

Index

Symbols

5% owners, 262
12b-1 funds, 874
401(k) plans, 136, 239-240, 254, 257-258, 261
403(b) plans, 239, 254, 257, 261
457(b) plans, 239, 240, 254, 257

A

Abandonment of home, 387
Academic periods, 791
Accelerated Cost Recovery System (ACRS), 230
Accelerated death benefits, 286, 929
Accidental death benefits, 132
Accountable plans, 667-669
Accounting methods, 21-24, 230, 847-849
Accounting periods, 21, 49, 128
Account statements, 35
Accreditation fees, professional, 715
Accrual method, 24, 170, 187, 848
Accrued leave payment, 127, 144
Accuracy-related penalties, 41-42
Acknowledgment of charity, 601-602
Acquisition indebtedness, 552
ACRS (Accelerated Cost Recovery System), 230
Active participation, rental real estate activity, 232
Additional child tax credit, 787, 788
Address, change of, 4, 37, 113
Adjusted basis, 324-327, 351, 386, 388-390, 619, 629, 882, 884, 888
Adjusted gross income (AGI):
earned income credit, 818-819
education-related adjustments, 478-487
IRS e-file and, 14
itemized deductions, 550, 575, 718
limits, 52
medical and dental expenses, 514, 516-517
moving expenses, 488
phaseout of exemptions, 87-88
reporting educational expenses, 691
Self-Select PIN and, 14
tuition, 680
Adjusted qualified higher educational expenses, 177
Administrators, 8, 140, 922
Adoption:
credits, 121, 787, 803-804, 822
employer-provided benefits, 130-131
exception for personal exemptions, 64
expenses, 713, 804
medical and dental expenses of, 518
as qualifying child for exemptions, 65
as qualifying relative for exemptions, 76
without social security numbers, 88
Adoption taxpayer identification number (ATIN), 4, 25, 88, 759
ADR (American Depository Receipt), 192
Advance commissions, 124-125
Advance payment of income, 24, 124-125
Advance rent, 214-215
Affordable Care Act (ACA), 979-985. *See also* Net investment income tax (NIIT)
additional taxes, 280, 304, 306, 314, 875
dividends, 191, 201
Medicare tax, 90, 91, 736
pensions, 102
wages and income, 122, 153, 213
AFTC (Armed Forces Tax Council), 17
Age test, 65, 822
AGI, *See* Adjusted gross income
Airline employees, 328
Alaska permanent fund dividends, 208, 300, 566
Aliens:
alien status waiver, 142
child and dependent care credit, 765
credit for elderly or disabled, 777
dual-status, 916-918
earned income credit, 819-820
estimated tax, 108
filing requirements, 10
foreign nationals who become U.S. residents, 919
joint returns for married couples, 51
nonresident, 918-919
resident, 914-918
spouses filing under head of household status, 54
taxpayer identification number for, 4
without social security numbers, 88
Alimony, 301, 464-477
Allocated tips, 153-156
Allocating basis, 330
Allocation of interest, 564, 570-572
Allowances, 125, 667
Alternative fuel vehicle refueling property credit, 805
Alternative minimum tax (AMT), 730-736
adjustments and tax preference items, 732-736
capital gain rates, 419-420
for children, 752-753
depreciable property, 229
divorce and, 47
figuring, 725-726
home equity loan interest and, 551
medical expenses, 516, 521
more information, 736
mutual funds, 878
overview, 730
refund of credit, expiration of, 726, 734
standard deduction versus itemizing, 508-509, 511
stock sales and, 372
Alternative motor vehicle credit, 804-805
Alternative trade adjustment assistance (ATAA), 297, 813
Amended returns, 37-40
American Depository Receipt (ADR), 192
American opportunity credit, 64, 71, 789, 792
American Taxpayer Relief Act of 2012 (ATRA), 90, 121-122, 137, 157, 191, 280, 977
and capital gains, 407
child tax credit, 786
contributions, 575
estate tax, 939
itemized deductions, 536
limit on itemized deductions, 713
long-term capital gains, 403-404
and mortgage debt forgiveness, 383
stock sales and, 342, 372
student loan interest deduction, 478-479
work-related education expense deduction, 680
Amount realized, 386-387
AMT, *See* Alternative minimum tax
Annual wage, guaranteed, 297
Annuities, 238-265
cost, 245-246
defined, 257
designated Roth accounts, 239-240, 245
disability pensions, 240
early distributions tax, 259
earned income credit, 831
estimated tax, 241
excess accumulation tax, 262-265
foreign employment contributions, 246
General Rule, 247-248
how to report, 245
joint return, 245
loans, 241
lump-sum distributions, 249-251
more than one program, 240, 245
nonperiodic payments taxation, 249-251
overview, 238-239
periodic payments taxation, 246-248
purchased, 241
qualified plans for self-employed individuals, 241
railroad retirement benefits, 240
retired public safety officers, 240
rollovers, 252-259
sale of, 371
section 457 deferred compensation plans, 240
Simplified Method, 246-248

starting dates and distribution, 247-248
survivors, 265
taxes on payments, 180
tax-free exchange, 245
trades of, 357
unrecovered investment in, 712
withholding, 101-105, 241
Annuity contracts, interest on, 168
Annulments, 47, 475
Appeals, audits, 961-962, 969-973
Appraisals, 351, 523, 588, 616, 619
Archer MSAs (Archer Medical Savings Accounts), 129, 311, 931
Armed Forces, *See* Military personnel
Armed Forces Tax Council (AFTC), 17
Artists, 675, 692, 864
Assumption of mortgage, 322
ATAA (alternative trade adjustment assistance), 297, 813
ATIN, *See* Adoption taxpayer identification number
At-risk limitations, 314-315
At-risk rules, 231, 287-288
Attachments, 26
Audits, 961-975
appeals, 961-962, 969-973
collections, 961-962, 973
confidentiality, 960
correspondence audit, 966
discriminant function system, 963-964
document-matching program, 965-966
economic reality audits, 966
examination of returns, 963-969
examiner's authority, 968
explanation of changes, 968
fairness if return is examined, 963
interview, 961-962
IRS declaration of taxpayer rights, 960-961
litigation expenses, 972-973
mail, 961
market segmentation specialization program, 964-965
office audit, 966-967
overview, 960, 962
partnerships, 971
past-due taxes, 974-975
payment of correct amount, 961
privacy, 960
professional and courteous service, 960-961
refunds, 961-962, 973-974
relief from penalties and interest, 961
repeat examinations, 962, 967-968
representation, 961, 967, 970
S corporations, 971
third party contacts, 973
transfer to another district, 967
verification methods, 965-966
who gets audited, 962-963
written protest, 970
Authors, 864
Automatic extensions, 4, 18
Automatic investment services, 338-339, 374
Automobile expenses, *See* Cars and car expenses
Average basis:
capital gains, 413-414
mutual funds, 882, 885-887
Awards, 126, 167, 301-302, 311-312

B

Babysitting, 124, 896
Back pay awards, 125
Backup withholding, 106, 115, 162, 195
Bad check penalty, 43
Bad debt, 375-380, 851-852
Balance due, figuring, 729
Bankruptcy, 321, 370-373
Bargain sales, 328, 595
Bar review courses, 686
Bartering, 281

- Basis, 321-341
 adjusted, 324-327
 capital gains, 413-414
 cost, 322-324
 costs that increase, 324-326
 decreases to, 326
 determining for home sale, 388-390
 figuring received, 355
 inherited property, 333-335
 involuntary conversions, 329-330
 mutual funds, 879, 881-887
 nontaxable exchanges, 330-331
 overview, 321
 partnerships, 287-288
 property changed from personal to business or rental use, 335-336
 property received as gift, 331-333
 property received for services, 327-328
 property transferred from a spouse, 331
 recordkeeping, 33, 34
 replacement property, 381
 required in bad debt, 375
 S corporation, 289-290
 stocks and bonds, 205, 206, 336-341, 978
 taxable exchanges, 329
- Bearer CDs, 186
- Below-market loans, 168-170
- Beneficiaries of estates or trusts, 161, 195, 303, 941
- Bicycle commuting, qualified, 134, 633
- Birth of child, 58, 66-67, 76, 758, 824
- Blind taxpayers, 98, 508-509, 512
- Bona fide loans, 377
- Bonds, 336-341. *See also* Savings bonds
 amortizable premium on taxable, 710-711
 basis of, 322
 capital assets, 360-364
 convertible, 347, 355
 determining if decedent or estate should redeem, 174-175
 gift to child, interest reporting responsibility, 174
 identifying sold, 336-337
 interest, 160
 market discount, 186
 municipal, 77, 180-181, 538
 mutual fund shares, 338
 OID on debt instruments, 338
 overview, 336
 premiums, 338, 573
 retirement, 254
 Series E, Series EE, and Series I, 160
 sold between interest dates, 179-180
 state issued, 180-182
 stripped coupon, 183
 traded flat, 168
 zero-coupon, 184-185
- Bonuses, 126, 312
- Breach of employment contract, damages for, 697
- Breast-feeding supplies, 515
- Bribes, 301
- Brokers' commissions, 429, 432
- Bureau of Justice Assistance payments, 318
- Burglar alarms, 618
- Bush tax cuts, 280
- Business bad debts, 377-378, 696
- Business days, 643
- Business interest expense, 570
- Business-producing property, 615, 624
- Business property, 475
- C**
- Cafeteria plans, 143, 524
- Calendar tax year, 847
- Calendar year, 21
- Camp, cost of sending children to, 763
- Campaigns, 301, 713
- Canada, children in, 75
- Canceled debt, 281-284
- Canceling leases, payment for, 215
- Capital assets, 360-364
- Capital expenditures, 851
- Capital expenses, 82-83, 522, 523
- Capital gains and losses, 359-381
 in 2013, 137
 capital and noncapital assets, 360-364
 capital asset treatment for self-created musical works, 361-362
 capital or ordinary gain or loss, 360
 carryovers, 416-417, 890-891
 character of gain or loss, 359
 deposit in insolvent or bankrupt financial institution, 370-373
 discounted debt instruments, 362-370
 holding period, 373-375
 investment property, 361
 limit on deduction, 416
 municipal bonds, 180-181
 nonbusiness bad debts, 375-380
 overview, 359, 416
 personal use property, 361
 reporting, 205, 406-421
 rollover of gain from publicly traded securities, 381
 small business, 978
 tax rates, 417-421
 treatment on taxable part of lump-sum distributions, 251
 undistributed capital gains, 204, 811, 878, 883
 wash sales, 380
- Capital gain distributions, 203-204, 566, 745, 877-878
- Capital gain property, 575, 593-593
- Capitalized interest, 481
- Car allowances, 669-671
- Cars and car expenses, 656-661
 advertising display on, 655
 charitable contribution deductions, 585, 589, 592, 604
 commuter highway, 134
 deducting, 497, 527
 license fees, 548
 losses, 618
 plug-in electric vehicle credit, 805, 809
 reporting, 673
 sales taxes on, 659
 self-employed persons, 852
 transportation to school, 637-688
- Car pools, 301, 655
- Carryovers, 416-417, 590-599, 890-891
- Carryover basis rules, 334
- Cash, 352, 600-602, 621
- Cash method, 21, 24, 171, 186-187, 848
- Cash rebates, 301
- Casualty and theft losses, 326, 605-629
 adjusted basis, 619
 business property, 859
 casualty, 607-610
 decrease in fair market value, 616-618
 deductions, 623-626, 708
 gain from reimbursement, 615
 of income-producing property, 711
 insurance and other reimbursements, 301, 619-622
 leased property, 615
 loss on deposits, 612-613
 overview, 605-607
 proof of loss, 613-614
 reporting gains and losses, 627-629
 single casualty on multiple properties, 622-623
 theft, 610-611
- Catch-up contributions, 136
- C corporations, 193
- Cell phones, employer-provided, 897
- Certificates of deposit (CDs), 165-166, 185-186
- Certified public accountant (CPA), 686
- Chambers of commerce, dues to, 698
- Charitable contributions. *See* Contributions, charitable
- Charitable remainder trusts, 591
- Charity benefit events, 581-582
- Checks, 23, 113, 595, 664
- Child and dependent care credit, 755-775
 amount of, 770-771
 dollar limit, 769-770
 earned income limit, 768-769
 earned income test, 759-760
 employment taxes for household employers, 772-773
 figuring, 765-771
 how to claim, 771
 joint return test, 764
- overview, 756, 765
 provider identification test, 764-765
 qualifying person test, 758-759
 work-related expenses, 760-768
- Child born alive exemption, 67
- Child care expenses, 83
- Childcare providers, 124
- Children. *See also* Adoption; Investment income
 birth of, 58, 66-67, 76, 758, 824
 in Canada or Mexico, 75
 capital asset gifts to, 404-405
 credits for care expenses, 739
 death of, 58, 66-67, 76, 758, 824
 filing requirements for those under age 19, 9
 income from property given to, 163
 kidnapped, 54, 58, 67, 74, 824
 married, 55
 medical and dental expenses of, 518-519
 of person not required to file returns, 74-75
 place of residence and personal exemptions, 64
 qualifying to file as head of household, 55, 56
 school transportation, 313
 social security benefits, 267
- Child support, 86, 301, 470-471
- Child tax credit, 63, 786-788
- Chronically ill individuals, 145, 286
- Church employees, 832
- Civil penalties, 40
- Civil unions, 7, 46
- Claim of right, repayments under, 712
- Clergy, 139-141, 306, 831-832
- Clerical help, 708
- Closing costs on home, 388
- Clothing, 589, 592, 705-706
- Club dues, 647-648, 713
- Coins, 361, 450
- Collectibles, 419, 450
- College professors, research expenses of, 705
- Combat zone, 4, 20, 820
- Combined penalties, 40
- Commodity futures, 367
- Common-law employees, 856
- Common-law marriage, 61
- Community income, 7
- Community property, 335, 429, 768-769, 821, 952
- Community property states, 53, 876
- Commuting expenses, 655, 713-714
- Compensatory damages, 299
- Complex trust, 303
- Computers, depreciation on, 697-698, 708
- Condemnations, 167, 356, 392-393, 401
- Condominiums, 214
- Conservation reserve program (CRP) payments, 821
- Conservator, court-appointed, 27
- Constructive receipt, 124
- Constructive receipt, of income, 22, 23
- Consumer Product Safety Commission (CPSC), 610
- Contract price, 347
- Contributions, charitable, 574-604
 of \$250 or more, 600
 acknowledgment of, 601-602
 amount of, 601
 appraisal fees, 588
 athletic events, 581
 benefits received, 581-583
 boats, 592
 capital gain property, 575
 car expenses, 585, 604
 cash, 600-602
 charity benefit events, 581-582
 clothing and household items, 589, 592
 conventions, 583-584
 deductions, 578-585, 589, 596-598, 946
 exceptions, 589-590
 expenses paid for students, 583
 fair market value, 578-579, 582, 591-592
 foreign charitable organizations, 577
 foster parents, 584
 future interests in tangible personal property, 591
 how to report, 604
 to individuals, 586
 intellectual property, 580
 large quantities, 592

