

Note. This booklet does not contain any tax forms.

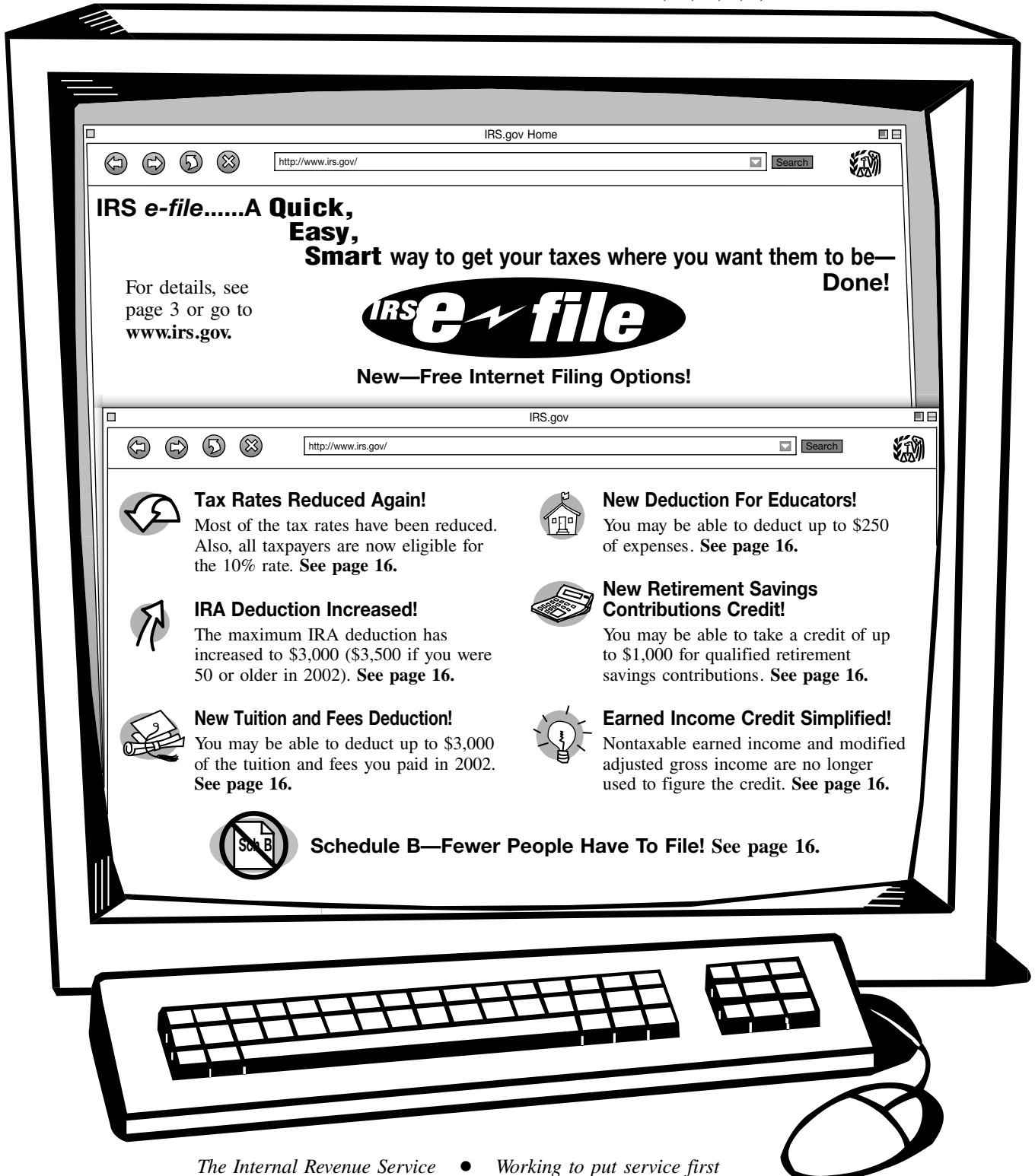


Department of the Treasury  
Internal Revenue Service

www.irs.gov

# 20021040

## Instructions Including Instructions for Schedules A, B, C, D, E, F, J, and SE



The Internal Revenue Service • Working to put service first

Cat. No. 11325E

# Filing Requirements

These rules apply to all U.S. citizens, regardless of where they live, and resident aliens.

