Line 42
Exemptions
Taxpayers housing Midwestern displaced individuals. You may be able to claim an additional exemption amount of $500 per person (up to $2,000) if you provided housing to a person who was displaced from his or her main home because of the storms, tornadoes, or flooding in a Midwestern disaster area and all of the following apply:
• The person displaced lived in your main home for at least 60 consecutive days in 2008.
• You did not receive any rent or other amount from any source for providing the housing.
• The main home of the person displaced was in a Midwestern disaster area on the date the storms, tornadoes, or flooding occurred.
• The person displaced was not your spouse or dependent.

For details, see Form 8914.

Adjusted gross income (line 38) over $119,975. Use the Deduction for Exemptions Worksheet below to figure your deduction for exemptions unless you are filing Form 8914.

Deduction for Exemptions Worksheet—Line 42

Keep For Your Records

1. Is the amount on Form 1040, line 38, more than the amount shown on line 4 below for your filing status?

☐ No. Stop
Multiply $3,500 by the total number of exemptions claimed on Form 1040, line 6d, and enter the result on Form 1040, line 42.

☐ Yes. Continue

2. Multiply $3,500 by the total number of exemptions claimed on Form 1040, line 6d ...........................................

3. Enter the amount from Form 1040, line 38 ...........................................

4. Enter the amount shown below for your filing status.

• Single—$159,950
• Married filing jointly or qualifying widow(er)—$239,950
• Married filing separately—$119,975
• Head of household—$199,950

5. Subtract line 4 from line 3 ...........................................

6. Is line 5 more than $122,500 ($61,250 if married filing separately)?

☐ No. Multiply $2,333 by the total number of exemptions claimed on Form 1040, line 6d. Enter the result here and on Form 1040, line 42. Do not complete the rest of this worksheet.

☐ Yes. Divide line 5 by $2,500 ($1,250 if married filing separately). If the result is not a whole number, increase it to the next higher whole number (for example, increase 0.0004 to 1) ...........................................

7. Multiply line 6 by 2% (.02) and enter the result as a decimal ...........................................

8. Multiply line 2 by line 7 ...........................................

9. Divide line 8 by 3.0 ...........................................

10. Deduction for exemptions. Subtract line 9 from line 2. Enter the result here and on Form 1040, line 42 ...........................................

Need more information or forms? See page 87. 

Line 44
Tax
Include in the total on line 44 all of the following taxes that apply:
• Tax on your taxable income. Figure the tax using one of the methods described on this page and page 37.
• Tax from Form 8814 (relating to the election to report child’s interest or dividends). Check the appropriate box.
• Tax from Form 4972 (relating to lump-sum distributions). Check the appropriate box.
• Recapture of an education credit. You may owe this tax if you claimed an education credit in an earlier year, and either tax-free educational assistance or a refund of qualified expenses was received in 2008 for the student. See Form 8863 for more details. Enter the amount and “ECR” in the space next to line 44.

Do you want the IRS to figure the tax on your taxable income for you?

☐ Yes. See Pub. 967 for details, including who is eligible and what to do. If you have paid too much, we will send you a refund. If you did not pay enough, we will send you a bill.

☐ No. Use one of the following methods to figure your tax.

Tax Table or Tax Computation Worksheet. If your taxable income is less than $100,000, you must use the Tax Table that begins on page 68 to figure your tax. Be sure you use the correct column. If your taxable income is $100,000 or more, use the Tax Computation Worksheet on page 80.

However, do not use the Tax Table or Tax Computation Worksheet to figure your tax if any of the following applies.

Form 8615. Form 8615 generally must be used to figure the tax for any child who had more than $1,800 of investment income, such as taxable interest, ordinary dividends, or capital gains (including capital gain distributions) and who either:
1. Was under age 18 at the end of 2008,
2. Was age 18 at the end of 2008 and did not have earned income that was more than half of the child’s support, or
3. Was a full-time student over age 18 and under age 24 at the end of 2008 and did not have earned income that was more than half of the child’s support.