- Contributions, charitable (*continued*)
- membership fees or dues, 582
 - noncash, 602-603
 - nondeductible, 586-587
 - to nonqualified organizations, 586-587
 - out-of-pocket expenses, 583-585, 603-604
 - overview, 574-576, 588
 - partial interest in property, 590-591
 - payroll deductions, 600
 - personal expenses, 588
 - political, 715
 - property, 588-592
 - property that has decreased in value, 592
 - property that has increased in value, 592-594
 - qualified organizations, 576-577
 - recordkeeping, 599-604
 - relief fund, 716
 - to state benefit funds, 539-540
 - stock, 338
 - taxpayer benefit from, 587-588
 - time or services, 575, 587
 - token items, 582
 - travel expenses, 585
 - uniforms, 584
 - vehicles, 575, 579-580, 589, 592
 - voluntary unemployment benefit fund, 716
 - volunteer work, 584
 - written statements, 582-583
- Controlled substances, 515
- Conventions, 583-584, 643-644, 690
- Conversions, IRA, 459-461
- Convertible stocks and bonds, 347, 355
- Cooperative apartments, 214, 392
- Cooperative housing corporation, 543
- Copyrights, 295, 370
- Corporate director, 305
- Corporate reorganizations, 347, 355
- Corporations, 193, 288-290, 377, 709. *See also specific types, e.g.:* S corporations
- Correspondence audits, 966
- Corrosive drywall, damage from, 610
- Cost basis, 322-324, 388, 437, 885
- Cost-of-living allowances, 126
- Coupon bonds, 187
- Court:
- awards and damages, 301-302
 - suing for refund in, 39
- Cousins, as qualifying relative for exemptions, 76
- Coverdell education savings accounts, 485
- Coverdell education savings accounts (ESAs), 729, 931
- Covered call options, 366
- Co-workers, lunches with, 715
- CPA (certified public accountant), 686
- CPSC (Consumer Product Safety Commission), 610
- Credits, 801-836. *See also* Disabled, credit for; Earned income credit (EIC); Elderly, credit for
- for 2013 withholding, 113-117
 - adoption, 803-804
 - alternative fuel vehicle refueling property, 805
 - alternative motor vehicle, 804-805
 - for child and dependent care expenses, 739
 - child tax credit, 63, 786-788
 - education, 483, 789-800
 - figuring, 728
 - first-time homebuyer credit, 811-812
 - foreign tax, 806-807, 879
 - health coverage tax, 813-814
 - to holders of tax credit bonds, 805-806
 - limits on passive activity deductions and, 232
 - mortgage interest, 556, 807-808
 - nonrefundable, 803-811
 - overview, 801-803
 - plug-in electric vehicle, 809
 - prior year minimum tax, 808
 - railroad retirement tax overpaid, 814-816
 - refundable, 811-816
 - residential energy credits, 809-810
 - retirement savings contributions, 809-810
 - social security tax overpaid, 814-816
 - state or local income taxes, 540
 - undistributed capital gain tax, 811
- Credit cards, 18, 29, 302, 595, 708
- Criminal penalties, 43
- CRP (conservation reserve program) payments, 821
- Cruises, 690
- Crummey trust, 947
- Cumulative wage method, 96
- Custodial gifts, 946-947
- Custodial parent, 67, 85-86
-
- D**
- Daily allowance (per diem) charitable services, 585
- Daily tip records, 148-149
- Damages, 301-302, 531, 697
- Daycare facilities, 860-861
- Daycare providers, 700-702
- Death of child, 58, 66-67, 76, 758, 824
- Death of spouse, 62, 764, 829
- Death taxes, 951
- Debit cards, 18, 708
- Debt, 363-364
- bad, 375-380, 851-852
 - calculating amount realized, 352
 - canceled, 281-284
 - excluded, 283-284
 - gift to reduce debt held by public, 31
 - stockholder, 283
- Decedents, 921-937
- accelerated death benefits, 929
 - administrators, 922, 933
 - Archer MSA contributions, 931, 936
 - armed forces, 935
 - beneficiaries of traditional IRA of, 446
 - capital losses, 891
 - Coverdell ESAs, 931, 935-936
 - deduction for losses, 932
 - deductions in respect, 936
 - due date for returns, 18
 - estate tax, 936-937
 - estimated tax, 932
 - executors, 922, 933
 - federal estate tax on income in respect of, 711
 - filing requirements, 8
 - final returns, 923-932
 - gifts, 933
 - inheritance, 933
 - joint returns, 927, 933
 - medical and dental expenses of, 519
 - moving expenses deduction for survivors who were living abroad, 496-497
 - net operating losses, 932
 - overview, 921-922
 - partnership income, 929
 - payments of alimony after death of recipient spouse, 469-470
 - personal representatives, 8, 305, 922-923
 - property inherited from, 333-335
 - recordkeeping, 937
 - reporting interest income on bonds of, 174-175
 - Roth IRA, 935-936
 - S corporation income, 930
 - self-employment income, 930-931
 - standard deduction on final return, 508
 - survivors, 933, 936
 - tax effect on others, 932-937
 - third party designees, 925
 - unrecovered investment in pension, 932
- Deductions, 60, 535-549, 693-717
- accelerating, 22
 - alimony, 465, 472, 473-474
 - bad debt, 379
 - casualty losses, 607-610
 - charitable contributions, 578-585
 - contributions, 436
 - deferring, 22
 - estate taxes, 941
 - expenses incurred earning interest income, 159
 - foreign income taxes, 541
 - general sales taxes, 542
 - investment income of children, 744
 - IRA contributions, 432-436
 - itemized, 291-293, 550, 576
 - mortgage and household costs on home owned by former spouse following divorce or separation, 465-466
 - nondeductible expenses, 712-717
 - nondeductible taxes and fees, 548-549
 - not subject to 2% limit, 710-712
 - personal property taxes, 548, 549
 - real estate taxes, 542-548
 - reduced home mortgage interest, 808
 - related to social security and railroad retirement benefits, 276-278
 - section 179, 326-327, 659, 978
 - self-employed persons, 862
 - self-employment tax, 10, 549
 - smoking-cessation programs, 515
 - standard, 507-513
 - state and local income taxes, 536, 537
 - subject to 2% limit, 694-710
 - tests to deduct any tax, 537
 - tuition, 86-87
 - weight-loss programs, 515-516
 - work-related education expenses, 687-691
 - worthless securities, 345-346
- Deductions and Adjustments Worksheet, 95
- Defense of Marriage Act (DOMA), 760
- Deferrals, limits on, 136
- Deferred annuity contracts, 259
- Deferred compensation plans, 831
- Deferred interest accounts, 165-166
- Deficiency notice, IRS, 196, 202
- Defined contribution plan, 433
- Defined employer benefit plan, 433
- Demand loans, 169-170
- De minimis* OID, 182
- Dental expenses, *See* Medical and dental expenses
- Department of Housing and Urban Development (HUD), 610
- Dependents, 62-87. *See also* Child and dependent care credit; Qualifying relative
- Armed Forces moving expenses deduction, 495-496
 - child's place of residence, 64
 - child tax credit, 63
 - citizen or resident test, 64
 - disabled, 78
 - education expenses, 486, 791
 - exception for adopted child, 64
 - filing requirements for, 6-9
 - foreign students' place of residence, 64
 - housekeepers, maids, or servants, 62
 - joint return test, 63-64
 - medical and dental expenses of, 518-519
 - overview, 62
 - paying medical expenses of deceased, 519
 - personal exemptions, 60-61
 - qualifying child, 64-74
 - qualifying relative, 74-87
 - qualifying widow(er) with dependent child, 46-47, 57-58
 - social security number of, 24, 88
 - standard deductions, 510, 513
 - taxpayer test, 63
 - U.S. national, 64
 - work-related payments for, 764
- Depletion allowance, 295
- Deposits, 370-373, 612-613, 709
- Depreciable property, gain on sale or trade of, 358
- Depreciation, 229-231
- alternative minimum tax, 229
 - assets of self-employed persons, 852-854
 - basis for, 331, 335-336
 - cars, 659
 - claiming correct amount of depreciation, 229-230
 - computers, 697-698, 708
 - defined, 213
 - gain from disposition, 231
 - home sale and deductions for, 398
 - land, 230
 - more information, 230
 - overview, 229
 - property, 326-327
 - rental property, 213, 217
 - special allowance, 978
- Differential wage payments, 94, 126, 142
- Difficulty-of-care payments, 307
- Direct deposit refunds, 4, 13, 14, 28, 432
- Direct expenses, 858

