

How to use this guide

The *EY Tax Guide 2015* is an easy-to-use, step-by-step guide to preparing your own tax return. It has been designed with you in mind, and its format should help highlight information to save you time and money.

The book explains, in clear and simple English, important aspects of the tax laws that affect you. It covers what you need to know about your taxes—from how to file your return to how to lower the tax you'll pay next year. Throughout the book, you will find hundreds of examples illustrating how the tax laws work. Sample tax forms and schedules show you how to fill out your return line by line. Here are some of the book's special features and how to use them:

- **Two Books in One** The *EY Tax Guide 2015* is really two books. The first book is the 2013 version of the official Internal Revenue Service tax guide, Publication 17, *Your Federal Income Tax*, which is reproduced here. Published annually, it contains the IRS's position on many of the tax questions taxpayers face. To make the *EY Tax Guide 2015* available to the public as quickly as possible, we have updated the text of the 2013 version of IRS Publication 17 to take into account developments during 2014. These updates are noted throughout the text. Upon release, the 2014 IRS Publication 17 can be found at www.irs.gov. The second book is the Ernst & Young guide. Here are comments, explanations, and tax-saving tips on what the IRS tells you—and doesn't tell you. It's no surprise that the IRS doesn't tell you everything, and what it does say often favors the U.S. government. Courts and tax professionals frequently differ with IRS opinions. The Ernst & Young text provides you this additional material. The two books have been spliced together to give you the most well-rounded tax guide on the market. To distinguish between the two perspectives, the original IRS text appears in black throughout the book, our updates of the IRS text are underlined, and Ernst & Young's comments appear in the green boxes.
- **TaxSavers, TaxPlanners, TaxAlerts, and TaxOrganizers** Among this book's biggest attractions are the more than 400 **TaxSavers**, **TaxPlanners**, **TaxAlerts**, and **TaxOrganizers** that you'll find appropriately placed throughout the text. **TaxSavers** are tips that help you slash

your tax bill this year and next—legally. **TaxPlanners** outline ideas that help you plan better for the upcoming year. **TaxAlerts** point out tax rules and regulations that have just changed or may change in the near future; they give you important current filing advice about issues you will want to consider as you prepare your return. **TaxOrganizers** point out steps you can take now to make it easier to file your taxes later.

- **Tax Breaks and Deductions You Can Use Checklists** You will find a checklist of key tax breaks and deductions for which you may be eligible at the beginning of each chapter, immediately following the Introduction. You should review each checklist to make sure you are taking all the deductions and tax breaks that you deserve.
- **Companion Website** Purchase of this guide includes access throughout the 2014 tax return filing season to ey.com/EYTaxGuide. This website contains up-to-date information you need about changes in the tax laws that occur throughout the year.
- **Special Contents** We've taken great pains to ensure that this book is clearly organized for easy access. If you can't find the section you want in the regular Contents, check the **Special Contents**. All told, there are eight of these—one each for families, homeowners, investors in stocks and bonds, investors in real estate, self-employed entrepreneurs, business executives, senior citizens, and members of the Armed Forces. Each **Special Contents** section contains a listing of the major tax issues for members of that group and tells where you can find the answers in the book. In addition, we have a table of contents at the beginning of each chapter to help you find what you need.

We have drawn from the tax experience of scores of Ernst & Young LLP partners, professionals, and staff from all parts of the United States to create this tax guide. Among the major accounting firms, only Ernst & Young LLP publishes a complete tax guide that is available to the general public. It provides the most complete and up-to-date tax information of any tax guide published.

