

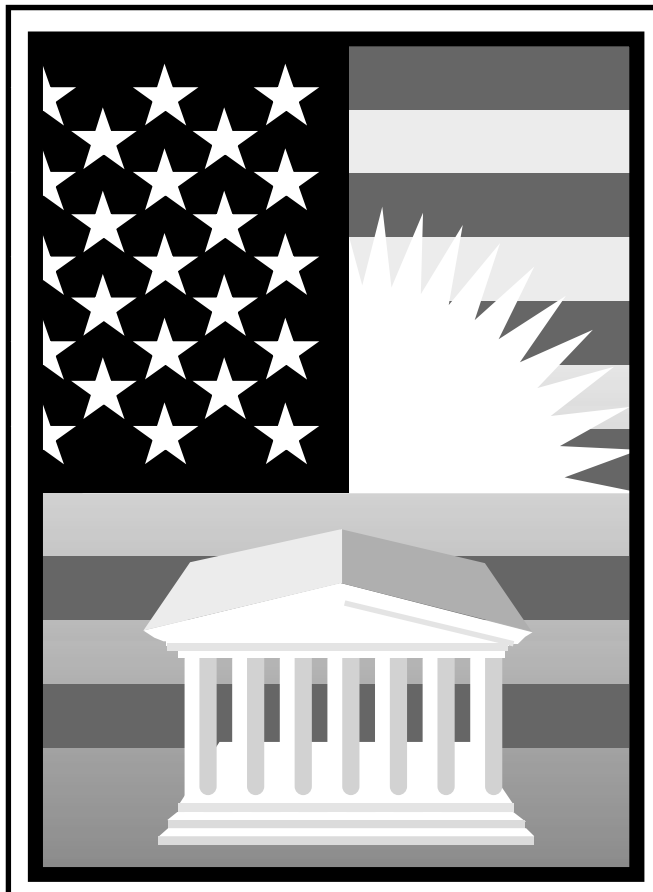


Department of the Treasury  
Internal Revenue Service

Publication 524  
Cat. No. 15046S

# Credit for the Elderly or the Disabled

For use in preparing  
**1999** Returns



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## Important Change

**Photographs of missing children.** The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling **1-800-THE-LOST (1-800-843-5678)** if you recognize a child.

## Introduction

If you qualify, the law provides a number of credits that can reduce the tax you owe for a year. One of these credits is the credit for the elderly or the disabled.

This publication explains:

- 1) Who qualifies for the credit for the elderly or the disabled, and
- 2) How to figure this credit.

The maximum credit available is \$1,125. You may be able to take this credit if you are age 65 or older, or if you retired on permanent and total disability.

## Useful Items

You may want to see:

### Publication

- 554** Older Americans' Tax Guide
- 967** The IRS Will Figure Your Tax

## Forms (and instructions)

- Schedule R (Form 1040)** Credit for the Elderly or the Disabled
- Schedule 3 (Form 1040A)** Credit for the Elderly or the Disabled for Form 1040A Filers

See *How To Get More Information*, near the end of this publication, for information about getting these publications and forms.

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## Can You Take the Credit?

You can take the credit for the elderly or the disabled if:

- 1) You are a **qualified individual**, and
- 2) Your income is not more than certain limits.

Figures A and B, shown later, can be used as guides to see if you qualify. Use **Figure A** first to see if you are a qualified individual. If you are, go to **Figure B** to make sure your income is not too high to take the credit.



*You can take the credit only if you file Form 1040 or Form 1040A. You cannot take the credit if you file Form 1040EZ.*

## Qualified Individual

You are a qualified individual for this credit if you are a U.S. citizen or resident and, at the end of the tax year, you are:

- 1) Age 65 or older, or
- 2) Under age 65, retired on permanent and total disability, and
  - a) Received taxable disability income, and
  - b) Did not reach mandatory retirement age (defined later under *Disability income*) before the tax year.

**Age 65.** You are considered to be age 65 on the day before your 65th birthday. Therefore, you are 65 at the end of the year if your 65th birthday is on January 1 of the following year.

## U.S. Citizen or Resident

You must be a U.S. citizen or resident (or be treated as a resident) to take the credit. Generally, you cannot take the credit if you were a nonresident alien at any time during the tax year.

**Exceptions.** You may be able to take the credit if you are a nonresident alien who is married to a U.S. citizen or resident at the end of the tax year and you and your spouse choose to treat you as a U.S. resident. If you make that choice, both you and your spouse are taxed on your worldwide income.

If you were a nonresident alien at the beginning of the year and a resident at the end of the year, and you

were married to a U.S. citizen or resident at the end of the year, you may be able to choose to be treated as a U.S. resident for the entire year. In that case, you may be allowed to take the credit. For information on these choices, see chapter 1 of Publication 519, *U.S. Tax Guide for Aliens*.

## Married Persons

Generally, if you are married at the end of the tax year, you and your spouse must file a joint return to take the credit. However, if you and your spouse did not live in the same household at any time during the tax year, you can file either joint or separate returns and still take the credit.

**Head of household.** You can file as head of household and qualify to take the credit, even if your spouse lived with you during the first 6 months of the year, if you meet **all** the following tests.

- 1) You file a separate return.
- 2) You paid more than half the cost of keeping up your home during the tax year.
- 3) Your spouse did not live in your home at any time during the last 6 months of the tax year.
- 4) Your home was the main home of your child, stepchild, or adopted child for more than half the year or was the main home of your foster child for the entire year.
- 5) You claimed that child as a dependent, or you did not claim that child only because:
  - a) You allowed your spouse (the noncustodial parent) to claim the child as a dependent by your written declaration (Form 8332, *Release of Claim to Exemption for Child of Divorced or Separated Parents*, may be used for making the declaration), or
  - b) A decree or agreement went into effect after 1984 and states the noncustodial parent can claim the child as a dependent without regard to any condition, such as a payment of support, or
  - c) Your spouse (the noncustodial parent) provided at least \$600 for the child's support and is entitled to claim the child as a dependent because of a qualified pre-1985 agreement.