- Direct rollovers, 102-104, 253, 255-256
 - Disability, individuals with:
 - dependent care expenses, 527-528
 - exceptions to ownership and use tests, 392
 - impairment-related work expenses of, 675-676
 - public assistance benefits, 297
 - qualifying child for exemptions, 66
 - Disability benefits, 299, 821
 - Disability income, 780
 - Disability payments, 123-124, 276, 821
 - conditions for exclusion, 144
 - deduction for repaid, 267, 276-278
 - due to terrorist attack, 318
 - Disability pensions, 144, 240
 - Disabled, credit for, 739, 776-785
 - under age 65, 777, 778
 - disability income, 780-781
 - eligibility, 777-781
 - exceptions, 777
 - figured by IRS, 781
 - figuring, 781-785
 - head of household, 778
 - income limits, 780
 - married persons, 777-778
 - overview, 776
 - permanent and total disability, 778-779
 - physician's statement, 779-780
 - qualified individuals, 777-781
 - U.S. citizen or resident alien, 777
 - Disaster areas:
 - losses, 627-628
 - replacement period, 329
 - Disaster mitigation payments, 280-281, 298
 - Disaster relief, 280-281, 297-298, 620
 - Disclosure, 41, 42
 - Discounted debt instruments, 362-370
 - notes of individuals, 364
 - overview, 362
 - short-term government obligations, 362
 - short-term nongovernment obligations, 362
 - tax-exempt state and local government bonds, 362-363
 - Discounted mortgage loan, 282
 - Discriminant function system, 963-964
 - Dishonored payment penalty, 29
 - Dislocation allowance, military personnel, 496
 - Disregard, 41
 - Distance test, moving expenses, 489-492
 - Distributed capital gains, 203-204
 - Distributions:
 - defined, 193
 - early distributions tax, 259-262
 - involuntary, 250
 - mutual funds, 875-880, 889
 - nondividend in mutual funds, 878-879
 - rolling over, 249
 - Dividends, 190-193
 - Alaska permanent fund, 208
 - backup withholding, 195
 - basis adjustment, 205
 - beneficiaries of estates or trusts, 195
 - capital gain distributions, 203-204
 - distributions of stock and stock rights, 205-207
 - exempt-interest, 164-165, 207-208
 - expenses related to, 210-211
 - forms, 196-197, 209-210
 - how to report, 209-212
 - insurance policies, 208
 - interest on insurance, 166
 - interest on VA, 165
 - liquidating distributions, 205
 - money market funds, 203
 - mutual funds, 877
 - ordinary, 198-203
 - overview, 190-193
 - patronage dividends, 208
 - qualified, 190, 198-199
 - received in January, 197
 - social security number, 195
 - stock certificate in two or more names, 195-196
 - on stock sold, 197
 - tax on investment income of certain children, 194
 - that are actually interest, 165
 - used to buy more stock, 201-203
 - veterans' insurance, 208
 - Dividend reinvestment plans (DRPs), 190, 201-203, 337, 338-339, 710
 - Divorce decree, 68-69, 86
 - Divorced taxpayers, 46, 47, 50
 - child and dependent care credit, 759
 - with children with investment income, 743
 - earned income credit, 827-828
 - estimated tax credit for 2013, 116-117
 - exemptions when filing, 62
 - home mortgage interest deduction, 556
 - IRA transfers incident to, 442
 - medical and dental expenses of children, 518-519
 - qualifying child of, 67-69, 73-74
 - support test for children of, 85-87
 - tax deductions, 546
 - use of home after, 394
 - Documentary evidence of employee expenses, 663-664
 - Document-matching program, 23, 965-966
 - Dollar limit, work-related expenses for child and dependent care credit, 769-770
 - Domestic help, See Household employees
 - Domestic partners, 7
 - Donation of use of property, 226
 - Double-category method, 885
 - Down payment assistance, 302
 - Drought, 608
 - DRPs, See Dividend reinvestment plans
 - Dual-status aliens, 10, 51, 916-918
 - Due dates, filing, 39
 - Dwelling units, 222-225
-
- E**
- Early distributions, 259-262, 444, 452-454, 451
 - Earned income, 750, 768-769, 820
 - Earned income advance payment, 899
 - Earned income credit (EIC), 816-836
 - adjusted gross income, 818-819
 - age limits, 829
 - community property, 821
 - conservation reserve program payments, 821
 - dependents of others, 829-830
 - disability benefits, 821
 - disability insurance payments, 821
 - earned income, 820
 - figuring, 831-832
 - filing, 739
 - forms, 819-821, 832-836
 - household employees, 899
 - improper claim made in prior year, 818
 - increase in earned income amount, 816-817
 - inmate earnings, 821
 - investment income limit, 820
 - married filing separately status, 819
 - nontaxable combat pay election, 820
 - nontaxable military pay, 822
 - overview, 816-817
 - qualifying child, 818, 822-828
 - residence in United States, 830-831
 - Schedule EIC, 832, 833
 - self-employed persons, 820
 - social security number, 819
 - statutory employees, 820
 - taxpayer cannot be qualifying child of another person, 830
 - U.S. citizen or resident alien all year, 819-820
 - wages, salaries, and tips, 820
 - workfare payments, 821
 - worksheet for, 832, 834, 835
 - Earned income test, 759-760
 - Earthquakes, 608, 609
 - Easements, 327, 346
 - Economic reality audits, 966
 - Educational expenses, 444, 793
 - Educational institutions, 177, 791
 - Education credits, 86-87, 789-800
 - academic period, 791
 - dependent's expenses, 791
 - double benefit, 793
 - eligibility for, 790-791
 - overview, 789-790
 - paid with borrowed funds, 793
 - qualified education expenses, 792-800
 - refunds, 794
 - student withdrawal from class, 793
 - tax-free educational assistance, 794
 - Education loans, 283, 569
 - Education-related AGI adjustments, 478-487
 - Education Savings Bond Program, 158, 177-178
 - Education savings bonds, 158
 - Educator expenses, 480, 487, 698
 - E-filing, 4, 12-18, 953-959
 - EFTPS (Electronic Federal Tax Payment System), 18
 - EHLP (Emergency Homeowners' Loan Program), 298
 - EIC, See Earned income credit
 - EIN (employer identification number), 896
 - Elderly, credit for, 739, 776-785
 - under age 65, 777, 778
 - disability income, 780-781
 - eligibility, 777-781
 - exceptions, 777
 - figured by IRS, 781
 - figuring, 781-785
 - head of household, 778
 - income limits, 780
 - married persons, 777-778
 - overview, 776
 - permanent and total disability, 778-779
 - physician's statement, 779-780
 - qualified individuals, 777-781
 - U.S. citizen or resident alien, 777
 - Elective deferrals, 122, 242-244
 - Electronic Federal Tax Payment System (EFTPS), 18
 - Electronic payment options, 113
 - Electronic records, 33
 - Eligible rollover distributions (ERDs), 102-104, 241, 252, 255-256
 - Emancipated child, 68, 85
 - Embezzlement income, 309
 - Emergency disaster fund, 620
 - Emergency Homeowners' Loan Program (EHLP), 298
 - Emotional distress compensation, 302
 - Employee achievement award, 126, 312
 - Employee benefits, 940
 - Employee compensation, 124-139
 - advance commissions and other earnings, 124-125
 - allowances and reimbursements, 125
 - awards, 126
 - bonuses, 126
 - childcare providers, 124
 - differential wage payments, 126
 - Form W-2, 124
 - fringe benefits, 128-135
 - government cost-of-living allowances, 126
 - nonqualified deferred compensation plans, 126-127
 - note received for services, 127
 - overview, 123-124
 - restricted property, 138
 - retirement plan contributions, 135-136
 - severance pay, 127
 - sick pay, 127
 - social security and Medicare taxes paid by employer, 127
 - stock appreciation rights, 128
 - stock options, 137-138
 - Employee expenses, 656-661. See also Household employees
 - car expenses, 656-661
 - education expenses, 691-692
 - entertainment expenses, 644-650
 - gift expenses, 651-652
 - moving expenses, 489-494
 - overview, 630-632
 - recordkeeping, 661-665
 - reporting, 665-678
 - transportation expenses, 652-661
 - travel expenses, 632-644
 - unreimbursed, 695-706
 - Employee stock ownership plan (ESOP), 200
 - Employee stock purchase plans, 138
 - Employers:
 - education required by, 682
 - emergency disaster fund, 620
 - estimated tax credit for 2013, 113-117

- Employers (*continued*)
 figuring amount to withhold, 100
 fringe benefits from two or more, 133
 giving money for taxes, 151-152
 insurance premiums paid by, 529-530
 payment of home by, 385
 social security paid by, 127
 wages from foreign, 141-142
 withholding for, 98, 113
- Employer-designed TRAC (EmTRAC), 151
 Employer identification number (EIN), 896
 Employer-provided cell phones, 897
 Employer-provided meals and lodging, 909
 Employer-provided parking, 658, 979
 Employer retirement plans, 432-433
 Employer-sponsored health insurance plan, 525
 Employer stock bonus plans, 446
 Employment agency fees, 303
 Employment taxes, 772-773, 894-904
 EmTRAC (Employer-designed TRAC), 151
 Endowment contract proceeds, 285-286
 Energy conservation subsidies, 303, 327
 Energy credits:
 potential expiration of, 979
 residential, 809-810
- Entering social security number, 4
 Entertainment expenses, 644-650
 Equal amounts, entering, 25
 Equity interest, 322
 ERDs, See Eligible rollover distributions
 ESAs, See Coverdell education savings accounts
 Escrow, 23, 546
 ESOP (employee stock ownership plan), 200
 Estates, 161, 195, 303-305
 Estate taxes, 938-944
 2010, 375
 beneficiary of estate, 941
 community property, 952
 credits, 941-944
 deduction, 265, 548, 708, 936-937, 941
 employee benefits, 940
 federal estate tax, 939, 944
 generation-skipping transfer tax, 949
 jointly owned property, 940
 life insurance, 940
 raising cash to pay, 951
 real estate, 940
 tangible personal property, 940
 trusts, 949-950
 wills, 939
- Estimated taxes, 106-113
 alimony, 477
 changes for 2014, 92-93
 on child's investment income, 744-745
 credit for, 92, 113-117
 figuring, 109, 112
 how to pay, 112-113
 not required, 106-107
 overview, 90-92, 106-108
 partnerships, 288
 payments, 538
 payment voucher, 113
 required, 107-109
 on retirement plans, pensions, and annuities, 241
 S corporation shareholders, 289
 sick pay, 101
 social security and railroad retirement benefits,
 270, 272
 state, 538
 tax breaks and deductions, 92-93
 underpayment penalty, 92, 117-118
 when to pay, 109-111
 who has to pay, 107-109
- Examination of returns, See Audits
 Excess accumulation, 262-265, 454-455
 Excess deferrals, 136
 Excess insurance reimbursement, 528-530
 Excess IRA contributions, 249, 451-452, 458
 Excess points, 562
 Exchanges, 388, 881
 Excluded debt, 283-284
 Exclusions, 390-396, 767-768
 Exclusion limit, 134, 145, 246
- Ex-dividend date, 192, 197
 Executors, 8, 922
 Exempt-interest dividends, 164-165, 207-208, 878,
 892
 Exemptions, 59-88
 for dependents, 62-87
 overview, 59-60
 personal, 60-61
 phaseout of, 87-88
 social security numbers for dependents, 88
 from withholding, 98-99
- Expatriates, 401
 Expenses. See also *specific types of expenses*
 accounting method, 21-24
 tracking, 32, 34
- Explanation of changes, 968
 Extensions, filing, 18-20, 31
-
- F**
- Fair market value (FMV), 311-312, 332-333, 351,
 591-592, 616-618
 Fair rental price, 81-82, 225
 Family loans, 160
 Farmers, 108, 117
 Farmworkers, 93
 FECA (Federal Employees' Compensation Act), 146, 299
 Federal crime investigations or prosecutions, 637
 Federal Employees' Compensation Act (FECA), 146, 299
 Federal Employee Health Benefits (FEHB) program, 525
 Federal judges, IRA deduction for, 433
 Federal mortgage subsidy, 401-402, 808
 Federal payments, 105-106
 Federal unemployment tax (FUTA), 899-900
 Fee-basis officials, 675, 692
 FEHB (Federal Employee Health Benefits) program, 525
 Fellowships, 313, 484-485, 831
 FIFO (first-in first-out), 885
 Filing information, 3-44
 after filing, 32-37
 choosing form to use, 11-12
 filing requirements, 5-11
 how to prepare return, 20-32
 mistakes on returns, 37-41
 paperless returns, 12-17
 what's new, 4
 when to file, 17-20
 where to file, 37
 who needs to file, 5-11
- Filing status, 8
 head of household, 53-57
 if changes during year, 45
 IRA deductions, 435
 marital status, 46-48
 married filing jointly, 46-51
 married filing separately, 51-53
 qualifying widow(er) with dependent child, 46-47,
 57-58
 single, 48
 when more than one applies, 45
- Final returns, 923-932
 Financially disabled taxpayers, 39
 Fines, 659, 713
 First-in first-out (FIFO), 885
 First-time homebuyer credit, 7, 12, 384, 811-812
 Fiscal tax year, 21, 110, 116, 847
 Fishermen, 108, 117
 5% owners, 262
 Flexible Spending Account (FSA), 123
 FMV, See Fair market value
 Food stamps, 80
 Foreclosure on home, 387
 Foreign bank and financial accounts, 911
 Foreign charitable organizations, 577
 Foreign citizens in U.S., 912-920
 departing from the U.S., 920
 foreign nationals who become U.S. residents, 919
 giving up U.S. residency, 915-916
 green card test, 912
 nonresident aliens, 918-919
 overview, 912
 recordkeeping, 920
 resident aliens, 914-918
 sailing permits, 920
 status, 912-914
 substantial presence test, 912-913
 Foreign corporations, qualified, 199
 Foreign earned income exclusion, 122, 906-908
 Foreign employers, 141-142
 Foreign employment contributions, 246
 Foreign governments, 10, 141-142
 Foreign housing exclusion, 908-909
 Foreign income taxes, 541, 549
 Foreign residence test, 905-906
 Foreign Service, 393
 Foreign tax credit, 806-807, 879, 909-911
 Forgone interest, 168-170
- Forms:
 709, 948-949
 982, 284
 1040, 12, 26, 187-188, 235-237, 270, 281, 300,
 306, 472, 739, 771, 781, 832
 1040A, 11-12, 26, 187, 209-210, 270, 739,
 771, 781
 1040EZ, 112
 1040ES, 11, 26, 739
 1040X, 37-38, 47, 346
 1041, 305
 1045, 629
 1065, 286-288
 1098, 234, 563
 1098-C, 589, 590
 1099, 20, 114-115, 196, 197, 292, 305, 306,
 928, 929
 1099-B, 281, 336, 344, 364, 410, 888
 1099-C, 282
 1099-CAP, 410
 1099-DIV, 190, 196, 204, 208, 209
 1099-G, 290-292, 296, 541
 1099-H, 524
 1099-INT, 163-164, 176, 188-189
 1099-MISC, 196, 305
 1099-OID, 164, 183-184
 1099-R, 115, 262, 448
 1099-S, 386, 410-411, 545
 1116, 191
 1120-POL, 301
 1120S, 288-290
 2106, 672-674, 692
 2106-EZ, 672-674, 692
 2210, 117
 2210-F, 117
 2441, 774-775
 2555, 820
 2555-EZ, 820
 3115, 172
 3903, 500
 4029, 820-821
 4070, 150
 4070A, 148
 4137, 153
 4361, 306, 820-821
 4684, 605, 607, 629
 4868, 4, 18, 19
 4952, 567
 5213, 300
 5329, 265, 455
 8453, 14
 8606, 254, 426, 440, 448
 8615, 160, 194, 750-754
 8814, 161, 194, 195
 8829, 857-861, 871
 8839, 130
 8853, 286
 8889, 130
 8938, 158
 8939, 374
 8949, 405-406, 890
 for exemptions, 61
 File Fillable, 13
 RRB-1099, 266
 SS-4, 310
 SSA-1099, 266-267
 W-2, 20, 26, 114, 115, 124, 129
 W-2c, 115
 W-2G, 105, 114, 308