But if the child files a joint return for 2008 or if neither of the child’s parents was
Form 1040—Line 44

The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

Form 1040—Line 44

Foreign Earned Income Tax Worksheet—Line 44

Keep for Your Records

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Enter the amount from Form 1040, line 43  ............................................</td>
</tr>
<tr>
<td>2.</td>
<td>Enter the amount from your (and your spouse’s, if filing jointly) Form 2555, lines 45 and 50, or Form 2555-EZ, line 18  ............................................</td>
</tr>
<tr>
<td>3.</td>
<td>Add lines 1 and 2  ............................................................</td>
</tr>
<tr>
<td>4.</td>
<td>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 line 44 that begin on page 36 to see which tax computation method applies  ....................................................</td>
</tr>
<tr>
<td>5.</td>
<td>Tax on the amount on line 2. Use the Tax Table or Tax Computation Worksheet, whichever applies  ............................................................</td>
</tr>
<tr>
<td>6.</td>
<td>Subtract line 5 from line 4. Enter the result. If zero or less, enter -0-. Also include this amount on Form 1040, line 44  ............................................................</td>
</tr>
</tbody>
</table>

*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 (but not below zero) 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 by your capital gain excess.
2. Reduce (but not below zero) the amount you would otherwise enter on Form 1040, line 9b, by any of your capital gain excess not used in (1) above.
3. Reduce (but not below zero) the amount on your Schedule D (Form 1040), line 18, 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).
Form 1040—Line 44

Qualified Dividends and Capital Gain Tax Worksheet—Line 44

Keep for Your Records

Before you begin: ✓ See the instructions for line 44 that begin on page 36 to see if you can use this worksheet to figure your tax. ✓ If you do not have to file Schedule D and you received capital gain distributions, be sure you checked the box on line 13 of Form 1040.

1. Enter the amount from Form 1040, line 43. However, if you are filing Form 2555 or 2555-EZ (relating to foreign earned income), enter the amount from line 3 of the worksheet on page 37.

2. Enter the amount from Form 1040, line 9b.

3. Are you filing Schedule D?*
   - Yes. Enter the smaller of line 15 or 16 of Schedule D. If either line 15 or line 16 is a loss, enter -0-.
   - No. Enter the amount from Form 1040, line 13.

4. Add lines 2 and 3.

5. If you are claiming investment interest expense on Form 4952, enter the amount from line 4g of that form. Otherwise, enter -0-.

6. Subtract line 5 from line 4. If zero or less, enter -0-.

7. Subtract line 6 from line 1. If zero or less, enter -0-.

8. Enter the smaller of:
   - The amount on line 1, or
   - $32,550 if single or married filing separately, $65,100 if married filing jointly or qualifying widow(er).

9. Is the amount on line 7 equal to or more than the amount on line 8?
   - Yes. Skip lines 9 and 10; go to line 11 and check the “No” box.
   - No. Enter the amount from line 7.

10. Subtract line 9 from line 8.

11. Are the amounts on lines 6 and 10 the same?
   - Yes. Skip lines 11 through 14; go to line 15.
   - No. Enter the smaller of line 1 or line 6.

12. Enter the amount from line 10 (if line 10 is blank, enter -0-).

13. Subtract line 12 from line 11.

14. Multiply line 13 by 15% (.15).

15. Figure the tax on the amount on line 7. Use the Tax Table or Tax Computation Worksheet, whichever applies.

16. Add lines 14 and 15.

17. Figure the tax on the amount on line 1. Use the Tax Table or Tax Computation Worksheet, whichever applies.

18. Tax on all taxable income. Enter the smaller of line 16 or line 17. Also include this amount on Form 1040, line 44. If you are filing Form 2555 or 2555-EZ, do not enter this amount on Form 1040, line 44. Instead, enter it on line 4 of the worksheet on page 37.

*If you are filing Form 2555 or 2555-EZ, see the footnote in the worksheet on page 37 before completing this line.