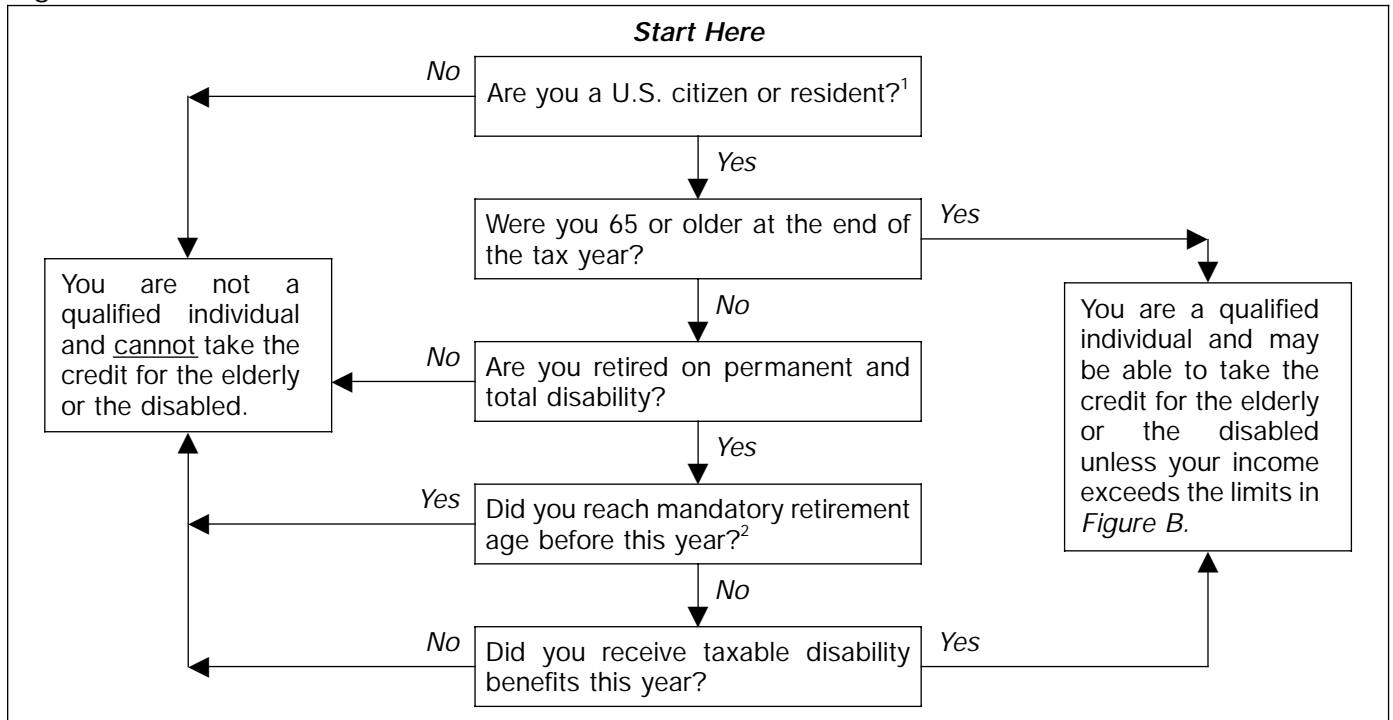
For more information on head of household and other filing statuses, see Publication 501, *Exemptions, Standard Deduction, and Filing Information*.

## Under Age 65

If you are under age 65, you can qualify for the credit only if you are retired on permanent and total disability. You are retired on permanent and total disability if:

- 1) You were permanently and totally disabled when you retired, and
- 2) You retired on disability before the close of the tax year.

## Figure A. Are You a Qualified Individual?



<sup>1</sup>If you were a nonresident alien at any time during the tax year and were married to a U.S. citizen or resident at the end of the tax year, see *U.S. Citizen or Resident* under *Qualified individual*. If you and your spouse choose to treat you as a U.S. resident, answer “yes” to this question.

<sup>2</sup>Mandatory retirement age is the age set by your employer at which you would have been required to retire, had you not become disabled.

## Figure B. Income Limits

IF your filing status is...	THEN, even if you qualify (see <i>Figure A</i> ), you CANNOT take the credit if...	
	Your adjusted gross income (AGI)* is equal to or more than...	OR the total of your nontaxable social security and other nontaxable pension(s) is equal to or more than...
Single, Head of household, or Qualifying widow(er) with dependent child	\$17,500	\$5,000
Married filing a joint return <b>and</b> both spouses qualify in <i>Figure A</i>	\$25,000	\$7,500
Married filing a joint return <b>and</b> only one spouse qualifies in <i>Figure A</i>	\$20,000	\$5,000
Married filing a separate return <b>and</b> you did not live with your spouse at any time during the year	\$12,500	\$3,750

\* AGI is the amount on Form 1040A, line 19, or Form 1040, line 34.

Even if you do not retire formally, you are considered retired on disability when you have stopped working because of your disability.

If you retired on disability before 1977, and were not permanently and totally disabled at the time, you can qualify for the credit if you were permanently and totally disabled on January 1, 1976, or January 1, 1977.

**Permanent and total disability.** You are permanently and totally disabled if you cannot engage in any substantial gainful activity because of your physical or mental condition. A physician must certify that the condition has lasted or can be expected to last continuously for 12 months or more, or that the condition can be expected to result in death. See *Physician's statement*, later.

**Substantial gainful activity.** Substantial gainful activity is the performance of significant duties over a reasonable period of time while working for pay or profit, or in work generally done for pay or profit. Full-time work (or part-time work done at your employer's convenience) in a competitive work situation for at least the minimum wage conclusively shows that you are able to engage in substantial gainful activity.

Substantial gainful activity is not work you do to take care of yourself or your home. It is not unpaid work on hobbies, institutional therapy or training, school attendance, clubs, social programs, and similar activities. However, doing this kind of work may show that you are able to engage in substantial gainful activity.

The fact that you have not worked for some time is not, of itself, conclusive evidence that you cannot engage in substantial gainful activity.

The following examples illustrate the tests of substantial gainful activity.

**Example 1.** Trisha, a sales clerk, retired on disability. She is 53 years old and now works as a full-time babysitter for the minimum wage. Even though Trisha is doing different work, she is able to do the duties of her new job in a full-time competitive work situation for the minimum wage. She cannot take the credit because she is able to engage in substantial gainful activity.