W-4, 90, 94, 95, 98, 100
W-4P, 103
W-4S, 101
W-4V, 105
W-7, 4
Foster care, 65, 69, 80, 307-308, 584, 822
Found property, 307
401(k) plans, 136, 239-240, 254, 257-258, 261
403(b) plans, 239, 254, 257, 261
457(b) plans, 239, 240, 254, 257
Fractional shares, 206-207
Fraud, 43
Free file fillable forms, 959
Free tour, 307
Fringe benefits, 128-135, 328, 632-633
Frivolous tax submissions, 4, 42-43
Frozen deposits, 168, 310
FSA (Flexible Spending Account), 123
Full retirement age, 278
Full-time students, 9, 66, 744
FUTA (federal unemployment tax), 899-900
Future production sale, 295-296

G

Gains and losses. *See also* Capital gains and losses
capital gain tax rates, 417-421
from casualties or thefts, 627-629
from disposition of depreciable property, 231
figuring on sale of property, 351-353
Form 1099-B transactions, 410
Form 1099-CAP transactions, 410
Form 1099-S transactions, 410-411
home sale, 385-390
installment sales, 409
long-term, 374, 412-415
lot sales, 369-370
mutual funds, 888-891
nominees, 411-412
overview, 403-406
passive activity, 409-410
postponed, 381
qualified small business stock, 372-373
from reimbursement, 615
reporting, 403-422
sale expenses, 412
sale of property bought at various times, 412
short-term, 412
total net gain or loss, 416
Gambling gains and losses, 105, 308, 695-696, 711-712
Game-related student expenses, 486
Gaming Industry Tip Compliance Agreement Program,
152
Garnished wages, 22
Gas, royalties from, 295-296
Gems, 361
General Rule, 239, 247-248, 567-568
General sales taxes, 542
Generation-skipping transfer (GST) taxes, 518, 949
Genuine debt, 377
GI Bill, tuition payments and allowances under, 83
Gifts, 651-652
cash, 620
Crummey trust, 947
custodial, 946-947
as income, 308
to minors, 946-947
mutual fund shares, 883, 889
for opening accounts, 166
outright, 946
present interest trust, 947
property received as, 332-333
qualified tuition programs, 947-948
to reduce debt held by public, 31
tax-free, 944-947
tips and gratuities versus, 150
Totten trust, 947
Gift loans, 169-170
Gift taxes, 548, 944-947
Gold, 361
Golden parachute payments, 728
"Good faith" payment, 31
Government obligations, short-term, 362

Grandfathered debt, 552
Grantor trust, 305
Green card test, 912
Gross income, 6-8, 77, 283
Gross profit, 347
Gross rental income, 228-229
Group-term life insurance, 132-134, 728
GST (generation-skipping transfer) taxes, 518, 949
Guaranteed annual wage, 297
Guaranteed payments in annuity contract, 247

H

Half-time student enrollment, 480
HAMP (home affordable modification program), 298
Handicapped persons, *See* Disability, individuals with
Hardest Hit Fund, 298
Hardship distributions, 255
HDHP (High Deductible Health Plan), 124, 130
Head of household, 48, 53-57, 778
Health Care and Education Reconciliation Act of 2010,
401
Health coverage tax credit, 813-814
Health flexible spending arrangement (health FSA), 129
Health insurance:
benefits, 299
employer-sponsored, 525
premiums of qualifying relative, 83
self-employed persons, 533-534, 856
Health reimbursement arrangement (HRA), 129, 525,
528
Health savings accounts (HSAs), 124, 129-130, 729,
931
Health spa expenses, 714
High Deductible Health Plan (HDHP), 124, 130
Hobbies, 309, 486, 708
Holders of tax credit bonds, credit for, 805-806
Holding period, 198-199, 373-375, 877, 888-889
Holiday gifts, 131
Holocaust restitution payments, 143
Home, 225-228
Home acquisition debt limit, 52
Home affordable modification program (HAMP), 298
Home equity loans, 553
Home for the aged payments, 80
Home improvement loans, 559
Homeless shelters, 824, 830
Home mortgage interest, 52, 551-563
amount deductible, 552-557
Form 1098, 563
overview, 551
points, 557-562
premiums, mortgage interest, 562-563
reporting, 571-572
Home office, 656, 698-703, 857-861
Homeowners' association charges, 548
Home rehabilitation grants, 298
Home sale, 382-402
acquired in like-kind exchange, 400
business use or rental of home, 396-399
excluding gain, 390-396
expatriates, 401
figuring gain or loss, 385-390
home destroyed or condemned, 401
home mortgage interest deduction, 555
home relinquished in like-kind exchange, 400
as income, 313
main home, 384-385
overview, 382-384
postponed gain from, 327
recapturing federal mortgage subsidy, 401-402
reporting, 400-401
sale of remainder interest, 401
Home security system, 714
Hosts and hostesses, 284
"Hours of service" limits, 646-647
Household employees, 893-904
babysitters, 896
earned income credit, 899
employer identification number, 896
employment taxes, 900-902
"nanny tax," 894
overview, 893-894

recordkeeping, 895, 901
reporting and paying taxes on wages paid to, 900
social security and Medicare wage threshold, 894
state employment tax, 894
taxable compensation, 896
withholding, 93
Housekeepers, 62
HRA, *See* Health reimbursement arrangement
HSAs, *See* Health savings accounts
HUD (Department of Housing and Urban
Development), 610

I

Identity theft, 43-44
Illegal income, reporting, 309
Impairment-related work expenses, 532-533,
675-676, 692, 712
Improvements on property, 218, 230, 324-326
Incentive items, 166, 308
Incentive stock options (ISOs), 137, 337-338
Income:
accounting method for, 21-24
advance payment of, 24
in basic records, 34
distributions from IRA, 443
identifying, 32
including recapture of alimony in, 474
limits for credit for elderly or disabled, 780
repayments of, 710
tax-exempt expenses, 716
Income aid payment, repayment of, 705
Income-producing property, 573, 615, 624, 711
Income tax treaties, 200
Incomplete expense deduction records, 664
Independent contractors, 856
Indian fishing rights, 309
Indian tribal governments, 537, 576
Indirect expenses, 858
Indirect transactions, 359
Individual filing requirements, 5-8
Individual retirement arrangements (IRAs), 53, 165,
425-463, 911
deductions, 432-436
direct deposit of tax refunds, 432
distributions delivered outside United States, 449
distributions from for charity, 575
early distributions, 261-262
expatriates, 911
fees, 695
gross income, exclusion from, 977
inherited, 437-438
limit to contributions, 429-430
losses on, 709
nondeductible contributions, 436-437
opening, 428-429
overview, 425-428
penalties and additional taxes, 449-455
qualified charitable distributions, 447-448
required minimum distributions, 444-447
rollovers to, 252-257
Roth, 455-462
royalty income from oil, gas, and mineral properties
and, 295-296
self-directed, 429
self-employed persons, 862
spousal, 432
taxable distributions, 447-449
traditional, 428-455
transferring retirement plan assets, 438-443
Trustee's administrative fees for, 710
when to contribute, 431-432
withdrawing from, 444-447
Individual taxpayer identification number (ITIN), 25,
88, 195, 758-759, 787
Inflation adjustments, 979
Information returns, 709
Inheritance taxes, 548
Inherited property, 333-335, 933
basis of, 333-335
from decedent who died in 2010, 394
deduction for estate tax on income in respect of a
decedent, 695