## Do You Have To File?

Use **Chart A, B, or C** to see if you must file a return. U.S. citizens who lived in or had income from a U.S. possession should see **Pub. 570**. Residents of Puerto Rico can use TeleTax topic 901 (see page 13) to see if they must file.



Even if you do not otherwise have to file a return, you should file one to get a refund of any Federal income tax withheld.

You should also file if you are eligible for the earned income credit or the additional child tax credit.

**Exception for Children Under Age 14.** If you are planning to file a return for your child who was under age 14 at the end of 2002 and certain other conditions apply, you may elect to report your child's income on your return. But you must use **Form 8814** to do so. If you make this election, your child does not have to file a return. For details, use TeleTax topic 553 (see page 13) or see Form 8814.



A child born on January 1, 1989, is considered to be age 14 at the end of 2002. **Do not** use Form 8814 for such a child.

## Chart A—For Most People

IF your filing status is . . .	AND at the end of 2002 you were* . . .	THEN file a return if your gross income** was at least . . .
Single	under 65	\$7,700
	65 or older	8,850
Married filing jointly***	under 65 (both spouses)	\$13,850
	65 or older (one spouse)	14,750
	65 or older (both spouses)	15,650
Married filing separately	any age	\$3,000
Head of household (see page 21)	under 65	\$9,900
	65 or older	11,050
Qualifying widow(er) with dependent child (see page 21)	under 65	\$10,850
	65 or older	11,750

\* If you were born on January 1, 1938, you are considered to be age 65 at the end of 2002.

\*\* **Gross income** means all income you received in the form of money, goods, property, and services that is not exempt from tax including any income from sources outside the United States (even if you may exclude part or all of it). **Do not** include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 2002.

\*\*\* If you did not live with your spouse at the end of 2002 (or on the date your spouse died) and your gross income was at least \$3,000, you must file a return regardless of your age.

**Nonresident Aliens and Dual-Status Aliens.** These rules also apply to nonresident aliens and dual-status aliens who were married to U.S. citizens or residents at the end of 2002 and who have elected to be taxed as resident aliens. Other nonresident aliens and dual-status aliens have different filing requirements. They may have to file **Form 1040NR** or **Form 1040NR-EZ**. Specific rules apply to determine if you are a resident or nonresident alien. See **Pub. 519** for details, including the rules for students and scholars who are aliens.

## When Should You File?

Not later than **April 15, 2003**. If you file after this date, you may have to pay interest and penalties. See page 60.

## What if You Cannot File on Time?

You can get an automatic 4-month extension if, no later than April 15, 2003, you **either**:

- File **Form 4868** or
- File for an extension by phone, using tax software, or through a tax professional. If you expect to owe tax with your return, you can even pay part or all of it by electronic funds withdrawal or credit card (American Express® Card, Discover® Card, MasterCard® card, or Visa® card). See Form 4868 for details.



An automatic 4-month extension to file does not extend the time to pay your tax. See Form 4868.

If you are a U.S. citizen or resident, you may qualify for an automatic extension of time to file without filing Form 4868 or filing for an extension by phone, using tax software, or through a tax professional. You qualify if, on the due date of your return, you meet one of the following conditions.

- You live outside the United States and Puerto Rico **and** your main place of business or post of duty is outside the United States and Puerto Rico.
- You are in military or naval service on duty outside the United States and Puerto Rico.

This extension gives you an extra 2 months to file and pay the tax, but interest will be charged from the original due date of the return on any unpaid tax. You must attach a statement to your return showing that you meet the requirements.

## Where Do You File?

See the back cover of this booklet for filing instructions and addresses. For details on using a private delivery service to mail your return or payment, see page 20.