**Example 2.** Tom, a bookkeeper, retired on disability. He is 59 years old and now drives a truck for a charitable organization. He sets his own hours and is not paid. Duties of this nature generally are performed for pay or profit. Some weeks he works 10 hours, and some weeks he works 40 hours. Over the year he averages 20 hours a week. The kind of work and his average hours a week conclusively show that Tom is able to engage in substantial gainful activity. This is true even though Tom is not paid and he sets his own hours. He cannot take the credit.

**Example 3.** John, who retired on disability, took a job with a former employer on a trial basis. The purpose of the job was to see if John could do the work. The trial period lasted for 6 months during which John was paid the minimum wage. Because of John's disability, he was assigned only light duties of a nonproductive "make-work" nature. The activity was gainful because John was paid at least the minimum wage. But the activity was not substantial because his duties were non-productive. These facts do not, by themselves, show

that John is able to engage in substantial gainful activity.

**Example 4.** Joan, who retired on disability from employment as a bookkeeper, lives with her sister who manages several motel units. Joan assists her sister for 1 or 2 hours a day by performing duties such as washing dishes, answering phones, registering guests, and bookkeeping. Joan can select the time of day when she feels most fit to perform the tasks undertaken. Work of this nature, performed off and on during the day at Joan's convenience, is not activity of a "substantial and gainful" nature even if she is paid for the work. The performance of these duties does not, of itself, show that Joan is able to engage in substantial gainful activity.

**Sheltered employment.** Certain work offered at qualified locations to physically or mentally impaired persons is considered sheltered employment. These qualified locations are in sheltered workshops, hospitals and similar institutions, homebound programs, and Department of Veterans Affairs (VA) sponsored homes.

Compared to commercial employment, pay is lower for sheltered employment. Therefore, one usually does not look for sheltered employment if he or she can get other employment. The fact that one has accepted sheltered employment is not proof of the person's ability to engage in substantial gainful activity.

**Physician's statement.** If you are under age 65, you must have your physician complete a statement certifying that you were permanently and totally disabled on the date you retired.

You do not have to file this statement with your Form 1040 or Form 1040A, but you **must** keep it for your records. The instructions for either Schedule R (Form 1040) or Schedule 3 (Form 1040A) include a statement your physician can complete and that you can keep for your records.

**Veterans.** If the Department of Veterans Affairs (VA) certifies that you are permanently and totally disabled, you can substitute VA Form 21-0172, *Certification of Permanent and Total Disability*, for the physician's statement you are required to keep. VA Form 21-0172 must be signed by a person authorized by the VA to do so. You can get this form from your local VA regional office.

**Physician's statement obtained in earlier year.** If you got a physician's statement in an earlier year **and**, due to your continued disabled condition, you were unable to engage in any substantial gainful activity during 1999, you may not need to get another physician's statement for 1999. For a detailed explanation of the conditions you must meet, see the instructions for Part II of Schedule R (Form 1040) or Schedule 3 (Form 1040A). If you meet the required conditions, check the box on line 2 of Part II of Schedule R (Form 1040) or Schedule 3 (Form 1040A).

If you checked box 4, 5, or 6 in Part I of either Schedule R or Schedule 3, print in the space above the box on line 2 in Part II, the first name(s) of the spouse(s) for whom the box is checked.

Table 1. **Initial Amounts**

IF your filing status is...	THEN enter on line 10 of Schedule R (Form 1040) or Schedule 3 (Form 1040A)...
<b>Single</b> , head of household, or a qualifying widow(er) with dependent child and	
• 65 or older . . . . .	\$5,000
• under 65 and retired on permanent and total disability <sup>1</sup> . . . . .	\$5,000
<b>Married filing a joint return</b> and	
• both of you are 65 or older . . . . .	\$7,500
• both of you are under 65 and one of you retired on permanent and total disability <sup>1</sup> . . . . .	\$5,000
• both of you are under 65 and both of you retired on permanent and total disability <sup>2</sup> . . . . .	\$7,500
• one of you is 65 or older, and the other is under 65 and retired on permanent and total disability <sup>3</sup> . . . . .	\$7,500
• one of you is 65 or older, and the other is under 65 and <b>not</b> retired on permanent and total disability . . . . .	\$5,000
<b>Married filing a separate return</b> and did not live with your spouse at any time during the year and	
• 65 or older . . . . .	\$3,750
• under 65 and retired on permanent and total disability <sup>1</sup> . . . . .	\$3,750

<sup>1</sup>Amount cannot be more than the taxable disability income.

<sup>2</sup>Amount cannot be more than your combined taxable disability income.

<sup>3</sup>Amount is \$5,000 plus the taxable disability income of the spouse under age 65, but not more than \$7,500.

**Disability income.** If you are under age 65, you can qualify for the credit only if you have taxable disability income. Disability income must meet the following two requirements:

- 1) The income must be paid under your employer's accident or health plan or pension plan, and
- 2) The income must be wages (or payments in lieu of wages) for the time you are absent from work because of permanent and total disability.

**Payments that are not disability income.** Any payment you receive from a plan that does not provide for disability retirement is not disability income. Any lump-sum payment for accrued annual leave that you receive when you retire on disability is a salary payment and is not disability income.

For purposes of the credit for the elderly or the disabled, disability income does not include amounts you receive after you reach mandatory retirement age. **Mandatory retirement age** is the age set by your employer at which you would have had to retire, had you not become disabled.

### Income Limits

To determine if you can claim the credit, you must consider two income limits. The first limit is the amount of your adjusted gross income (AGI). The second limit is the amount of nontaxable social security and other nontaxable pensions you received. The limits are shown in *Figure B*.

If the amount of your AGI and nontaxable pensions are less than the income limits, you may be able to claim the credit. See *Figuring the Credit*, next.



*If the amount of your AGI or nontaxable pensions is equal to or more than the income limits, you cannot take the credit.*

## Figuring the Credit

You can figure the credit yourself (see the explanation that follows), or the IRS will figure it for you. See *Credit Figured for You*, later.

**Figuring the credit yourself.** If you figure the credit yourself, fill out the front of either Schedule R (if you are filing Form 1040) or Schedule 3 (if you are filing Form 1040A). Next, fill out Part III of either Schedule R or Schedule 3.