- Inherited property (*continued*)
 holding periods, 374
 as income, 308
 IRAs, 437-438
 mutual fund shares, 883
- Injured spouse, 28-29
- Inmate income, 821, 831
- In-plan rollovers, 136
- Insects, 608-609
- Insolvency of contractor, 377
- Insolvent financial institution, deposits in, 370-373
- Installment agreement, 4, 30-31
- Installment sales, 167, 400, 409
- Insurance. *See also* Health insurance; Life insurance
 alimony and, 475
 business liability, 696
 casualty and theft reimbursements, 619-622
 dividends, 166, 191-192, 208
 health insurance benefits, 299
 on home used for business, deducting, 859
 interest income, 166-167, 180
 long-term care contracts, 145
 mortgage, 562-563, 977
 policy trades, 357
 premiums, 524-525
 real estate, 466
 reimbursements, 528-531
- Intellectual property, 580
- Intelligence community, 393
- Interest:
 abatement of in disaster areas, 628
 canceled debts, 282
 on car loans, 658
 computing on installment sales, 350
 family loans, 160
 IRA, 426
 prepaid, deducting, 558, 559
 on recoveries, 291
 on refunds, 37, 40
 relief from, 961
 on taxes owed, 30
- Interest expense, 550-573
 allocation of, 570-572
 home mortgage interest, 551-563
 investment interest, 564-567
 nondeductible items, 567-570
 overview, 550-551
 reporting, 572-573
- Interest income, 157-189
 annuity contract, 168
 backup withholding, 162
 below-market loans, 168-170
 beneficiary of estates or trusts, 161
 bonds, 168, 178-180
 certificates of deposit, 165-166
 condemnation award, 167
 for decedents, 928
 deferred interest accounts, 165-166
 dividends, 165, 166
 Education Savings Bond Program, 177-178
 exempt-interest dividends, 164-165
 Form 1099-INT, 163-164
 Form 1099-OID, 164
 forms for, 187-189
 frozen deposits, 168
 gift for opening account, 166
 income from property given to children, 163
 individual retirement arrangements, 165
 installment sale payments, 167
 insurance, 166-167, 180, 284
 joint accounts, 162
 money market funds, 165
 original issue discount, 182-185
 overview, 157-159
 recordkeeping, 160
 sale of property, 295
 social security number, 161
 state or local government obligations, 180-182
 tax on investment income of certain children, 160, 161
 tax refunds, 167
 U.S. obligations, 167
 U.S. savings bonds, 170-178, 189
 U.S. Treasury bills, notes, and bonds, 178-180
- usurious interest, 168
 VA dividends, 165
 when to report, 186-187
- International organizations, 10, 141-142
- Inventions, 370
- Inventory methods, 850-851
- Investment clubs, 309-310
- Investment expenses, 709, 891-892
- Investment income, 741-754
 basic records, 35
 of children, 160, 161, 194
 children with more than \$2,000, 750-754
 collectibles, 450
 Medicare tax, 91, 108, 159, 192
 overview, 741-742
 parent's election to report child's interest and dividends, 743-745
 parents who do not file joint returns, 743
- Investment interest, 210, 418, 564-567, 570, 572, 892
- Investment property, 361, 564
- Investment-related seminars, 714
- Involuntary conversions, 329-330
- Involuntary distributions, 250
- Involuntary exchanges, 356
- IRAs. *See* Individual retirement arrangements
- Irrevocable trust, 950
- IRS Declaration of Taxpayer Rights, 960-961
- IRS Free File method, 958-959
- ISOs (incentive stock options), 137, 337-338
- Itemized deductions, 291-293
 AGI limitation, 550, 575
 limit on, 718-721
 other recoveries, 293
 overview, 291
 recovery limited to deduction, 293
 standard deduction for earlier years, 292
 standard deduction versus, 291-292, 508-509, 511
 where to report, 291
- ITIN. *See* Individual taxpayer identification number
-
- J**
- Job interview expenses, 310
- Job search expenses, 703
- Joint accounts, 162
- Joint estimated tax payments, 113
- Jointly owned property, 388, 940
- Joint return, 49-51, 927
 accounting period, 49
 capital losses, 891
 credit for elderly and disabled, 781
 exemptions when filing, 61
 with injured spouse, 28-29
 joint responsibility, 50
 moving expenses deduction, 494
 nonresident alien or dual-status alien, 51
 overview, 49-50
 ownership and use tests for home sales, 393
 qualifying relatives for exemptions, 76
 repayment of social security benefits, 276
 reporting pensions and annuities, 245
 signing, 50-51
 state and local income tax deduction, 539
- Joint return test, 63-64, 69, 71, 764, 824
- Joint tenants, 476
- Joint ventures, 288
- Judicial review, 961
- Jury duty, 310
-
- K**
- Keogh plans, 241, 295, 446, 862
- Kickbacks, 311
- Kiddie tax, 160, 194, 732
- Kidnapped children, 54, 58, 67, 74, 824
-
- L**
- Land, 230, 384
- Landslides, 608, 609
- Laser eye surgery, 516
- Late-payment charge on mortgage payment, 555
- Leases:
 business assets, 854-855
- cars, 660
 with option to buy, 220, 386
 payment for canceling, 215
 property, 615
- Legacy taxes, 548
- Legal expenses, 219, 276, 709, 715
- Legally separated spouses, 764
- License fees, 548, 704
- Liens, 376-377
- Life insurance, 284-286, 940
 accelerated death benefits, 286
 demutualization of company, 357
 dividends, 191-192
 endowment contract proceeds, 285-286
 more information, 285
 not received in installments, 284
 overview, 284
 premiums, 715
 proceeds, 281
 public safety officer killed in line of duty, 286
 received in installments, 284-285
 surrender of policy for cash, 285
- LIFO Inventory Method, 850, 851
- Lightning, 608
- Like-kind exchanges, 322, 330-331, 346-348, 353-354, 358, 400
- Like property and money transferred, 355
- Limited liability companies (LLCs), 287
- Limited liability partnership (LLP), 287
- Liquidating distributions, 205
- Litigation expenses, 972-973
- Living expenses, insurance payments for, 620-621
- LLCs (limited liability companies), 287
- LLP (limited liability partnership), 287
- Load charges, mutual fund, 882
- Loans:
 below-market, 168-170
 education credits, 793
 with low or no interest, 322
 origination fees, 481
 points paid for, 323
 from retirement plans, 241
- Lobbying, 698, 715
- Local benefit taxes, 219
- Local government bonds, 362-363
- Local income taxes, 511, 536, 537
- Local taxes, 167, 536, 537
- Lockout benefits, 313
- Lodging, 81-82, 525-526
- Long-term care, 129, 145, 525
- Long-term gains and losses, 374, 412-415, 564, 888
- Losses. *See* Gains and losses
- Loss of use compensation, 299
- Lot sales, 369-370
- Lottery winnings, 308
- Lump-sum distributions, 239-240, 249-251, 256
- Lump-sum payment of benefits, 271
- Lump sum purchases, 322
- Lunches with co-workers, 715
-
- M**
- MACRS (Modified ACRS), 230
- MAGI. *See* Modified adjusted gross income
- Maid, 62
- Managerial act, 30
- Mandatory e-filing, 16
- Mandatory service charges, 148-149
- Margin interest, 568
- Marijuana, 515
- Marital deduction, 946
- Marital status, 46-48
- Market discount bonds, 186, 363
- Market segmentation specialization program, 964-965
- Marriage:
 common-law, 61
 living apart, 48, 764
 remarriage, 46
 same-sex, 7, 46
 spouse died during year, 48
 when considered married, 48
 when to get married, 49

- Marriage penalty, 48-49, 507
 Married children, 825
 Married taxpayers:
 with children with investment income, 743
 credit for elderly or disabled, 777-778
 estimated tax, 108-109
 extensions, 19
 filing jointly, 46-51
 filing separately, 51-53
 married filing jointly, 46-51, 53, 109
 married filing separately, 46, 51-53, 109, 387, 511
 ownership and use tests for home sales, 393-394
 withholding, 95
 Mass transit, employer-provided, 979
 Maturity period, 178-179
 Maximum special allowance on passive activity limits, 53
 MCC (mortgage credit certificate), 556, 807-808
 Meals, 525-526, 673-674, 690, 715, 909
 Medical and dental expenses, 514-534
 adopted child, 518
 for care of qualifying persons, 767
 child of divorced or separated parents, 518-519
 damages for personal injuries, 531
 of decedents, 519
 deducting, 516-517
 defined, 515
 dependents, 518-519
 disabled dependent care expenses, 527-528
 exception for adopted child, 518
 health insurance costs for self-employed persons, 533-534
 impairment-related work expenses, 532-533
 included in this year, 516
 insurance premiums, 524-525
 insurance reimbursement, 528-531
 lodging, 525-526
 meals, 525-526
 nursing home, 526
 overview, 514-515, 517
 qualifying child, 518
 qualifying relatives, 519
 reimbursements for, 146
 reporting, 531-532
 spouse, 517
 support claimed under multiple support agreement, 519
 of taxpayer, 517
 transportation, 526-527
 Medical savings accounts (MSAs), 311, 729, 931
 Medicare recipients, 10, 127, 298, 525, 893, 894, 896-898
 Medicare taxes, 90-91
 on earned income, 725
 employer withholding, 98, 122
 higher income individuals, additional tax for, 736
 on investment income, 91, 108, 159, 192
 tax rate, 280, 306
 on tip income, 152-153
 Membership fees, 582, 647-648
 Mental incompetence, 27
 Mexico, children in, 75
 MIA (missing in action), 47
 Mileage rate, 497, 657-658, 694
 Military action, disability pensions based on, 144
 Military personnel:
 Armed Forces Tax Council, 17
 in combat zones, 4, 20
 decedents, 935
 differential wage payments, 142
 earned income credit, 824, 831
 filing jointly and spouse is in combat zone, 50
 housing allowance, 546, 556
 moving expenses, 491
 overview, 142
 ownership and use tests, 393
 pay, nontaxable, 822
 POWs and MIAs, 47
 reservists, 429, 434, 454, 655, 675
 retirement pay, 142
 tax-exempt quarters allowances, 80
 tax-free combat pay, 428
 travel expenses, 633
 uniforms, 706
 veterans' benefits, 142
 withholding for retirees, 93
 Minerals, royalties from, 295-296
 Ministers, 10, 139-141, 546, 556
 Ministerial act, 30
 Missing in action (MIA), 47
 Model Gifts of Securities to Minors Act, 163
 Modified ACRS (MACRS), 230
 Modified adjusted gross income (MAGI):
 for child tax credit, 788
 education-related adjustments, 478-479
 Education Savings Bond Program interest exclusion and, 158, 178
 IRA deductions, 435-436, 457
 rental losses, 233
 Money market funds, 165, 203, 879
 Money orders, paying with, 113
 Mortgages:
 alimony and, 466
 assistance payments, 298, 556
 assumption of, 322
 debt forgiveness, 383, 384
 interest, deducting, 859, 860
 interest credit, 807-808
 interest refund, 291
 non-owner payment of, 82
 points, 323, 383
 relief upon sale or other disposition, 282
 seller-financed, 400
 Mortgage credit certificate (MCC), 556, 807-808
 Mortgage insurance, 562-563, 977
 Motor vehicle taxes, 542
 Moving expenses, 488-503
 Armed Forces, 495-496
 deductible, 497-499
 distance test, 489-492
 exceptions to time test, 495
 nondeductible expenses, 499-500
 overview, 488-490
 related to start of work, 489-490
 reporting, 500-501
 retirees or survivors, 496-497
 time test, 477, 492-495
 when to deduct, 501-503
 MSAs, See Medical savings accounts
 Multiple jobs, 95
 Multiple property sales, 359
 Multiple support agreements, 84-85, 87, 519
 Municipal bonds, 77, 180-181, 538
 Musical compositions, 295, 361-362
 Mutual exchange program, 583
 Mutual funds, 872-892
 adjusted basis, 882, 884
 basis, 881-887
 basis adjustment, 879
 capital gain distributions, 203-204, 877-878
 community property states, 876
 cost basis, 885
 distributions, 875-880
 exchanges, 881
 exempt-interest dividends, 878
 expenses allocable to exempt-interest dividends, 892
 foreign tax deduction or credit, 879
 gains and losses, 888-891
 holding period, 888-889
 how to report, 879-880
 investment expenses, 891-892
 investment interest expense limit, 892
 long-term gain or loss, 888
 money market funds, 879
 nondividend distributions, 878-879
 nonpublicly offered, 891-892
 ordinary dividends, 877
 original basis, 882
 overview, 872-875
 publicly offered, 708, 891
 qualified dividends, 877
 redemptions, 881
 reinvested distributions, 889
 reinvestment of distributions, 879
 sales, 881
 share certificate in two or more names, 876
 shares acquired by gift or inheritance, 883
 shares acquired by purchase, 882-883
 shares acquired by reinvestment, 883
 shares received as gift or inheritance, 889
 shares sold, 884
 short-term gain or loss, 888, 889, 891
 tax-exempt mutual fund, 876-877
 undistributed capital gains of, 204
-
- N**
 Name changes, 24, 116
 "Nanny tax," 894
 National Health Service Corps (NHSC) Loan Repayment Program, 283
 National Senior Services Corps programs, 143
 Negative amounts, 25
 Negligence, 41
 Net capital gain, 564
 Net investment income, 564, 749-751
 Net investment income tax (NIIT), 91, 102, 238, 280, 284, 304, 314, 725-726, 736-737
 dividends, 190-192, 195, 200-201
 estimated taxes, 108
 gain/loss reporting, 421-422
 home sales, 383, 390
 interest income, 157-160
 IRA distributions, 426
 long-term capital gains, 403, 404
 net investment income defined under, 404
 qualified retirement plans and IRAs, 308
 rental income, 213
 unearned net investment income, 418
 Net long-term capital gains, 564
 Net operating loss (NOL), 629
 Net self-employment earnings, 844-846
 Net unrealized appreciation (NUA), 250-251
 New job, withholding for, 94
 NHSC (National Health Service Corps) Loan Repayment Program, 283
 Nobel prize, 312
 NOL (net operating loss), 629
 Nominees, 164, 196, 411-412
 Nonaccountable plans, 672
 Nonbusiness bad debts, 348, 375-380, 612
 Nonbusiness expenses, 293
 Nonbusiness income, 293
 Noncapital assets, 360-364
 Noncredit courses, student expenses on, 486
 Noncustodial parent, 67, 85-86
 Nondeductible losses, 608-610
 Nondividend distributions, 204-207, 878-879
 Nonemployee compensation, 305
 Nongovernment obligations, short-term, 362
 Nonperiodic payments, 103-104, 249-251
 Nonpublicly offered mutual funds, 891-892
 Nonqualified annuity contracts, 261
 Nonqualified deferred compensation plans, 126-127
 Nonqualified stock options (NSOs; NQSOs), 137
 Nonqualified use of home, periods of, 396-397
 Nonresident aliens, 918-919
 child and dependent care credit, 758-759
 due date for returns, 18
 estimated taxes, 108
 filing joint returns, 51
 filing requirements, 10
 head of household status, 54
 joint returns, 51
 moving expenses deductions, 500
 and Net Investment Income Tax, 159
 spouse, 25
 Nontaxable exchanges of property, 330-331
 Nontaxable trades, 347-349, 353-357
 Notary public, 305
 Note for services, 127
 Note in lieu of cash, 23
 Note of individuals, 364
 Note received for services, 312
 Not-for-profit activity, income from, 222, 300
 NQSOs (nonqualified stock options), 137
 NSOs (nonqualified stock options), 137
 NUA (net unrealized appreciation), 250-251
 Nursing homes, 526
 Nutrition program for elderly, 299

O

OASDI, *See* Old Age, Survivor, and Disability Insurance
Occupational taxes, 704
Office (in home), 656, 698-703, 857-861
Office audits, 966-967
Office rent, 708
OID, *See* Original issue discount
Oil, royalties from, 295-296
Old Age, Survivor, and Disability Insurance (OASDI), 10, 299, 306
Online payment, 29, 112
Online payment agreement (OPA), 31
Ordering rules for IRA distributions, 461
Ordinary dividends, 198-203
Ordinary income property, 592-593
Original issue discount (OID), 170, 182-185, 338, 362, 561
Out-of-pocket expenses, 583-585, 603-604
Outplacement services, 127, 703
Overpayment, 28, 112
Over-the-counter medicine, 521-522
Owner-employees, 125
Ownership and use tests, 391-394
Ownership transfer, savings bonds, 173-174