Contents

ii	2015 tax calendar
v	How to use this guide
viii	Special contents
x	Changes in the tax law you should know about
xiv	Important 2014 tax reminders
xvi	How to avoid 25 common errors
xvii	50 of the most easily overlooked deductions
xviii	Individual tax organizer
xxvi	Income and expense records you should keep in addition to your income tax return

Part I ▶	The income tax return / 1
3	CHAPTER 1 ▶ Filing information Do I Have To File a Return? / 7 Which Form Should I Use? / 11 Does My Return Have To Be on Paper? / 13 When Do I Have To File? / 16 How Do I Prepare My Return? / 20 Where Do I File? / 33 What Happens After I File? / 33 What If I Made a Mistake? / 37
45	CHAPTER 2 ▶ Filing status Marital Status / 46 Single / 48 Married Filing Jointly / 48 Married Filing Separately / 51 Head of Household / 54

59	CHAPTER 3 ▶ Personal exemptions and dependents Exemptions / 61 Phaseout of Exemptions / 85 Social Security Numbers for Dependents / 86
88	CHAPTER 4 ▶ Tax withholding and estimated tax Tax Withholding for 2015 / 91 Estimated Tax for 2015 / 104 Credit for Withholding and Estimated Tax for 2014 / 111 Underpayment Penalty for 2014 / 115

Part II ▶	Income / 117
119	CHAPTER 5 ▶ Wages, salaries, and other earnings Employee Compensation / 120 Miscellaneous Compensation / 122