## Line 6c

### Dependents

You can take an exemption for each of your dependents. The following is a brief description of the five tests that must be met for a person to qualify as your dependent. If you have **more than five** dependents, attach a statement to your return with the required information.

**Relationship Test.** The person must be either your relative or have lived in your home as a family member all year. If the person is not your relative, the relationship must not violate local law.

**Joint Return Test.** If the person is married, he or she cannot file a joint return. But the person can file a joint return if the return is filed only as a claim for refund **and** no tax liability would exist for either spouse if they had filed separate returns.

**Citizen or Resident Test.** The person must be a U.S. citizen or resident alien, or a resident of Canada or Mexico. There is an exception for certain adopted children. To find out who is a **resident alien**, use TeleTax topic 851 (see page 13) or see **Pub. 519**.

**Income Test.** The person's gross income must be less than \$3,000. But your child's gross income can be \$3,000 or more if he or she was either **(a) under age 19** at the end of 2002 or **(b) under age 24** at the end of 2002 and was a **student**.

**Support Test.** You must have provided over half of the person's total support in 2002. But there are two exceptions to this test: One for children of divorced or separated parents and one for persons supported by two or more taxpayers.



For more details about the tests, including any exceptions that apply, see **Pub. 501**.

### Line 6c, Column (2)

You must enter each dependent's social security number (SSN). Be sure the name and SSN entered agree with the dependent's social security card. Otherwise, at the time we process your return, we may disallow the exemption claimed for the dependent and reduce or disallow any other tax benefits (such as the child tax credit and the earned income credit) based on that dependent. If the name or SSN on the dependent's social security card is not correct, call the Social Security Administration at 1-800-772-1213.



For details on how your dependent can get an SSN, see page 21. If your dependent will not have a number by April 15, 2003, see **What if You Cannot File on Time?** on page 17.

If your dependent child was born and died in 2002 and you do not have an SSN for the child, you may attach a copy of the child's birth certificate instead and enter "Died" in column (2).

**Adoption Taxpayer Identification Numbers (ATINs).** If you have a dependent who was placed with you by an authorized placement agency and you do not know his or her SSN, you must get an ATIN for the dependent from the IRS. An authorized placement agency includes any person authorized by state law to place children for legal adoption. See **Form W-7A** for details.

### Line 6c, Column (4)

Check the box in this column if your dependent is a qualifying child for the child tax credit (defined below). If you have a qualifying child, you may be able to take the child tax credit on line 50 and the additional child tax credit on line 66.

**Qualifying Child for Child Tax Credit.** A qualifying child for purposes of the child tax credit is a child who:

- Is claimed as your dependent on line 6c, **and**
- Was **under age 17** at the end of 2002, **and**
- Is **(a)** your son, daughter, adopted child, stepchild, grandchild; **(b)** your brother, sister, stepbrother, stepsister, or a descendant of your brother, sister, stepbrother, or stepsister (for example, your niece or nephew), whom you cared for as your own child; or **(c)** a foster child (that is, any child placed with you by an authorized placement agency whom you cared for as your own child), **and**
- Is a U.S. citizen or resident alien.

**Note.** The above requirements are not the same as the requirements to be a qualifying child for the earned income credit.

A child placed with you by an authorized placement agency for legal adoption is an **adopted child** even if the adoption is not final. An authorized placement agency includes any person authorized by state law to place children for legal adoption.

A **grandchild** is any descendant of your son, daughter, adopted child, or stepchild and includes your great-grandchild, great-great-grandchild, etc.

### Children Who Did Not Live With You Due to Divorce or Separation

If you are claiming a child who did not live with you under the rules explained in **Pub. 501** for children of divorced or separated parents, attach **Form 8332** or similar statement to your return. But see **Exception** below.

If your divorce decree or separation agreement went into effect after 1984, you may attach certain pages from the decree or agreement instead of Form 8332. To be able to do this, the decree or agreement must state:

1. You can claim the child as your dependent without regard to any condition, such as payment of support, **and**
2. The other parent will not claim the child as a dependent, **and**
3. The years for which the claim is released.