P

Paid preparer, 27
Parents. *See also* Children
child and dependent care credit, 759
of children with investment income who do not file joint returns, 743
earned income credit, 827-828
election to report child's interest and dividends, 743-745
qualifying child of, 67-69, 73-74
qualifying to file as head of household, 55, 56
standard deduction for dependents, 510
support for, 55
support test for children, 85-87
who never married, 69, 86
Parking fees, 655, 658, 979
Partial blindness, standard deductions for, 508-509
Partial interest in property, 590-591
Partially nontaxable exchanges, 246, 331, 354
Part interest, 217
Partnerships, 709, 971
Partnership income, 286-288, 929
Part-time work, 761-762
Passive activity:
defined, 315
disposition of, 317
gains and losses, 409-410
interest expense, 570-571
limits, 232
losses, 315
losses from, 567
Pass-through entities, indirect deductions of, 708
Past-due taxes, 974-975
Patents, 295
Patronage dividends, 208
Payments:
to agents, 22-23
filing extensions and, 19-20
online/phone methods, 4, 29, 112-113
of owed tax, 29-31
to third party, 22, 466
Payment date, dividends, 197
Payroll deductions for charity, 600
Payroll taxes, 127
Pay statements, 35
PBGC (Pension Benefit Guaranty Corporation) pension recipients, 813
Peace Corps, 142-143, 393
Penalties, 40-43
abatement of in disaster areas, 628
deducting, 548
early withdrawal from deferred interest account, 165
estimated tax, 110-111
failure to file Form 8608, 437
failure to report nondeductible contributions to IRA, 437
inaccurate assessments of donated property, 580

interest expenses, 451
interest on, 30
mortgage prepayment, 555
nondeductible expenses, 713
no SSN, 25, 161
for not reporting tips, 151
for overstatement of nondeductible contributions to IRA, 437
relief from, 961
for traditional IRAs, 449-455
underpayment, 92, 96, 108, 117-118, 744-745
withholding, 100, 106
Pensions, 94, 238-265
based on years of service, 144-145
clergy, 139
cost, 245-246
designated Roth accounts, 239-240, 245
disability pensions, 240
early distributions tax, 259-262
earned income credit, 831
excess accumulation tax, 262-265
foreign employment contributions, 246
how to report, 245
joint return, 245
loans, 241
lump-sum distributions, 249-251
more than one annuity, 240, 245
nonperiodic payments taxation, 249-251
overview, 238-239
periodic payments taxation, 246-248
purchased annuities, 241
qualified plans for self-employed individuals, 241
railroad retirement benefits, 240
retired public safety officers, 240
rollovers, 252-259
section 457 deferred compensation plans, 240
Simplified Method, 246-248
survivors, 265
tax-free exchange, 245
withholding, 101-105, 241
Pension Benefit Guaranty Corporation (PBGC) pension recipients, 813
Per capita taxes, 548
Per diem allowance, 585, 640, 641, 663, 664, 669-671
Performing artists, 675, 692
Period of limitations, 35, 36
Permanent and total disability, 778-779, 824
Permanent benefits, group-term life insurance, 132
Permanently retired, 496
Personal Allowances Worksheet, 95
Personal exemptions, 60-61
death of spouse, 62
defined, 60-61
dependents and, 62
divorced or separated spouse, 62
increase in, 60
individual exemptions, 60-61
joint return, 61
overview, 60-61
separate return, 61-62
spouse exemptions, 61-62
Personal expenses as charitable contributions, 588
Personal identification number (PIN), 13-14, 954-955
Personal injuries, damages for, 531
Personal interest, 568-570
Personal legal expenses, 715
Personal property:
casualty losses, 622
changed to business or rental use, 335-336
deductions, 549
installment sales method, 349
rents from, 293
sale of, 313
tangible, 940
taxes, 536, 548
Personal representatives, 8, 305, 922-923
Personal trips, 641-643, 689-690
Personal use property, 222-225, 228, 361, 619, 622
Photographs, costs of, 619
Physical presence test, 906
PIN (personal identification number), 13-14, 954-955
Place of residence, 64
Plan-to-plan transfers, 250

Plug-in electric drive motor vehicle credit, 809
Plug-in electric vehicle credit, 805, 809
POA (power of attorney), 14, 27
Points, 323, 557-562
amounts charged for services, 561
deduction allowed in year paid, 558-560
deduction allowed ratably, 558
excess points, 562
funds provided are less than points, 562
general rule, 558
home improvement loan, 559
limits on deduction, 562
mortgage ending early, 562
original issue discount, 561
overview, 557
points paid by seller, 561
refinancing, 559-561
reporting, 572
special situations, 561-562
Political activities, dues used for, 698
Political contributions, 715
Ponzi-type investment schemes, 605, 611
Postponing gain, 327, 381
Power of attorney (POA), 14, 27
POWs (prisoners of war), 47
Preferred stock, 198, 206
Pre-operating expenses, 846
Prepaid care expenses, 766
Prepaid education expenses, 793
Prepaid insurance premiums, 167, 525, 562
Prepaid interest deduction, 556, 558-560
Pre-rental expenses, 217
Present interest trust, 947
Presidential Election Campaign Fund, 25
Price reduced after purchase, 283
Principal place of business, 699-700
Principal residence, 384-385
Prior year minimum tax credit, 808
Prisoners of war (POWs), 47
Privacy, audits, 960
Private car expenses, 642
Private delivery services, 17
Private unemployment fund, 296
Prizes, as income, 311-312
Probationary work period, 638
Professional accreditation fees, 715
Professional fees, 219, 306
Professional reputation, 716
Professional societies, dues to, 698
Progressive deterioration, 608-609
Prohibited IRA transactions, 450
Promissory notes, 596
Proof of loss, 613-614
Proof of payment, 35
Property. *See also* Home sale; Real property; Sale of property
business or income-producing, 615, 624
changed to rental use, 221
as charitable contributions, 588-592
donation of use of, 226
found, 307
given to children, income from, 163
lost or mislaid cash or, 715
mislaid or lost, 611
period of limitations for records, 35-36
personal-use, 217, 619, 622
publicly traded, 349
of qualifying relative, 82-83
received as gifts, holding period for, 374
received for services, 327-328
receiving as rent, 216
recordkeeping for, 33, 34
rental of, 217, 220-222, 293
reporting gains and losses on sale of, 412
single casualty on multiple, 622-623
for stock of controlled corporation exchange, 356
stolen, 313
transfer in settlement of marital rights, 474
transferred from spouse, 331
used as home, 623
used partly for business, 352-353, 624
Pro rata basis, 291
Protective claim for refund, 38

Protective clothing, 705-706
Provider identification test, 764-765
Psychoanalysis, 686
Public assistance benefits, 297-299
Publication 505, 97
Public safety officers, 286, 525
Public transportation, 642
Puerto Rico residents, 8
Punitive damages, 302
Purchased annuities, 241
Put options, 364-366

Q

QCCs (qualified conservation contributions), 597-598
QDRO (qualified domestic relations order), 253
QSBS, See Qualified small business stock
QTPs (qualified tuition programs), 312-313, 947-948
Qualified alternative fuel vehicle refueling property, 805
Qualified automatic contribution arrangements, 136
Qualified bicycle commuting, 134
Qualified charitable distributions (QCDs), 447-448
Qualified charitable organizations, 576-577
Qualified conservation contributions (QCCs), 597-598
Qualified dividends, 190, 198-199, 210, 745, 877
Qualified domestic relations order (QDRO), 253
Qualified education expenses, 792-800
Qualified employer plans, 480
Qualified foreign corporation, 199
Qualified joint venture, 288
Qualified long-term care services, 145
Qualified mortgage insurance, 562
Qualified parking, 135
Qualified principal residence indebtedness, discharges of, 389-390
Qualified reservist repayments, 261, 429
Qualified retirement plans, 135-136, 260-261
Qualified savings bonds, 177, 310
Qualified small business stock (QSBS), 372-373, 405, 419
Qualified tuition programs (QTPs), 312-313, 485, 947-948
Qualifying child, 64-74
 adopted children, 65
 age test, 65
 children must be younger than parents, 65
 death or birth of child, 66-67
 defined, 59
 of divorced or separated parents or parents who live apart, 67-69, 73-74
 earned income credit, 822-828
 exception, 71
 foster children, 65, 69, 80
 full-time students, 66
 joint return test, 69, 71
 kidnapped child, 67
 overview, 64-65
 permanently and totally disabled, 66
 relationship test, 65
 residency test, 66
 scholarships, 69
 special rule for qualifying child of more than one person, 71
 support test, 69
 temporary absences, 66
 tiebreaker rules, 71-74
Qualifying person test, 55-57, 758-759
Qualifying relative, 74-87
 adopted child, 76
 age not relevant, 74
 Armed Forces dependency allotments, 79-80
 child care expenses, 83
 child in Canada or Mexico, 75
 child of person not required to file returns, 74-75
 child support under pre-1985 agreement, 86
 child's wages used for own support, 78
 cousin, 76
 death or birth of, 76
 gross income test, 77
 home for the aged, 80
 items not included in total support, 84
 joint returns, 76
 kidnapped child, 74

local law violated, 76
lodging, 81-82
medical and dental expenses of, 519
medical insurance premiums, 83
member of household or relationship test, 75
multiple support agreement, 84-85, 87
not a qualifying child test, 74
other support items, 83
overview, 74
parents who never married, 86
person's own funds not used for support, 78
property, 82-83
relatives who do not have to live with taxpayer, 75
support test, 78
support test for children of divorced or separated parents or parents who live apart, 85
tax-exempt income, 80
temporary absences, 76
total support, 80-81
tuition payments and allowances under GI Bill, 83
year support is provided, 79
Qualifying widow(er), 46-47, 57-58

R

Raffle winnings, 308
Railroad retirement benefits, 240, 266-278
 annuities, 313
 base amount, 268-269
 children's benefits, 267
 deductions related to, 276-278
 disability payments, 276
 figuring total income, 268
 how to report, 270-272
 IRA deductions, 433
 legal expenses, 276
 overview, 266-267
 repayment of benefits, 270, 276-278
 tax withholding and estimated tax, 270
 who is taxed, 270
 worksheet for, 269-270
Railroad retirement excess tax withheld credit, 814-816
Railroad sick pay, 146
RAL (refund anticipation loan), 15
Rate schedules, 986-987
RDPs (registered domestic partnerships), 46
Readily tradable stock, 199
Real estate activities, losses from rental, 232-233
Real estate investment trusts (REITs), 190, 197, 203-204, 811
Real estate professionals, 232, 316
Real estate taxes:
 accelerating payment of, 546
 deducting, 536
 deductions, 542-548
 indirect expenses of business, 859
 non-owner payment of, 82
 for prior years, 544-545
 self-employed persons, 860
 worksheets for deducting, 544-545
Real property, 322-324
 assumption of mortgage, 322
 bought, holding period for, 375
 canceling sale of, 368
 casualty losses, 623
 contributions of for conservation purposes, 575
 installment sales method, 349-350
 lump sum purchase, 322
 overview, 322
 points, 323
 real estate taxes, 323
 repossessed, 349-350, 375
 settlement costs, 323
Reasonable cause, 42
Recapture, 231
 federal mortgage subsidy, 401-402, 808
 rule for alimony, 472-473
Receivership distributions, 454
Recharacterizing contributions, 443-444
Recordkeeping, 32-36
 alimony payments, 472
 length of time to keep records, 35-36
 reasons for, 32-33
 types of records, 33-35
Recoveries, 290-293
Redemptions, 344, 881
Reemployment TAA (RTAA) recipients, 813
Refinanced student loans, interest on, 481
Refinancing, point deductions, 559-561
Refunds, 28-29
 audits, 961-962
 cashing check, 28
 checking status of, 37
 claims for, 37-40, 42, 973-974
 due to worthless securities, 345-346
 education credits, 794
 federal income tax, 290
 figuring, 729
 interest, 37, 167, 557, 563
 overpayment, 28
 of real estate taxes, 546
 state or local income taxes, 290-291, 539-541
Refundable credits, 811-816
Refund anticipation loan (RAL), 15
Registered domestic partnerships (RDPs), 46
Regulatory fees, deducting, 704
Reimbursements:
 business expenses, 667-669
 casualty and theft losses, 619-622
 of child and dependent care expenses, 766-767
 as employee compensation, 125
 meal and entertainment expenses, 646
 for medical care, 146
 moving expenses, 501-503
 reporting, 674
 work-related education expenses, 691-692
REITs, See Real estate investment trusts
Related party transactions, 358-359
Relationship test, 65, 822
Relief fund contributions, 716
Religious orders, members of, 141
Relocation payments, 298
Remainder interest, sale of, 401
Remarriage, 46, 69, 86, 743
Rental activity losses, 53
Rental income and expenses, 213-235
 advance rent, 214-215
 at-risk rules, 231
 for business, deducting, 859
 depreciation, 217, 229-231
 exception, 232
 expenses, 217-221
 how to report, 234-237
 increase due to higher real estate taxes, 548
 insurance premiums paid in advance, 219
 legal and professional fees, 219
 limits on rental losses, 231-234
 local benefit taxes, 219
 local transportation expenses, 220
 not-for-profit, 222
 overview, 213-214
 paid by tenant, 215-216
 part interest, 217
 passive activity limits, 232
 payment for canceling leases, 215
 from personal property, 293
 personal use of dwelling unit, 222-225
 personal use of rental property, 217, 228
 pre-rental expenses, 217
 property changed to rental use, 221, 335-336
 property or services as, 216
 rental of equipment, 220
 rental of property also used as home, 217
 renting part of property, 221-222
 repairs and improvements, 218, 230, 399
 sale of home used as rental property, 396-399
 security deposits, 215, 216
 travel expenses, 219-221
 uncollected rent, 217
 vacant rental property, 217-218
 when to deduct, 217
 when to report, 214
Rental pools, 223
Repairs, 218, 227, 616-617, 859
Replacement housing payments, 298
Replacement property, 618