There are four steps in Part III to determine the amount of your credit:

- 1) Determine your **initial amount** (lines 10–12).
- 2) Total any **nontaxable social security** and certain other nontaxable pensions and benefits you received (lines 13a, 13b, and 13c).
- 3) Determine your **excess adjusted gross income** (lines 14–17).
- 4) Determine your credit (lines 18–20).

These steps are discussed in more detail next.

## Step 1. Determine Initial Amount


To figure the credit, you must first determine your initial amount. See *Table 1*.

**Initial amounts for persons under age 65.** If you are a qualified individual under age 65, your initial amount cannot be more than your taxable disability income.

## Step 2. Total Certain Nontaxable Pensions and Benefits

You must reduce your initial amount by the total amount of nontaxable social security and certain other nontaxable payments you receive during the year.

Enter these nontaxable payments on lines 13a or 13b and total them on line 13c. If you are married filing a joint return, you must enter the combined amount of nontaxable payments both you and your spouse receive.

 *Worksheets are provided in the instructions for Forms 1040 and 1040A to help you determine if any part of your social security benefits (or equivalent railroad retirement benefits) is taxable.*

Include the following nontaxable payments in the amounts you enter on lines 13a and 13b.

- Nontaxable social security payments. This is the nontaxable part of the amount of benefits shown in box 5 of Form SSA-1099, which includes disability benefits, before deducting any amounts withheld to pay premiums on supplementary Medicare insurance, and before any reduction because of receipt of a benefit under worker's compensation.

Do not include a lump-sum death benefit payment you may receive as a surviving spouse, or a surviving child's insurance benefit payments you may receive as a guardian.

- Social security equivalent part of tier 1 railroad retirement pension payments that are not taxed. This is the nontaxable part of the amount of benefits shown in box 5 of Form RRB-1099.
- Nontaxable pension or annuity payments or disability benefits that are paid under a law administered by the Department of Veterans Affairs (VA).

Do not include amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country or in the National Oceanic and Atmospheric Administration or the Public Health Service, or as a disability annuity under section 808 of the Foreign Service Act of 1980.

- Pension or annuity payments or disability benefits that are excluded from income under any provision of federal law other than the Internal Revenue Code.

Do not include amounts that are a return of your cost of a pension or annuity. These amounts do not reduce your initial amount.



*You should be sure to take into account all of the nontaxable amounts you receive. These amounts are verified by the IRS through information supplied by other government agencies.*

## Step 3. Determine Excess Adjusted Gross Income

You also must reduce your initial amount by your excess adjusted gross income. Figure your excess adjusted gross income on lines 14 through 17.

You figure your excess adjusted gross income as follows:

- 1) Subtract from your adjusted gross income (line 34 of Form 1040 or line 19 of Form 1040A) the amount shown for your filing status in the following list.
  - a) **\$7,500** if you are single, a head of household, or a qualifying widow(er) with a dependent child,
  - b) **\$10,000** if you are married filing a joint return, or
  - c) **\$5,000** if you are married filing a separate return and you and your spouse did not live in the same household at any time during the tax year.

- 2) Divide the result of (1) by 2.

## Step 4. Determine Your Credit

To determine if you can take the credit, you must add the amounts in Step 2 and Step 3.

IF the total of Steps 2 and 3 is...	THEN...
Equal to or more than the amount in Step 1	You <b>cannot</b> take the credit.
Less than the amount in Step 1	You <b>can</b> take the credit.

**Figuring the credit.** If you can take the credit, subtract the total of Step 2 and Step 3 from the amount in Step 1 and multiply the result by 15%. This is your credit.

In certain cases, the amount of your credit may be limited. See *Limits on Credit*, later.

**Example.** You are 66 years old and your spouse is 64. Your spouse is not disabled. You file a joint return on Form 1040. Your adjusted gross income is \$14,630. Together you received \$3,200 from social security, which was nontaxable. You figure the credit as follows:

1) Initial amount .....	\$5,000
2) Subtract the total of:	
a) Social security and other nontaxable pensions .....	\$3,200
b) Excess adjusted gross income [(\$14,630 – \$10,000) ÷ 2] .....	<u>2,315</u> <u>5,515</u>
3) Balance (Not less than –0–) .....	<u>–0–</u>
4) <b>Credit</b> .....	<u>–0–</u>

You cannot take the credit since your nontaxable social security (line 2a) plus your excess adjusted gross income (line 2b) is more than your amount on line 1.

### Limits on Credit

The amount of your credit may be limited if:

- 1) The amount of your credit is more than your tax liability, or
- 2) You file Form 2441, *Child and Dependent Care Expenses*.

Be sure to read the form instructions before claiming your credit.

**Credit more than tax liability.** Your credit for the elderly or the disabled cannot be more than the amount of your tax liability. Therefore, you cannot get a refund for any part of the credit that is more than your tax.

### Credit Figured for You

If you choose to have the Internal Revenue Service (IRS) figure the credit for you, read the following discussions for filing Form 1040 or Form 1040A. If you want the IRS to figure your tax, see Publication 967.

**Form 1040.** If you want the IRS to figure your credit, attach **Schedule R** to your return and enter “CFE” on the dotted line next to line 42 of Form 1040. Check the box on Schedule R for your filing status and age, and fill in lines 11 and 13, if applicable. Also, fill in Part II, if applicable.

**Form 1040A.** If you want the IRS to figure your credit, attach **Schedule 3** to your return and print “CFE” next to line 27 of Form 1040A. Check the box in Part I of Schedule 3 for your filing status and age. Fill in Part II and lines 11 and 13 of Part III, if they apply to you.

### Examples

The following examples illustrate the credit for the elderly or the disabled. The initial amounts are taken from *Table 1*.

**Example 1.** James Davis is 58 years old and single, and files Form 1040A. In 1997 he retired on permanent and total disability, and he is still permanently and

totally disabled. He filed the required physician's statement with his 1997 return, and his physician signed on line B of the statement, so this year James checks the box in Part II of Schedule 3. He does not need to get another statement for 1999.