Attach the following pages from the decree or agreement:

- Cover page (include the other parent's SSN on that page), **and**
- The pages that include all of the information identified in 1 through 3 above, **and**
- Signature page with the other parent's signature and date of agreement.

**Note.** You must attach the required information even if you filed it with your return in an earlier year.

**Exception.** You do not have to attach Form 8332 or similar statement if your divorce decree or written separation agreement went into effect before 1985 and it states that you can claim the child as your dependent.

### Other Dependent Children

Include the total number of children who did not live with you for reasons other than divorce or separation on the line labeled "Dependents on 6c not entered above." Include dependent children who lived in Canada or Mexico during 2002.

## Income

### Foreign-Source Income

You must report unearned income, such as interest, dividends, and pensions, from sources outside the United States unless exempt by law or a tax treaty. You must also report earned income, such as wages and tips, from sources outside the United States.

(Continued on page 23)

## Index to Instructions

<b>A</b>	Address Change . . . . .	21 and 59
	Addresses of IRS Centers . . . . .	Back Cover
	Adjusted Gross Income . . . . .	29-33
	Adoption Expenses—	
	Credit for . . . . .	16 and 41
	Employer-Provided Benefits for . . . . .	23
	Advance Earned Income Credit Payments . . . . .	41
	Alimony Paid . . . . .	33
	Alimony Received . . . . .	25
	Alternative Minimum Tax . . . . .	37
	Amended Return . . . . .	59
	Amount You Owe . . . . .	57-58
	Annuities . . . . .	25-27
	Archer MSAs . . . . .	32
	At-Risk Rules . . . . .	C-6*, E-1*, and F-6*
	Attachments to the Return . . . . .	58
<b>B</b>	Blindness—Proof of . . . . .	34
	Business Income and Expenses (Schedule C) . . . . .	C-1*
	Business Use of Home . . . . .	A-6*, C-6*, and F-6*
<b>C</b>	Capital Gains and Losses (Schedule D) . . . . .	D-1*
	Capital Gain Distributions . . . . .	24, 25, and D-1*
	Capital Gain Tax Worksheet . . . . .	36
	Casualty and Theft Losses . . . . .	A-5*
	Charity—Gifts to . . . . .	A-4*
	Child and Dependent Care Expenses—	
	Credit for . . . . .	16 and 38
	Child Tax Credits . . . . .	22, 39-40, and 56
	Children of Divorced or Separated Parents . . . . .	22
	Community Property States . . . . .	23
	Contributions To Reduce the Public Debt . . . . .	59
	Corrective Distributions . . . . .	23
	Customer Service Standards . . . . .	8
<b>D</b>	Day-Care Center Expenses . . . . .	38
	Death of a Taxpayer . . . . .	60
	Debt, Gift To Reduce the Public . . . . .	59
	Dependent Care Benefits . . . . .	23
	Dependents—	
	Exemptions for . . . . .	22
	Standard Deduction . . . . .	34
	Who Can Be Claimed as . . . . .	22
	Direct Deposit of Refund . . . . .	56-57
	Disclosure, Privacy Act, and Paperwork Reduction Act Notice . . . . .	76
	Dividends—	
	Nominee . . . . .	B-2*
	Other Distributions . . . . .	24
	Divorced or Separated Parents—Children of . . . . .	22
	Donations . . . . .	A-4*
	Dual-Status Aliens . . . . .	17
<b>E</b>	Earned Income Credit (EIC) . . . . .	16 and 43-55
	Education—	
	Credits . . . . .	16, 38, and A-6*