- Repossessing property, 349-350, 369, 387
 - Required minimum distributions (RMDs), 444-447, 454-455, 460, 462
 - Resale value, 311
 - Research expenses, 705
 - Reservists, 429, 434
 - Residency test, 64, 66, 824
 - Resident aliens, 914-918
 - child and dependent care credit, 758-759, 765
 - credit for elderly or disabled, 777
 - dual-status aliens, 916-918
 - earned income credit, 819-820
 - estimated taxes, 108
 - filing requirements, 8, 10
 - overview, 914
 - Residential energy credits, 809-810
 - Residential telephone service, 716
 - Restitution payments, 143
 - Restricted property, 138, 328
 - Restricted stock, 138, 208-209
 - Résumé-related expenses, deducting, 704
 - Retention in plan, 256
 - Retired public safety officers, 240, 525
 - Retirement bonds, 254
 - Retirement plans, 238-265. *See also* Individual retirement arrangements (IRAs)
 - contributions, 135-136
 - cost, 245-246
 - designated Roth accounts, 239-240, 245
 - disability pensions, 240
 - early distributions tax, 259-262
 - excess accumulation tax, 262-265
 - foreign employment contributions, 246
 - how to report, 245
 - joint return, 245
 - loans, 241
 - lump-sum distributions, 249-251
 - more than one annuity, 245
 - more than one program, 240
 - nonperiodic payments taxation, 249-251
 - overview, 238-239
 - periodic payments taxation, 246-248
 - purchased annuities, 241
 - qualified plans for self-employed individuals, 241
 - railroad retirement benefits, 240
 - retired public safety officers, 240
 - rollovers, 252-259
 - section 457 deferred compensation plans, 240
 - self-employed persons, 861, 862
 - Simplified Method, 246-248
 - survivors, 265
 - tax-free exchange, 245
 - withholding and estimated tax, 241
 - Returns:
 - after filing, 32-37
 - amended, 37-40
 - help with, 16-17
 - how to prepare, 20-32
 - IRA contributions and, 431
 - mistakes on, 37-43
 - online filing methods, 4
 - paperless, 12-17
 - recordkeeping for, 32-33
 - rental expenses on, 220
 - reporting tips on, 152-153, 155-156
 - signing, 26-27
 - when to file, 17-20
 - where to file, 32
 - who needs to file, 5-11
 - Reverse mortgages, 557
 - Revocable trust, 174, 949-950
 - Revolving lines of credit, interest on, 481
 - Rewards, 313
 - RMDs, *See* Required minimum distributions
 - Rollovers, 252-259, 438-442. *See also* Eligible rollover distributions (ERDs)
 - additional taxes on IRA, 461
 - from designated Roth account, 461
 - designated Roth accounts, 254
 - to designated Roth accounts within 5-year period, 260
 - direct, 253, 255-256
 - excess IRA contributions due to incorrect information, 452
 - of gain from publicly traded securities, 381
 - more information, 255
 - by nonspouse beneficiary, 253
 - of nontaxable amounts, 252
 - overview, 252
 - payment to taxpayer option, 253
 - qualified domestic relations order, 253
 - from qualified retirement plan, 460-461
 - retirement bonds, 254
 - Roth accounts, 239-240, 252-254, 259-260, 430-431, 438, 459-461
 - by surviving spouse, 253
 - time for making, 253
 - Roth IRAs, 455-462
 - 401(k) plans, 242, 243-244
 - age limit for contributions, 456
 - contributions, 136, 426, 456-458
 - conversions and rollovers, 238-240, 252-254, 259-260, 430-431, 438, 459-461
 - decedents, 935-936
 - defined, 455
 - distributions from rollovers to, 259-260
 - in-plan rollovers to, 254
 - opening, 456
 - overview, 425-426, 455
 - taxable distributions, 461-462
 - Rounding off amounts, 25
 - Royalties, 295-296, 564, 565, 573
 - RTAA (reemployment TAA) recipients, 813
 - Rural mail carriers, 656
-
- S**
- Safe deposit box rent, 710
 - Sailing permits, 920
 - Salary reduction simplified employee pension (SARSEPs), 429, 462
 - Sale of annuity, 371
 - Sale of business, 863
 - Sale of home, *See* Home sale
 - Sale of property, 313, 342-381. *See also* Capital gains and losses; Home sale
 - business property, 863
 - cars, 661
 - how to figure gain or loss, 351-353
 - interest income, 295
 - nontaxable trades, 353-357
 - overview, 342-343
 - principal residence, 910-911
 - related party transactions, 358-359
 - rental property, 214
 - reporting gains and losses, 412
 - sale and trades, 343-359
 - transfers between spouses, 357
 - Sales taxes, 537, 542, 659, 977
 - Same-sex marriages, 7, 46, 464-465
 - SARs (stock appreciation rights), 128
 - SARSEPs (salary reduction simplified employee pension), 429, 462
 - Saver's credit, 809-810
 - Savings account, with parent as trustee, 163
 - Savings bonds, 170-178, 189
 - accrual method taxpayers, 170
 - cash method taxpayers, 171
 - co-owners, 173
 - decedents, 174-175
 - education, 158
 - Form 1099-INT, 176
 - overview, 170
 - ownership transferred, 173-174
 - qualified, 177, 310
 - series EE and series I bonds, 171-173
 - series HH bonds, 171
 - tax on interest from, 173
 - traded, 176
 - transfer to trusts, 174
 - Savings Incentive Match Plan for Employees (SIMPLE IRAs), 244, 428-429, 461, 463, 862
 - Schedules:
 - C, 840-844, 849-862, 867-868
 - D, 406, 890
 - E, 235-237
 - EIC, 832, 833
 - H, 903-904
 - K-1, 286-290, 712
 - SE, 864-866, 869-870
 - Scholarships, 69, 313, 484-485, 831
 - School, defined, 65
 - SCORE (Service Corps of Retired Executives), 143
 - S corporations, 193, 288-290, 575, 594-595, 709, 930, 971, 978, 979
 - Scrip certificate, 207
 - Seasonal work, 493
 - Section 72(m)(5) excess benefits tax, 728
 - Section 179 deduction, 326-327, 659, 978
 - Section 457 deferred compensation plans, 240
 - Section 1244 stock, 371
 - Section 1250 property, 419-420
 - Securities, 336-341, 345, 374, 557
 - Security deposits, 215, 216
 - Security systems, home, 714
 - Self-employed persons:
 - accounting methods, 847-849
 - artists, 864
 - authors, 864
 - automobile and truck expenses, 852
 - bad debt, 851-852
 - business tax credit, 863
 - casualty losses, 859
 - common-law employees, 856
 - cost of goods sold, 850
 - daycare facilities, 860-861
 - deductions, 862
 - depreciating and expensing certain assets, 852-854
 - direct expenses, 858
 - earned income credit, 820
 - employees, 855-857
 - entertainment, 862
 - expenses, 846, 847
 - filing requirements for, 7-10
 - Form 8829, 857-861, 871
 - health insurance, 533-534, 856
 - income, 244, 306-307, 843-846, 850, 930-931
 - independent contractors, 856
 - indirect expenses, 858
 - individual retirement arrangements, 862
 - inventory methods, 850-851
 - Keogh plans, 862
 - leasing business assets, 854-855
 - mortgage interest deduction, 859
 - moving expenses deduction, 493-494
 - net earnings, 844-846
 - office in home, 857-861
 - overview, 839-840
 - qualified plans for, 241
 - real estate taxes, 859
 - reporting expenses, 665-666
 - retirement plans, 861, 862
 - sale of entire business, 863
 - sales of business property, 863
 - Schedule C, 840-844, 849-862, 867-868
 - Schedule SE, 864-866, 869-870
 - SIMPLE plans, 862
 - social security tax, 843
 - statutory employees, 845
 - tax calculation, 549, 845
 - tax year, 847
 - travel, 862
 - where to report, 841
 - work-related education expenses, 691
 - Self-Select PIN method, 13-14, 954-955
 - Sellers, points paid by, 561
 - Seller-financed mortgages, 400, 572
 - Selling price, defined, 347
 - Seminars, investment-related, 714
 - Sentimental value, 618
 - Separated taxpayers:
 - child and dependent care credit, 759
 - earned income credit, 768, 827-828
 - exemptions when filing, 62
 - qualifying child of, 67-69, 73-74
 - separated and living apart, 469
 - support test for children of, 85-87
 - Separate returns:
 - after joint return, 53
 - capital losses on, 891