He received the following income for the year:

Nontaxable social security .....	\$3,000
Interest (taxable) .....	100
Taxable disability pension .....	8,400

James' adjusted gross income is \$8,500 (\$8,400 + \$100). He figures the credit on Schedule 3 as follows:

1) Initial amount .....	<u>\$5,000</u>
2) Taxable disability pension .....	<u>\$8,400</u>
3) Smaller of (1) or (2) .....	\$5,000
4) Subtract the total of:	
a) Nontaxable disability benefits (social security) .....	\$3,000
b) Excess adjusted gross income [(\$8,500 – \$7,500) ÷ 2] .....	<u>500</u> <u>3,500</u>
5) Balance (Not less than –0–) .....	<u>\$1,500</u>
6) <b>Credit</b> (15% of \$1,500) .....	<u>\$ 225</u>

His credit is \$225. He enters \$225 on line 27 of Form 1040A. The Schedule 3 for James Davis is not shown.

**Example 2.** William White is 53. His wife Helen is 49. William had a stroke 10 years ago and retired on permanent and total disability. He is still permanently and totally disabled because of the stroke. In November of last year, Helen was injured in an accident at work and retired on permanent and total disability.

William received nontaxable social security disability benefits of \$3,000 during the year and a taxable disability pension of \$6,000. Helen earned \$9,200 from her job and received a taxable disability pension of \$1,000. Their joint return on Form 1040 shows adjusted gross income of \$16,200 (\$6,000 + \$9,200 + \$1,000).

Helen got her doctor to complete the physician's statement in the instructions for Schedule R. Helen is not required to include the statement with their return for the year, but she must keep it for her records.

William had filed a physician's statement with their return for the year he had the stroke. His doctor had signed on line B of that physician's statement to certify that William was permanently and totally disabled. William must fill out Part II of Schedule R. He checks the box in Part II and writes his first name in the space above line 2.

William and Helen use Schedule R to figure their \$135 credit for the elderly or the disabled. They attach Schedule R to the joint return and enter \$135 on line 42 of Form 1040. See their filled-in Schedule R and Helen's filled in physician's statement, later.

**Schedule R  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service

**Credit for the Elderly or the Disabled**

OMB No. 1545-0074

**1999**

Attachment  
Sequence No. **16**

▶ **Attach to Form 1040.** ▶ **See separate instructions for Schedule R.**

Name(s) shown on Form 1040

William M. White and Helen A. White

Your social security number

2 2 0 : 0 0 : 3 3 3 3

You may be able to take this credit and reduce your tax if by the end of 1999:

- You were age 65 or older, **OR** • You were under age 65, you retired on **permanent and total** disability, and you received taxable disability income.

But you must also meet other tests. See the separate instructions for Schedule R.

**TIP** In most cases, the IRS can figure the credit for you. See the instructions.

**Part I Check the Box for Your Filing Status and Age**

If your filing status is:	And by the end of 1999:	Check only one box:
Single, Head of household, or Qualifying widow(er) with dependent child	1 You were 65 or older . . . . .	1 <input type="checkbox"/>
	2 You were under 65 and you retired on permanent and total disability	2 <input type="checkbox"/>
	3 Both spouses were 65 or older. . . . .	3 <input type="checkbox"/>
	4 Both spouses were under 65, but only one spouse retired on permanent and total disability . . . . .	4 <input type="checkbox"/>
Married filing a joint return	5 Both spouses were under 65, and both retired on permanent and total disability . . . . .	5 <input checked="" type="checkbox"/>
	6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability . . . . .	6 <input type="checkbox"/>
	7 One spouse was 65 or older, and the other spouse was under 65 and <b>NOT</b> retired on permanent and total disability . . . . .	7 <input type="checkbox"/>
Married filing a separate return	8 You were 65 or older and you lived apart from your spouse for all of 1999 . . . . .	8 <input type="checkbox"/>
	9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 1999 . . . . .	9 <input type="checkbox"/>

**Did you check box 1, 3, 7, or 8?** — **Yes** —▶ Skip Part II and complete Part III on back.  
 — **No** —▶ Complete Parts II and III.

**Part II Statement of Permanent and Total Disability** (Complete **only** if you checked box 2, 4, 5, 6, or 9 above.)

**IF: 1** You filed a physician's statement for this disability for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed line B on the statement, **AND**

William

**2** Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 1999, check this box . . . . . ▶

- If you checked this box, you do not have to get another statement for 1999.
- If you **did not** check this box, have your physician complete the statement on page 4 of the instructions. You **must** keep the statement for your records.



**Part III** Figure Your Credit

<b>10</b> If you checked (in Part I):		<b>Enter:</b>									
Box 1, 2, 4, or 7		\$5,000	}	<b>10</b> 7,500							
Box 3, 5, or 6		\$7,500									
Box 8 or 9		\$3,750									
<table border="1"> <tr> <td rowspan="2"><b>Did you check box 2, 4, 5, 6, or 9 in Part I?</b></td> <td>Yes</td> <td>→</td> <td>You <b>must</b> complete line 11.</td> </tr> <tr> <td>No</td> <td>→</td> <td>Enter the amount from line 10 on line 12 and go to line 13.</td> </tr> </table>		<b>Did you check box 2, 4, 5, 6, or 9 in Part I?</b>	Yes	→	You <b>must</b> complete line 11.	No	→	Enter the amount from line 10 on line 12 and go to line 13.			
<b>Did you check box 2, 4, 5, 6, or 9 in Part I?</b>	Yes		→	You <b>must</b> complete line 11.							
	No	→	Enter the amount from line 10 on line 12 and go to line 13.								
<b>11</b> If you checked:											
<ul style="list-style-type: none"> <li>Box 6 in Part I, add \$5,000 to the taxable disability income of the spouse who was under age 65. Enter the total.</li> <li>Box 2, 4, or 9 in Part I, enter your taxable disability income.</li> <li>Box 5 in Part I, add your taxable disability income to your spouse's taxable disability income. Enter the total.</li> </ul>			}	<b>11</b> 7,000							
<b>TIP</b> For more details on what to include on line 11, see the instructions.											
<b>12</b> If you completed line 11, enter the <b>smaller</b> of line 10 or line 11; <b>all others</b> , enter the amount from line 10				<b>12</b> 7,000							
<b>13</b> Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 1999:											
<b>a</b> Nontaxable part of social security benefits, and Nontaxable part of railroad retirement benefits treated as social security. See instructions.			<b>13a</b> 3,000								
<b>b</b> Nontaxable veterans' pensions, and Any other pension, annuity, or disability benefit that is excluded from income under any other provision of law. See instructions.			<b>13b</b>								
<b>c</b> Add lines 13a and 13b. (Even though these income items are not taxable, they <b>must</b> be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c			<b>13c</b> 3,000								
<b>14</b> Enter the amount from Form 1040, line 34		<b>14</b> 16,200									
<b>15</b> If you checked (in Part I):		<b>Enter:</b>									
Box 1 or 2		\$7,500	}	<b>15</b> 10,000							
Box 3, 4, 5, 6, or 7		\$10,000									
Box 8 or 9		\$5,000									
<b>16</b> Subtract line 15 from line 14. If zero or less, enter -0-		<b>16</b> 6,200									
<b>17</b> Enter one-half of line 16		<b>17</b> 3,100									
<b>18</b> Add lines 13c and 17		<b>18</b> 6,100									
<b>19</b> Subtract line 18 from line 12. If zero or less, <b>stop</b> ; you <b>cannot</b> take the credit. Otherwise, go to line 20		<b>19</b> 900									
<b>20</b> Multiply line 19 by 15% (.15). Enter the result here and on Form 1040, line 42. But if this amount is more than the amount on Form 1040, line 40, or you are filing Form 2441, see the instructions for the amount of credit you may take		<b>20</b> 135									