	Expenses . . . . .	16, 31-32, 38, and A-6*
	Recapture of Education Credits . . . . .	36
	Savings Accounts . . . . .	16, 29, and 41
	Educator Expenses . . . . .	16 and 29
	Elderly Persons—	
	Expenses for Care of . . . . .	38
	Credit for . . . . .	38
	Standard Deduction . . . . .	35
	Electronic Filing ( <i>e-file</i> ) . . . . .	3-5
	Employee Business Expenses . . . . .	A-1* and A-5*
	Estates and Trusts . . . . .	E-6*
	Estimated Tax . . . . .	42, 57-58, and 59
	Excess Salary Deferrals . . . . .	23
	Excess Social Security and Tier 1 RRTA Tax Withheld . . . . .	56
	Exemptions . . . . .	21-22
	Extension of Time To File . . . . .	17 and 56
<b>F</b>	Farm Income and Expenses (Schedule F) . . . . .	F-1*
	Farm Income Averaging (Schedule J) . . . . .	J-1*
	Filing Requirements . . . . .	17-18
	Filing Status . . . . .	21
	Foreign Accounts and Trusts . . . . .	B-2*
	Foreign-Source Income . . . . .	22
	Foreign Tax Credit . . . . .	38
	Form W-2 . . . . .	23
	Forms W-2, 1098, and 1099—Where To Report Certain Items From . . . . .	19-20
	Forms—How To Get . . . . .	9
<b>G</b>	Gambling . . . . .	29 and A-6*
	Gifts to Charity . . . . .	A-4*
	Golden Parachute Payments . . . . .	42
	Group-Term Life Insurance—Uncollected Tax on . . . . .	42
<b>H</b>	Head of Household . . . . .	21
	Health Insurance Credit for Eligible Recipients . . . . .	16
	Health Insurance Deduction—Self-Employed . . . . .	33
	Help With Unresolved Tax Issues . . . . .	8
	Home—Sale of . . . . .	D-1*
	Household Employment Taxes . . . . .	41
<b>I</b>	Income . . . . .	22-29
	Income Tax Withholding (Federal) . . . . .	42 and 59
	Individual Retirement Arrangements (IRAs)—	
	Contributions to (line 24) . . . . .	16 and 29-31
	Credit for Contributions to . . . . .	16 and 38
	Distributions from (lines 15a and 15b) . . . . .	25
	Nondeductible Contributions to . . . . .	25, 29-31
	Injured Spouse Claim . . . . .	56
	Innocent Spouse Relief . . . . .	59
	Installment Payments . . . . .	15 and 57
	Interest—	
	Late Payment of Tax . . . . .	60
	Penalty on Early Withdrawal of Savings . . . . .	33
	Interest Income—	
	Exclusion of Savings Bond Interest . . . . .	B-1*
	Nominee . . . . .	B-1*
	Taxable . . . . .	23 and B-1*
	Tax-Exempt . . . . .	23 and B-1*
	Interest You Paid . . . . .	A-3*
	Itemized Deductions or Standard Deduction . . . . .	34-35
<b>K</b>	Kidnapped Child—Parent of . . . . .	60
<b>L</b>	Line Instructions for Form 1040 . . . . .	21-58
	Long-Term Care Insurance . . . . .	33 and A-1*
	Lump-Sum Distributions . . . . .	27
<b>M</b>	Medical and Dental Expenses . . . . .	A-1*
	MSAs—Archer . . . . .	32
	Mileage Rates, Standard . . . . .	16, A-1*, A-4*, and C-3*
	Miscellaneous Itemized Deductions . . . . .	A-5* and A-6*
	Mortgage Interest Credit . . . . .	41 and A-3*
	Moving Expenses . . . . .	32
<b>N</b>	Name Change . . . . .	21 and 59
	National Debt—Gift To Reduce the . . . . .	59
	Nonresident Alien . . . . .	17 and 21
<b>O</b>	Order Blank for Forms and Publications . . . . .	61
	Original Issue Discount (OID) . . . . .	B-1*
	Other Income . . . . .	29
	Other Taxes . . . . .	41-42
<b>P</b>	Partnerships . . . . .	E-5*
	Partnership Expenses—Unreimbursed . . . . .	E-5*
	Passive Activity—	
	Losses . . . . .	C-3*, E-1*, and F-2*