- estimated tax credit for 2013, 116
 exemptions when filing, 61-62
 joint return after, 53
 state and local income tax deduction, 539
 withholding, 116
- Separation agreement, 68-69, 86
 SEP IRAs, *See* Simplified employee pension IRAs
 Series E bonds, 173-175
 Series EE bonds, 171-173
 Series H bonds, 173
 Series HH bonds, 171, 173
 Series I bonds, 171-173
 Servants, 62
 Service Corps of Retired Executives (SCORE), 143
 Settlement fees, 388
 Severance pay, 127
 Sex change operations, 515
 Shared equity financing agreement, 226
 Sheltered workshop, 78
 Short sales, 211, 364-365
 Short-term gains and losses, 412, 888, 889, 891
 Short-term government obligations, 362
 Short-term nongovernment obligations, 362
 Sick leave, 525
 Sickness and injury benefits, 144-146
 Sick pay, 101, 127
 Signatures, return, 14, 26-27, 50-51
 Silver, 361
 SIMPLE IRAs, *See* Savings Incentive Match Plan for Employees IRAs
 Simple trust, 303
 Simplified employee pension IRAs (SEP IRAs), 425, 429-430, 462
 Simplified Method, 246-248
 Single filing status, 48
 Single-life annuity, 247
 Small business investment company stock, losses on, 371-373
 Small business stock, gains from, 419, 978
 Smoke detectors, 618
 Smoking-cessation programs, 515
 Social security benefits, 266-278
 base amount, 268-269
 children's benefits, 267
 deductions related to, 276-278
 disability payments, 276
 figuring total income, 268
 how to report, 270-272
 legal expenses, 276
 overview, 266-267
 reducing taxable portion of, 267
 repayments of, 270, 276-278, 293-294, 710
 tax-exempt income, 80
 tax withholding and estimated tax, 270
 who is taxed, 270
 Worksheet 11-1, 269-270
 Social security excess tax withheld credit, 814-816
 Social security number (SSN), 4, 24-25
 for dependents, 88
 earned income credit, 819, 825
 getting, 819
 name change and, 161
 using for interest payments, 161
 using to report dividends, 195
 Social security taxes, 127, 141, 152-153, 433, 843, 893, 894, 896-898
 Sole proprietorship, 306-307, 428-429
 Spa expenses, 714
 Specialized small business investment company (SSBIC), 373, 381
 Special needs children, 803-804
 Split refunds, 28
 Sports-related student expenses, 486
 Spouses:
 alimony, 301, 464-477
 Armed Forces moving expenses deduction, 496
 death of, 50, 62, 764, 829
 defined, 465
 divorced, 62
 earned income limit for child and dependent care credit, 768
 exemptions for, 61-62
 inherited IRAs from, 437-438
 injured, 28-29
 medical and dental expenses of, 517, 519
 property transferred from, 331
 rollovers by surviving, 253
 Roth IRA contributions for, 456, 457
 sale of main home by surviving, 394
 separated, 62
 signing for, 27
 someone else claiming as dependent, 61
 spousal IRA limit, 429-430
 standard deductions for 65 or older, 509
 transfers of home from/to, 388, 394
 SSBIC (specialized small business investment company), 373, 381
 SSN, *See* Social security number
 Stamps, collecting, 361
 Stamp taxes, 547
 Standard deduction, 507-513
 Standard meal allowance, 640-641, 670
 Standard mileage rate, 657-658, 670, 694
 Start-up expenses, 326, 846, 847
 State, certification in new, 685
 State benefit funds, 539-540
 State employment tax, 772
 State government bonds, 362-363
 State income taxes, 511, 537-541
 State insurer delinquency proceedings, 262
 State issued bonds, 180-182
 State tax refund, 290-291
 State tax returns, 40, 957
 Statutory employees, 666, 820, 845
 Stillborn children, 67
 Stocks, 336-341
 appreciation rights, 128
 basis, 205, 206, 322, 336, 978
 bond premium, 338
 capital assets, 361
 certificate in two or more names, 195-196
 charitable contribution of, 338
 convertible, 347, 355
 decline in market value of, 611
 distributions of, 205, 207
 dividends on sale of, 197
 dividends used to buy more, 201-203
 donating to charity, 596
 employer stock bonus plans, 446
 excise tax on insider stock compensation from expatriated corporations, 729
 fractional shares, 206-207
 gains from qualified small business, 419
 holding period, 375
 identifying stocks or bonds sold, 336-337
 incentive stock options, 734
 joint ownership, 195-196
 mutual fund shares, 338
 in name of investment club, 310
 options, 137-138
 original issue discount on debt instruments, 338
 overview, 205-206, 336
 redemption, 951
 reinvesting dividends in, 192
 rights, 361, 375
 small business, 371-373
 surrender of, 345
 taxable dividends and rights, 206
 trades of corporate, 355-356
 Stock appreciation rights (SARs), 128
 Stockholder debt, 283
 Stockholders' meetings, 716
 Stolen property, 313, 615-616
 Storage expenses, moving expense deductions for, 498
 Storm damage, 608, 617
 Straddles, 367
 Strike benefits, 313
 Stripped coupon bonds, 183
 Structured settlement, 302
 Students:
 defined, 65
 earned income credit, 822-823
 earned income limit for child and dependent care credit, 768-769
 education credits, 789-800
 education-related AGI adjustments, 478-487
 expenses paid as charity, 583
 living with taxpayer, 596
 place of residence of foreign and exemptions, 64
 retirement savings contributions credit, 811
 withholding, 98
 Student loans, 283, 478-482, 569, 690
 Subdivision of land, 369
 Subleases, 369
 Substantial authority, 42
 Substantial presence test, 912-913
 Substantial risk of forfeiture, stock, 138
 Substantial services, providing for tenants, 234
 Substantial understatement of income tax, 41, 42
 Succession taxes, 548
 Supplemental wages, 99-100
 Support:
 of children, 750
 child's wages used for own, 78
 for parents, 55
 person's own funds not used for, 78
 year provided, 79
 Support test, 69, 70, 78, 85-87
 Surrender of stock, 345
 Surrender policy for cash, 285
 Survivors, 8, 265, 284, 394, 490, 496-497, 768. *See also* Spouses
 Swimming pools, 523-524
-
- T**
 TAA (trade adjustment assistance), 813
 Taxes, 725-740. *See also* Deductions; *specific taxes*
 estimating, 19
 figured by IRS, 737-740
 figuring, 727-730
 overview, 725-726
 Taxable compensation, 896
 Taxable exchanges of property, 329
 Tax Counseling for the Elderly (TCE), 143
 Tax-exempt income, 77, 80, 188, 573, 716
 Tax home, 633-637, 905
 Taxpayer identification number (TIN), 4, 758-759, 819, 881
 Tax preference items, 732-736
 Tax preparation fees, 706
 Tax year, 21, 847
 TCE (Tax Counseling for the Elderly), 143
 Teachers, 140, 681-686, 977
 Telephone, 716, 859
 Temporary absences:
 of children, 824
 from home, 391-392
 of qualifying child, 66
 of qualifying relatives, 76
 from work, 493, 761
 Temporary jobs, 637-638
 Temporary work locations, 652-654
 Tenants, 215-216, 234, 543, 546
 Tenants by entirety, 476
 Tenants in common, 476, 573
 Tentative tax, figuring, 751-752
 Terminal illness, exclusion for, 286
 Term loans, 170
 Terrorist attacks, 145
 Theft losses, 214, 326. *See also* Casualty and theft losses
 Theological students, 140
 Third party contacts, 973
 Third party designees, 26, 925
 Tiebreaker rules, 71-74, 825-826
 Timeshares, 223, 729
 Time test for moving expenses, 477, 492-495
 TIN, *See* Taxpayer identification number
 Tip income, 100, 147-156
 Tip Rate Determination Agreement (TRDA), 151
 Tip Rate Determination and Education Program (TRD/EP), 151
 Tip Reporting Alternative Commitment (TRAC), 151
 TIPS (treasury inflation-protected securities), 179
 Token items for charity, 582
 Tolls, 658

Tools, deducting, 705
Totten trust, 947
TRAC (Tip Reporting Alternative Commitment), 151
Trade Act of 1974, 296
Trade adjustment assistance (TAA), 813
Trade association meetings, 647
Traditional IRAs, 428-455
 contributions to, 426
 conversions and rollovers, 430, 459-461
 deductions, 432-436
 inherited, 437-438
 limit to contributions, 429-430
 modified adjusted gross income, 426
 moving assets to Roth IRAs, 459-461
 nondeductible contributions, 436-437
 overview, 428
 penalties and additional taxes, 449-455
 required minimum distributions, 444-447
 taxable distributions, 447-449
 transferring retirement plan assets, 438-443
 when to contribute, 431-432
 withdrawing from, 444-447
Transcripts, return, 33-34
Transfers:
 of retirement plan assets, 438-443
 between spouses, 357, 388, 394
Transfer taxes, 547
Transportation expenses, 652-661
 as care of qualifying person, 763
 car expenses, 656-661
 commuting expenses, 655
 deductions, 704
 examples, 652, 654-656
 local, 220
 medically-related deduction, 526-527
 no regular place of work, 652-654
 office in the home, 656
 overview, 652
 reporting, 673
 standard meal allowance, 640-641
 temporary work location, 652
 transit pass, 135
 travel advance, 672
 two places of work, 654
 work-related education, 687-688
Transportation fringe benefits, 632-633
Travel expenses, 220-221, 632-644
 actual cost, 640
 for another individual, 638-639, 716
 charitable contribution deductions, 585
 conventions, 643-644
 for days you depart and return, 641
 deductions, 704
 defined, 632-633
 for education, 690
 lavish or extravagant, 639
 limit on meals, 639-640
 meals and incidental expenses, 639
 as moving expenses, 497, 498-499
 outside United States, 642-643
 overview, 632
 self-employed persons, 862
 separating costs, 638
 standard meal allowance, 640-641
 tax home, 633-637
 temporary assignment or job, 637-638
 traveling away from home, 633
 within United States, 641-642
 work-related education expenses, 689-690
Traveling evangelists, 140
TRDA (Tip Rate Determination Agreement), 151
TRD/EP (Tip Rate Determination and Education Program), 151
Treasury bills, bonds and notes, 178-180, 357, 374
TreasuryDirect®, 28
Treasury inflation-protected securities (TIPS), 179
Tribal economic development bonds, 180
Trusts:
 beneficiaries of, 161, 195
 Crummey, 947
 irrevocable, 950
 present interest, 947

revocable, 949-950
Totten, 947
transfer of bonds to, 174
types of, 303
Trustees' fees, 429, 432, 710
Trustee-to-trustee IRA transfer, 438, 459
Tuition, 83, 479-480, 482-487, 680, 977
12b-1 funds, 874

U

Unclaimed reimbursement, 687
Uncollected rent, 217
Underpayment penalties, 92, 96, 108, 117-118, 744-745
Undistributed capital gains, 204, 811, 878, 883
Unearned income, 9. *See also* Interest income
Unemployment agency fees, 704
Unemployment benefits, 296-297
Unemployment compensation, 105, 296
Unforeseen circumstances, home sales due to, 395-396
Uniforms, 584, 705, 706
Uniformed services. *See* Military personnel
Uniform Gifts to Minors Act, 163
Uniform lifetime table, 263-264
Unions, 297, 313, 705
Union agreements, 101
U.S. citizens abroad, 905-911
 employer-provided meals and lodging, 909
 filing requirements, 8
 foreign bank and financial accounts, 911
 foreign earned income exclusion, 906-908
 foreign housing exclusion, 908-909
 foreign residence test, 905-906
 foreign tax credit, 909-911
 individual retirement arrangements, 911
 physical presence test, 906
 recordkeeping, 906, 911
 sale of principal residence, 910-911
 tax home, 905
 wages from foreign employers, 141-142
U.S. nationals, 64
U.S. obligations, 167
U.S. savings bonds, 170-178, 189
 accrual method taxpayers, 170
 cash method taxpayers, 171
 co-owners, 173
 decedents, 174-175
 education, 158
 Form 1099-INT, 176
 overview, 170
 ownership transferred, 173-174
 qualified, 177, 310
 series EE and series I bonds, 171-173
 series HH bonds, 171
 tax on interest from, 173
 traded, 176
 transfer to trusts, 174
Unitrust interest, 591
Unlawful discrimination claims, 281, 302
Unmarried status, 54
Unmarried taxpayers, 46-47. *See also* Divorced taxpayers
Unrecovered investment in annuity, 712
Unreimbursed employee expenses, 695-706
Unrepaid loans, 245
Use tests, ownership, 391-394
Usurious interest, 168
Utilities for business, deducting, 859
Utility rebates, 313

V

Value to recipient, 311
Vandalism, 608
Vehicles. *See* Cars and car expenses
Veterans, 142, 208. *See also* Military personnel
Viatical settlement, 286
VISTA (Volunteers in Service to America), 143
VITA (Volunteer Income Tax Assistance) program, 16, 17, 143
Vocational high school students, 65

Voluntary interest payments, 481
Voluntary unemployment benefit fund contributions, 716
Volunteers, 142-143, 434, 761
Volunteer Income Tax Assistance (VITA) program, 16, 17, 143
Volunteers in Service to America (VISTA), 143
Volunteer tax counseling, 143

W

Wages, 121-146, 820
 clergy, 139-141
 differential wage payments, 94, 126, 142
 domestic employees, 894, 900
 employee compensation, 124-139
 foreign employer, 141-142
 members of religious orders, 141
 military, 142
 overview, 121-123
 sickness and injury benefits, 144-146
 supplemental, 99-100
 volunteers, 142-143
 withholding, 93-106
Waiver of excess accumulation tax, 262
Wash sales, 366-367, 380, 889
Water wells, 609
Weight-loss programs, 515-516, 521
Welfare, 80, 297-299
Widow(ers), 46-48, 50, 57-58, 743. *See also* Survivors
Wills, 939. *See also* Inherited property
Withdrawing from IRA. *See* Individual retirement arrangements (IRAs)
Withholding:
 backup withholding, 106
 child tax credit, 786
 credit for 2013, 113-117
 on distributions from traditional IRAs, 449
 federal payments, 105-106
 gambling winnings, 105
 overview, 90-92
 pensions and annuities, 101-105, 241
 on retirement plans, 241
 salaries and wages, 93-101
 sick pay, 101
 social security and railroad retirement benefits, 270
 state and local income tax deduction, 538
 taxable fringe benefits, 101
 tips, 100
 underpayment penalty, 117-118
 unemployment compensation, 105
Work clothes, 705-706
Workers' compensation, 146, 299
Workfare payments, 821
Work-related education, 679-692
 bar or CPA review course, 686
 deductible expenses, 687-691
 employees, 691-692
 fee-basis officials, 692
 impairment-related work expenses, 692
 maintaining or improving skills, 682-683
 to meet minimum requirements, 683-685
 no double benefit allowed, 690-691
 nondeductible expenses, 687
 overview, 679-681, 687
 performing artists, 692
 qualifying, 681-687
 qualifying for new trade or business, 685-686
 recordkeeping, 692
 reimbursements, 691
 required by employer or by law, 682
 self-employed persons, 691
 teaching and related duties, 686
 transportation expenses, 687-688
 travel expenses, 689-690
Work-related expenses, 765-768
Worthless securities, 345
Wristwatches, 716

Z

Zero-coupon bonds, 184-185