## Instructions for Physician's Statement

### Taxpayer

If you retired after 1976, enter the date you retired in the space provided on the statement below.

### Physician

A person is permanently and totally disabled if **both** of the following apply:

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition, and

2. A physician determines that the disability has lasted or can be expected to last continuously for at least a year or can lead to death.

### Physician's Statement (keep for your records)

I certify that Helen A. White

Name of disabled person

was permanently and totally disabled on January 1, 1976, or January 1, 1977, **OR** was permanently and totally disabled on the date he or she retired. If retired after 1976, enter the date retired. ► November 30, 1999

**Physician:** Sign your name on **either** line A or B below.

**A** The disability has lasted or can be expected to last continuously for at least a year . . .

Physician's signature

Date

**B** There is no reasonable probability that the disabled condition will ever improve . . .

Juanita D. Doctor

2/7/00

Physician's signature

Date

Physician's name

Physician's address

Juanita D. Doctor

1900 Green St., Hometown, MD 20000

**Example 3.** Jerry Ash is 68 years old and single, and files Form 1040A. He received the following income for the year:

Nontaxable social security .....	\$3,120
Interest (taxable) .....	215
Pension (all taxable) .....	3,600
Wages from a part-time job .....	4,245

Jerry's adjusted gross income is \$8,060 (\$4,245 + \$3,600 + \$215). Jerry figures the credit on Schedule 3 (Form 1040A) as follows:

1) Initial amount .....	\$5,000
2) Subtract the total of:	
a) Social security and other nontaxable pensions .....	\$3,120
b) Excess adjusted gross income [((\$8,060 - \$7,500) ÷ 2) .....	280 3,400
3) Balance (Not less than -0-) .....	<u>\$1,600</u>
4) <b>Credit</b> (15% of \$1,600) .....	<u>\$ 240</u>

Jerry's credit is \$240. He files Schedule 3 (Form 1040A) and shows this amount on line 27 of Form 1040A. See the filled-in Schedule 3 for Jerry Ash, later.

**Schedule 3**  
**(Form 1040A)**

Department of the Treasury—Internal Revenue Service  
**Credit for the Elderly or the Disabled**  
**for Form 1040A Filers**

**1999**

OMB No. 1545-0085

Name(s) shown on Form 1040A: Jerry A. Ash  
Your social security number: 1 2 3 0 0 1 2 3 4

You may be able to take this credit and reduce your tax if by the end of 1999:  
 • You were age 65 or older, **OR** • You were under age 65, you retired on **permanent and total** disability, and you received taxable disability income.

But you must also meet other tests. See the separate instructions for Schedule 3.

**TIP** In most cases, the IRS can figure the credit for you. See the instructions.

Part I	If your filing status is:	And by the end of 1999:	Check only one box:
Check the box for your filing status and age	Single, Head of household, or Qualifying widow(er) with dependent child	1 You were 65 or older . . . . .	1 <input checked="" type="checkbox"/>
		2 You were under 65 and you retired on permanent and total disability . . . . .	2 <input type="checkbox"/>
		3 Both spouses were 65 or older . . . . .	3 <input type="checkbox"/>
		4 Both spouses were under 65, but only one spouse retired on permanent and total disability . . . . .	4 <input type="checkbox"/>
		5 Both spouses were under 65, and both retired on permanent and total disability . . . . .	5 <input type="checkbox"/>
Married filing a joint return		6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability . . . . .	6 <input type="checkbox"/>
		7 One spouse was 65 or older, and the other spouse was under 65 and <b>NOT</b> retired on permanent and total disability . . . . .	7 <input type="checkbox"/>
		8 You were 65 or older and you lived apart from your spouse for all of 1999 . . . . .	8 <input type="checkbox"/>
Married filing a separate return		9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 1999 . . . . .	9 <input type="checkbox"/>

**Did you check box 1, 3, 7, or 8?**  
 Yes → Skip Part II and complete Part III on the back.  
 No → Complete Parts II and III.

**Part II**  
**Statement of permanent and total disability**  
 Complete this part only if you checked box 2, 4, 5, 6, or 9 above.

**IF:** 1 You filed a physician's statement for this disability for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed line B on the statement, **AND**

2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 1999, check this box . . . . .

- If you checked this box, you do not have to get another statement for 1999.
- If you **did not** check this box, have your physician complete the statement on page 4 of the instructions. You **must** keep the statement for your records.

**Part III**  
**Figure your credit**

<b>10</b>	<b>If you checked (in Part I):</b>	<b>Enter:</b>		
	Box 1, 2, 4, or 7 . . . . .	\$5,000		
	Box 3, 5, or 6 . . . . .	\$7,500		
	Box 8 or 9 . . . . .	\$3,750	10	5,000

**Did you check box 2, 4, 5, 6, or 9 in Part I?** — **Yes** —> You **must** complete line 11.  
 — **No** —> Enter the amount from line 10 on line 12 and go to line 13.

- 11**
- If you checked box 6 in Part I, add \$5,000 to the taxable disability income of the spouse who was under age 65. Enter the total.
  - If you checked box 2, 4, or 9 in Part I, enter your taxable disability income.
  - If you checked box 5 in Part I, add your taxable disability income to your spouse's taxable disability income. Enter the total.

