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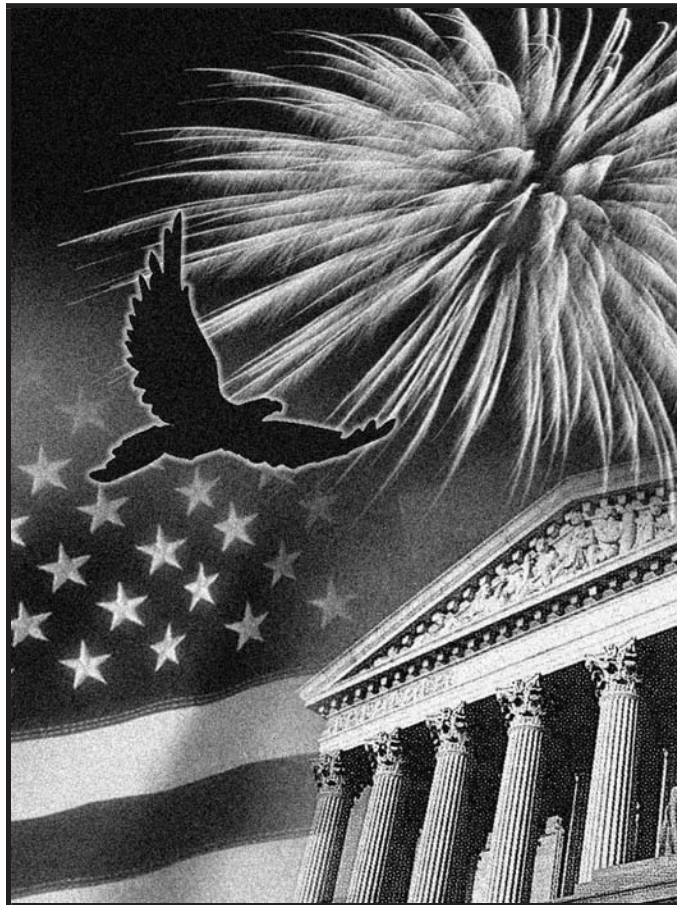
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# Supplemental Instructions for 2007 Form 1040 and Form 1040NR



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## Introduction

As a result of the Tax Technical Corrections Act of 2007, the following instructional changes apply when completing the 2007 Form 1040 (or Form 1040NR). The paper and online versions of Form 1040 (and Form 1040NR) and instructions will not be revised.

## Changes to the 2007 Instructions for Form 1040 (and Form 1040NR)

- The tax from Form 8889, Part III (relating to health savings accounts) that was to be reported on Form 1040, line 44 (or Form 1040NR, line 41), using checkbox "c" must instead be included in the total on Form 1040, line 63 (or Form 1040NR, line 58), as an additional write-in tax. On the dotted line next to Form 1040, line 63 (or Form 1040NR, line 58), enter "HDHP" and the amount of this tax.
- The additional tax on recapture of a charitable contribution of a fractional interest in tangible personal property that was to be included on Form 1040, line 44 (or Form 1040NR, line 41), must instead be included in the total on Form 1040, line 63 (or Form 1040NR, line 58), as an additional write-in tax. On the dotted line next to Form 1040, line 63 (or Form 1040NR, line 58), enter "FITPP" and the amount of this tax.
- All filers of Forms 2555 or 2555-EZ must disregard the Foreign Earned Income Tax Worksheet on page 34 of the Instructions for Form 1040 and instead use the revised worksheet on the next page.



**Before you begin:** ✓ If Form 1040, line 43, is zero, do not complete this worksheet.

- 1. Enter the amount from Form 1040, line 43 . . . . . **1.** \_\_\_\_\_
- 2. Enter the amount from your (and your spouse's, if filing jointly) Form 2555, line 45, or Form 2555-EZ, line 18 . . . . . **2.** \_\_\_\_\_
- 3. Add lines 1 and 2 . . . . . **3.** \_\_\_\_\_
- 4. **Tax on the amount on line 3.** Use the Tax Table, Tax Computation Worksheet, Qualified Dividends and Capital Gain Tax Worksheet\*, Schedule D Tax Worksheet\*, or Form 8615, whichever applies. See the instructions for Form 1040, line 44, to see which tax computation method applies . . . . . **4.** \_\_\_\_\_
- 5. **Tax on the amount on line 2.** Use the Tax Table or Tax Computation Worksheet, whichever applies **5.** \_\_\_\_\_
- 6. Subtract line 5 from line 4. Enter the result. If zero or less, enter -0-. Also include this amount on Form 1040, line 44. . . . . **6.** \_\_\_\_\_

*\*Enter the amount from line 3 above on line 1 of the Qualified Dividends and Capital Gain Tax Worksheet or Schedule D Tax Worksheet if you use either of those worksheets to figure the tax on line 4 above. Complete the rest of that worksheet through line 6 (line 10 if you use the Schedule D Tax Worksheet). Next, you must determine if you have a capital gain excess. To find out if you have a capital gain excess, subtract Form 1040, line 43, from line 6 of your Qualified Dividends and Capital Gain Tax Worksheet (line 10 of your Schedule D Tax Worksheet). If the result is more than zero, that amount is your capital gain excess.*

*If you do not have a capital gain excess, complete the rest of either of those worksheets according to the worksheet's instructions. Then complete lines 5 and 6 above.*

*If you have a capital gain excess, complete a second Qualified Dividends and Capital Gain Tax Worksheet or Schedule D Tax Worksheet (whichever applies) as instructed above but in its entirety and with the following additional modifications. Then complete lines 5 and 6 above. These modifications are to be made only for purposes of filling out the Foreign Earned Income Tax Worksheet above.*

- 1. *Reduce the amount you would otherwise enter on line 3 of your Qualified Dividends and Capital Gain Tax Worksheet or line 9 of your Schedule D Tax Worksheet (but not below zero) by your capital gain excess.*
- 2. *Reduce the amount you would otherwise enter on Form 1040, line 9b, (but not below zero) by any of your capital gain excess not used in (1) above.*
- 3. *Reduce the amount on your Schedule D (Form 1040), line 18, (but not below zero) by your capital gain excess.*
- 4. *Include your capital gain excess as a loss on line 16 of your Unrecaptured Section 1250 Gain Worksheet on page D-9 of the Instructions for Schedule D (Form 1040).*