	Material Participation . . . . .	C-2* and F-2*
	Payments . . . . .	42-56
	Penalty—	
	Early Withdrawal of Savings . . . . .	33
	Estimated Tax . . . . .	57-58
	Frivolous Return . . . . .	60
	Late Filing . . . . .	60
	Late Payment . . . . .	60
	Other . . . . .	60
	Pensions and Annuities . . . . .	25-27
	Presidential Election \$3 Check-Off . . . . .	21
	Private Delivery Services . . . . .	20
	Public Debt—Gift To Reduce the . . . . .	59
	Publications—How To Get . . . . .	9
<b>Q</b>	Qualified Retirement Plans—Deduction for . . . . .	33
	Qualified Tuition Program Earnings . . . . .	16, 20, and 29
<b>R</b>	Railroad Retirement Benefits—	
	Treated as a Pension . . . . .	26
	Treated as Social Security . . . . .	27
	Records—How Long To Keep . . . . .	59
	Refund . . . . .	56-57
	Refund Information . . . . .	13
	Refund Offset . . . . .	56
	Refunds, Credits, or Offsets of State and Local Income Taxes . . . . .	24-25
	Rental Income and Expenses (Schedule E) . . . . .	E-2*
	Retirement Plan Deduction—Self-Employed . . . . .	33
	Retirement Savings Contributions Credit . . . . .	16 and 38
	Rights of Taxpayers . . . . .	59
	Rollovers . . . . .	25 and 27
	Roth IRAs . . . . .	25 and 29
	Rounding Off to Whole Dollars . . . . .	23
	Royalties . . . . .	E-3*
<b>S</b>	Sale of Home . . . . .	D-1*
	Scholarship and Fellowship Grants . . . . .	23
	S Corporations . . . . .	E-5*
	Self-Employment Tax—	
	Income Subject to . . . . .	SE-2*
	Deduction for One-Half of . . . . .	32
	Signing Your Return . . . . .	58
	Social Security and Equivalent Railroad Retirement Benefits . . . . .	27-28
	Social Security Number . . . . .	21 and 59
	Standard Deduction or Itemized Deductions . . . . .	34-35
	State and Local Income Taxes—Taxable Refunds, Credits, or Offsets of . . . . .	24-25
	Statutory Employees . . . . .	23, C-3*, and C-6*
	Student Loan Interest Deduction . . . . .	16 and 31-32
<b>T</b>	Tax and Credits . . . . .	34-42
	Figured by the IRS . . . . .	36, 38, and 45
	Other Taxes—	
	Alternative Minimum Tax . . . . .	37
	Lump-Sum Distributions . . . . .	27
	IRAs and Other Tax-Favored Accounts . . . . .	41
	Recapture . . . . .	42
	Section 72(m)(5) . . . . .	42
	Self-Employment Tax . . . . .	SE-1*
	Tax Rate Schedules . . . . .	75
	Tax Table . . . . .	63-74
	Taxes You Paid . . . . .	A-2*
	Taxpayer Advocate—Office of . . . . .	8
	Teachers—Deduction for . . . . .	16 and 29
	Telephone Assistance—	
	Federal Tax Information . . . . .	13-15
	TeleTax Information . . . . .	13-14
	Third Party Designee . . . . .	58
	Tip Income . . . . .	23 and 41
	Tips Reported to Employer—Uncollected Tax on . . . . .	42
	Trusts—Foreign . . . . .	B-2*
	Tuition and Fees Deduction . . . . .	16 and 32
	Tuition Program Earnings . . . . .	16, 20, and 29
<b>U</b>	Unemployment Compensation . . . . .	27
	U.S. Citizens and Resident Aliens (Living Abroad) . . . . .	17 and 22
<b>W</b>	What if You Cannot Pay? . . . . .	15 and 57
	When Should You File? . . . . .	17
	Where Do You File? . . . . .	17 and Back Cover
	Who Must File . . . . .	17-18
	Who Should File . . . . .	17
	Widows and Widowers, Qualifying . . . . .	21
	Winnings—Prizes, Gambling, and Lotteries (Other Income) . . . . .	29
	Withholding—Federal Income Tax . . . . .	42 and 59