**TIP** For more details on what to include on line 11, see the instructions.

			11	
--	--	--	----	--

<b>12</b>	If you completed line 11, enter the <b>smaller</b> of line 10 or line 11; <b>all others</b> , enter the amount from line 10.		12	5,000
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<b>13</b>	Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 1999.			
<b>a</b>	Nontaxable part of social security benefits, and Nontaxable part of railroad retirement benefits treated as social security. See instructions.	13a	3,120	
<b>b</b>	Nontaxable veterans' pensions and any other pension, annuity, or disability benefit that is excluded from income under any other provision of law. See instructions.	13b		
<b>c</b>	Add lines 13a and 13b. (Even though these income items are not taxable, they <b>must</b> be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c.	13c	3,120	

<b>14</b>	Enter the amount from Form 1040A, line 19.	14	8,060	
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<b>15</b>	<b>If you checked (in Part I):</b>	<b>Enter:</b>		
	Box 1 or 2 . . . . .	\$7,500		
	Box 3, 4, 5, 6, or 7 . . . . .	\$10,000		
	Box 8 or 9 . . . . .	\$5,000	15	7,500

<b>16</b>	Subtract line 15 from line 14. If zero or less, enter -0-.	16	560	
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<b>17</b>	Enter one-half of line 16.	17	280	
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<b>18</b>	Add lines 13c and 17.	18	3,400	
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<b>19</b>	Subtract line 18 from line 12. If zero or less, <b>stop</b> ; you <b>cannot</b> take the credit. Otherwise, go to line 20.	19	1,600	
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<b>20</b>	Multiply line 19 by 15% (.15). Enter the result here and on Form 1040A, line 27. But if this amount is more than the amount on Form 1040A, line 25, <b>or</b> you are filing Schedule 2 (Form 1040A), see the instructions for the amount of credit you may take.	20	240	
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## How To Get More Information

You can order free publications and forms, ask tax questions, and get more information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

**Free tax services.** To find out what services are available, get Publication 910, *Guide to Free Tax Services*. It contains a list of free tax publications and an index of tax topics. It also describes other free tax information services, including tax education and assistance programs and a list of TeleTax topics.



**Personal computer.** With your personal computer and modem, you can access the IRS on the Internet at [www.irs.gov](http://www.irs.gov). While visiting our web site, you can select:

- *Frequently Asked Tax Questions* (located under *Taxpayer Help & Ed*) to find answers to questions you may have.
- *Forms & Pubs* to download forms and publications or search for forms and publications by topic or keyword.
- *Fill-in Forms* (located under *Forms & Pubs*) to enter information while the form is displayed and then print the completed form.
- *Tax Info For You* to view Internal Revenue Bulletins published in the last few years.
- *Tax Regs in English* to search regulations and the Internal Revenue Code (under *United States Code (USC)*).
- *Digital Dispatch* and *IRS Local News Net* (both located under *Tax Info For Business*) to receive our electronic newsletters on hot tax issues and news.
- *Small Business Corner* (located under *Tax Info For Business*) to get information on starting and operating a small business.

You can also reach us with your computer using File Transfer Protocol at [ftp.irs.gov](ftp://ftp.irs.gov).



**TaxFax Service.** Using the phone attached to your fax machine, you can receive forms and instructions by calling **703-368-9694**. Follow the directions from the prompts. When you order forms, enter the catalog number for the form you need. The items you request will be faxed to you.



**Phone.** Many services are available by phone.

- *Ordering forms, instructions, and publications.* Call **1-800-829-3676** to order current and prior year forms, instructions, and publications.

- *Asking tax questions.* Call the IRS with your tax questions at **1-800-829-1040**.
- *TTY/TDD equipment.* If you have access to TTY/TDD equipment, call **1-800-829-4059** to ask tax questions or to order forms and publications.
- *TeleTax topics.* Call **1-800-829-4477** to listen to pre-recorded messages covering various tax topics.

### **Evaluating the quality of our telephone services.**

To ensure that IRS representatives give accurate, courteous, and professional answers, we evaluate the quality of our telephone services in several ways.

- A second IRS representative sometimes monitors live telephone calls. That person only evaluates the IRS assistor and does not keep a record of any taxpayer's name or tax identification number.
- We sometimes record telephone calls to evaluate IRS assistors objectively. We hold these recordings no longer than one week and use them only to measure the quality of assistance.
- We value our customers' opinions. Throughout this year, we will be surveying our customers for their opinions on our service.



**Walk-in.** You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Also, some libraries and IRS offices have:

- An extensive collection of products available to print from a CD-ROM or photocopy from reproducible proofs.
- The Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.



**Mail.** You can send your order for forms, instructions, and publications to the Distribution Center nearest to you and receive a response within 10 workdays after your request is received. Find the address that applies to your part of the country.

- **Western part of U.S.:**  
Western Area Distribution Center  
Rancho Cordova, CA 95743-0001
- **Central part of U.S.:**  
Central Area Distribution Center  
P.O. Box 8903  
Bloomington, IL 61702-8903
- **Eastern part of U.S. and foreign addresses:**  
Eastern Area Distribution Center  
P.O. Box 85074  
Richmond, VA 23261-5074



**CD-ROM.** You can order IRS Publication 1796, *Federal Tax Products on CD-ROM*, and obtain:

- Current tax forms, instructions, and publications.
- Prior-year tax forms, instructions, and publications.
- Popular tax forms which may be filled in electronically, printed out for submission, and saved for recordkeeping.
- Internal Revenue Bulletins.

The CD-ROM can be purchased from National Technical Information Service (NTIS) by calling **1-877-233-6767** or on the Internet at **www.irs.gov/cdorders**. The first release is available in mid-December and the final release is available in late January.

IRS Publication 3207, *Small Business Resource Guide*, is an interactive CD-ROM that contains information important to small businesses. It is available in mid-February. You can get one free copy by calling **1-800-829-3676**.

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## Tax Publications for Individual Taxpayers

See *How To Get More Information* for a variety of ways to get publications, including by computer, phone, and mail.

