> include rollovers, qualified charitable distributions, a one-time distribution to fund an HSA, conversions to a Roth IRA, certain returned contributions, or recharacterizations of traditional IRA contributions (see page 6 of the instructions)		<b>7</b>							
<b>8</b>	Enter the net amount you converted from traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2007. <b>Do not</b> include amounts converted that you later recharacterized (see page 6 of the instructions). Also enter this amount on line 16		<b>8</b>							
<b>9</b>	Add lines 6, 7, and 8	<b>9</b>								
<b>10</b>	Divide line 5 by line 9. Enter the result as a decimal rounded to at least 3 places. If the result is 1.000 or more, enter "1.000"	<b>10</b>	×	.						
<b>11</b>	Multiply line 8 by line 10. This is the nontaxable portion of the amount you converted to Roth IRAs. Also enter this amount on line 17	<b>11</b>								
<b>12</b>	Multiply line 7 by line 10. This is the nontaxable portion of your distributions that you did not convert to a Roth IRA	<b>12</b>								
<b>13</b>	Add lines 11 and 12. This is the nontaxable portion of all your distributions		<b>13</b>							
<b>14</b>	Subtract line 13 from line 3. This is <b>your total basis in traditional IRAs for 2007 and earlier years</b>		<b>14</b>							
<b>15</b>	<b>Taxable amount.</b> Subtract line 12 from line 7. Also include this amount on Form 1040, line 15b; Form 1040A, line 11b; or Form 1040NR, line 16b		<b>15</b>							

**Note:** You may be subject to an additional 10% tax on the amount on line 15 if you were under age 59½ at the time of the distribution (see page 6 of the instructions).

**Part II 2007 Conversions From Traditional, SEP, or SIMPLE IRAs to Roth IRAs**

Complete this part if you converted part or all of your traditional, SEP, and SIMPLE IRAs to a Roth IRA in 2007 (excluding any portion you recharacterized).

**Caution:** If your modified adjusted gross income is over \$100,000 or you are married filing separately and you lived with your spouse at any time in 2007, you **cannot** convert any amount from traditional, SEP, or SIMPLE IRAs to Roth IRAs for 2007. If you erroneously made a conversion, you must recharacterize (correct) it (see page 6 of the instructions).

<b>16</b>	If you completed Part I, enter the amount from line 8. Otherwise, enter the net amount you converted from traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2007. <b>Do not</b> include amounts you later recharacterized back to traditional, SEP, or SIMPLE IRAs in 2007 or 2008 (see page 7 of the instructions)	<b>16</b>		
<b>17</b>	If you completed Part I, enter the amount from line 11. Otherwise, enter your basis in the amount on line 16 (see page 7 of the instructions)	<b>17</b>		
<b>18</b>	<b>Taxable amount.</b> Subtract line 17 from line 16. Also include this amount on Form 1040, line 15b; Form 1040A, line 11b; or Form 1040NR, line 16b	<b>18</b>		

**Part III Distributions From Roth IRAs**

Complete this part only if you took a distribution from a Roth IRA in 2007. For this purpose, a distribution does not include a rollover, qualified charitable distribution, one-time distribution to fund an HSA, recharacterization, or return of certain contributions (see page 7 of the instructions).

<b>19</b>	Enter your total nonqualified distributions from Roth IRAs in 2007 including any qualified first-time homebuyer distributions (see page 7 of the instructions)	<b>19</b>		
<b>20</b>	Qualified first-time homebuyer expenses (see page 7 of the instructions). <b>Do not</b> enter more than \$10,000	<b>20</b>		
<b>21</b>	Subtract line 20 from line 19. If zero or less, enter -0- and skip lines 22 through 25	<b>21</b>		
<b>22</b>	Enter your basis in Roth IRA contributions (see page 7 of the instructions)	<b>22</b>		
<b>23</b>	Subtract line 22 from line 21. If zero or less, enter -0- and skip lines 24 and 25. If more than zero, you may be subject to an additional tax (see page 7 of the instructions)	<b>23</b>		
<b>24</b>	Enter your basis in Roth IRA conversions (see page 7 of the instructions)	<b>24</b>		
<b>25</b>	<b>Taxable amount.</b> Subtract line 24 from line 23. If zero or less, enter -0-. Also include this amount on Form 1040, line 15b; Form 1040A, line 11b; or Form 1040NR, line 16b	<b>25</b>		

**Sign Here Only If You Are Filing This Form by Itself and Not With Your Tax Return**

Under penalties of perjury, I declare that I have examined this form, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete.

▶ \_\_\_\_\_ ▶ \_\_\_\_\_  
Your signature Date

<b>Paid Preparer's Use Only</b>	Preparer's signature ▶ _____	Date _____	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN _____
	Firm's name (or yours if self-employed), address, and ZIP code ▶ _____	EIN _____	Phone no. ( ) _____	