### General Guides

- 1 Your Rights as a Taxpayer
- 17 Your Federal Income Tax (For Individuals)
- 225 Farmer's Tax Guide
- 334 Tax Guide for Small Business
- 509 Tax Calendars for 2000
- 553 Highlights of 1999 Tax Changes
- 595 Tax Highlights for Commercial Fishermen
- 910 Guide to Free Tax Services

### Specialized Publications

- 3 Armed Forces' Tax Guide
- 378 Fuel Tax Credits and Refunds
- 463 Travel, Entertainment, Gift, and Car Expenses
- 501 Exemptions, Standard Deduction, and Filing Information
- 502 Medical and Dental Expenses
- 503 Child and Dependent Care Expenses
- 504 Divorced or Separated Individuals
- 505 Tax Withholding and Estimated Tax
- 508 Tax Benefits for Work-Related Education
- 514 Foreign Tax Credit for Individuals
- 516 U.S. Government Civilian Employees Stationed Abroad
- 517 Social Security and Other Information for Members of the Clergy and Religious Workers
- 519 U.S. Tax Guide for Aliens
- 520 Scholarships and Fellowships
- 521 Moving Expenses
- 523 Selling Your Home
- 524 Credit for the Elderly or the Disabled
- 525 Taxable and Nontaxable Income
- 526 Charitable Contributions
- 527 Residential Rental Property
- 529 Miscellaneous Deductions

- 530 Tax Information for First-Time Homeowners
- 531 Reporting Tip Income
- 533 Self-Employment Tax
- 534 Depreciating Property Placed in Service Before 1987
- 537 Installment Sales
- 541 Partnerships
- 544 Sales and Other Dispositions of Assets
- 547 Casualties, Disasters, and Thefts (Business and Nonbusiness)
- 550 Investment Income and Expenses
- 551 Basis of Assets
- 552 Recordkeeping for Individuals
- 554 Older Americans' Tax Guide
- 555 Community Property
- 556 Examination of Returns, Appeal Rights, and Claims for Refund
- 559 Survivors, Executors, and Administrators
- 561 Determining the Value of Donated Property
- 564 Mutual Fund Distributions
- 570 Tax Guide for Individuals With Income From U.S. Possessions
- 575 Pension and Annuity Income
- 584 Casualty, Disaster, and Theft Loss Workbook (Personal-Use Property)
- 587 Business Use of Your Home (Including Use by Day-Care Providers)
- 590 Individual Retirement Arrangements (IRAs) (Including Roth IRAs and Education IRAs)
- 593 Tax Highlights for U.S. Citizens and Residents Going Abroad
- 594 Understanding the Collection Process
- 596 Earned Income Credit (EIC)
- 721 Tax Guide to U.S. Civil Service Retirement Benefits

- 901 U.S. Tax Treaties
- 907 Tax Highlights for Persons with Disabilities
- 908 Bankruptcy Tax Guide
- 911 Direct Sellers
- 915 Social Security and Equivalent Railroad Retirement Benefits
- 919 How Do I Adjust My Tax Withholding?
- 925 Passive Activity and At-Risk Rules
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- 947 Practice Before the IRS and Power of Attorney
- 950 Introduction to Estate and Gift Taxes
- 967 IRS Will Figure Your Tax
- 968 Tax Benefits for Adoption
- 970 Tax Benefits for Higher Education
- 971 Innocent Spouse Relief
- 972 Child Tax Credit
- 1542 Per Diem Rates
- 1544 Reporting Cash Payments of Over \$10,000
- 1546 The Taxpayer Advocate Service of the IRS

### Spanish Language Publications

- 1SP Derechos del Contribuyente
- 579SP Cómo Preparar la Declaración de Impuesto Federal
- 594SP Comprendiendo el Proceso de Cobro
- 596SP Crédito por Ingreso del Trabajo
- 850 English-Spanish Glossary of Words and Phrases Used in Publications Issued by the Internal Revenue Service
- 1544SP Informe de Pagos en Efectivo en Exceso de \$10,000 (Recibidos en una Ocupación o Negocio)

## Commonly Used Tax Forms

See *How To Get More Information* for a variety of ways to get forms, including by computer, fax, phone, and mail. For fax orders only, use the catalog numbers when ordering.

Form Number and Title	Catalog Number	Form Number and Title	Catalog Number
1040 U.S. Individual Income Tax Return	11320	2106 Employee Business Expenses	11700
Sch A & B Itemized Deductions & Interest and Ordinary Dividends	11330	2106-EZ Unreimbursed Employee Business Expenses	20604
Sch C Profit or Loss From Business	11334	2210 Underpayment of Estimated Tax by Individuals, Estates, and Trusts	11744
Sch C-EZ Net Profit From Business	14374	2441 Child and Dependent Care Expenses	11862
Sch D Capital Gains and Losses	11338	2848 Power of Attorney and Declaration of Representative	11980
Sch D-1 Continuation Sheet for Schedule D	10424	3903 Moving Expenses	12490
Sch E Supplemental Income and Loss	11344	4562 Depreciation and Amortization	12906
Sch EIC Earned Income Credit	13339	4868 Application for Automatic Extension of Time To File U.S. Individual Income Tax Return	13141
Sch F Profit or Loss From Farming	11346	4952 Investment Interest Expense Deduction	13177
Sch H Household Employment Taxes	12187	5329 Additional Taxes Attributable to IRAs, Other Qualified Retirement Plans, Annuities, Modified Endowment Contracts, and MSAs	13329
Sch J Farm Income Averaging	25513	6251 Alternative Minimum Tax—Individuals	13600
Sch R Credit for the Elderly or the Disabled	11359	8283 Noncash Charitable Contributions	62299
Sch SE Self-Employment Tax	11358	8582 Passive Activity Loss Limitations	63704
1040A U.S. Individual Income Tax Return	11327	8606 Nondeductible IRAs	63966
Sch 1 Interest and Ordinary Dividends for Form 1040A Filers	12075	8812 Additional Child Tax Credit	10644
Sch 2 Child and Dependent Care Expenses for Form 1040A Filers	10749	8822 Change of Address	12081
Sch 3 Credit for the Elderly or the Disabled for Form 1040A Filers	12064	8829 Expenses for Business Use of Your Home	13232
1040EZ Income Tax Return for Single and Joint Filers With No Dependents	11329	8863 Education Credits	25379
1040-ES Estimated Tax for Individuals	11340		
1040X Amended U.S. Individual Income Tax Return	11360		