	Special Rules for Certain Employees / 137	Welfare and Other Public Assistance Benefits / 292			
	Sickness and Injury Benefits / 141	Other Income / 295			
145	CHAPTER 6 ▶ Tip income		Part III ▶ Gains and losses / 315		510 CHAPTER 22 ▶ Medical and dental expenses
	Keeping a Daily Tip Record / 146		317 CHAPTER 13 ▶ Basis of property		What Are Medical Expenses? / 511
	Reporting Tips to Your Employer / 147		Cost Basis / 318		What Expenses Can You Include This Year? / 512
	Allocated Tips / 151		Adjusted Basis / 320		How Much of the Expenses Can You Deduct? / 512
155	CHAPTER 7 ▶ Interest income		Basis Other Than Cost / 324		Whose Medical Expenses Can You Include? / 513
	General Information / 157		339 CHAPTER 14 ▶ Sale of property		What Medical Expenses Are Includible? / 516
	Taxable Interest / 162		Sales and Trades / 341		How Do You Treat Reimbursements? / 524
	When To Report Interest Income / 183		Capital Gains and Losses / 358		Damages for Personal Injuries / 527
	How To Report Interest Income / 184		380 CHAPTER 15 ▶ Selling your home		How Do You Figure and Report the Deduction on Your Tax Return? / 528
187	CHAPTER 8 ▶ Dividends and other corporate distributions		Main Home / 382		Impairment-Related Work Expenses / 528
	General Information / 190		Figuring Gain or Loss / 383		Health Insurance Costs for Self-Employed Persons / 529
	Ordinary Dividends / 195		Excluding the Gain / 387		
	Capital Gain Distributions / 200		Business Use or Rental of Home / 393		
	Nondividend Distributions / 201		Reporting the Sale / 397		
	Other Distributions / 204		Recapturing (Paying Back) a Federal Mortgage Subsidy / 398		
	How To Report Dividend Income / 205				
209	CHAPTER 9 ▶ Rental income and expenses		400 CHAPTER 16 ▶ Reporting gains and losses		531 CHAPTER 23 ▶ Taxes you may deduct
	Rental Income / 210		Reporting Capital Gains and Losses / 403		Tests to Deduct Any Tax / 533
	Rental Expenses / 213				Income Taxes / 533
	Repairs and Improvements / 214				Real Estate Taxes / 538
	Property Changed to Rental Use / 217				Personal Property Taxes / 543
	Renting Part of Property / 217				Taxes and Fees You Cannot Deduct / 543
	Not Rented for Profit / 218				Where To Deduct / 544
	Personal Use of Dwelling Unit (Including Vacation Home) / 218				
	Depreciation / 225		Part IV ▶ Adjustments to income / 419		545 CHAPTER 24 ▶ Interest expense
	Limits on Rental Losses / 227		421 CHAPTER 17 ▶ Individual retirement arrangements (IRAs)		Home Mortgage Interest / 546
	How To Report Rental Income and Expenses / 230		Traditional IRAs / 425		Investment Interest / 558
234	CHAPTER 10 ▶ Retirement plans, pensions, and annuities		Roth IRAs / 452		Items You Cannot Deduct / 562
	General Information / 235		461 CHAPTER 18 ▶ Alimony		Allocation of Interest / 565
	Cost (Investment in the Contract) / 241		General Rules / 462		How To Report / 567
	Taxation of Periodic Payments / 242		Instruments Executed After 1984 / 464		
	Taxation of Nonperiodic Payments / 245		How To Deduct Alimony Paid / 469		569 CHAPTER 25 ▶ Contributions
	Rollovers / 248		How To Report Alimony Received / 469		Organizations That Qualify To Receive Deductible Contributions / 571
	Special Additional Taxes / 255		Recapture Rule / 470		Contributions You Can Deduct / 572
	Survivors and Beneficiaries / 261		Other Alimony Issues and Rules / 471		Contributions You Cannot Deduct / 580
262	CHAPTER 11 ▶ Social security and equivalent railroad retirement benefits				When To Deduct / 590
	Are Any of Your Benefits Taxable? / 263		475 CHAPTER 19 ▶ Education-related adjustments		Limits on Deductions / 590
	How To Report Your Benefits / 266		Student Loan Interest Deduction / 476		Records To Keep / 593
	Examples / 268		Tuition and Fees Deduction / 479		How To Report / 598
	Deductions Related to Your Benefits / 272		Educator Expenses / 483		
	Repayments More Than Gross Benefits / 272		485 CHAPTER 20 ▶ Moving expenses		599 CHAPTER 26 ▶ Nonbusiness casualty and theft losses
275	CHAPTER 12 ▶ Other income		Who Can Deduct Moving Expenses / 486		Casualty / 601
	Bartering / 276		Members of the Armed Forces / 492		Theft / 604
	Canceled Debts / 277		Retirees or Survivors Who Move to the United States / 493		Loss on Deposits / 605
	Host or Hostess / 279		Deductible Moving Expenses / 494		Proof of Loss / 607
	Life Insurance Proceeds / 279		Nondeductible Expenses / 496		Figuring a Loss / 608
	Partnership Income / 282		How and When To Report / 497		Deduction Limits / 617
	S Corporation Income / 284		When To Deduct Expenses / 498		When To Report Gains and Losses / 621
	Recoveries / 285				How To Report Gains and Losses / 623
	Rents from Personal Property / 288				
	Repayments / 288				
	Royalties / 290				
	Unemployment Benefits / 291				
			Part V ▶ Standard deduction and itemized deductions / 501		624 CHAPTER 27 ▶ Car expenses and other employee business expenses
			503 CHAPTER 21 ▶ Standard deduction		Travel Expenses / 627
			Standard Deduction Amount / 504		Entertainment Expenses / 639
			Standard Deduction for Dependents / 506		Gift Expenses / 646
			Who Should Itemize / 507		Transportation Expenses / 647
					Recordkeeping / 656
					How To Report / 661
					673 CHAPTER 28 ▶ Tax benefits for work-related education
					Qualifying Work-Related Education / 675

- Education To Meet Minimum Requirements / 677
- What Expenses Can Be Deducted / 681
- Reimbursements / 685
- Deducting Business Expenses / 685
- Recordkeeping / 686
- 687 CHAPTER 29 ▶ Miscellaneous deductions**
 - Deductions Subject to the 2% Limit / 688
 - Deductions Not Subject to the 2% Limit / 703
 - Nondeductible Expenses / 705
- 711 CHAPTER 30 ▶ Limit on itemized deductions**

Part VI ▶ Figuring your taxes and credits / 715

- 717 CHAPTER 31 ▶ How to figure your tax**
 - Figuring Your Tax / 718
 - Alternative Minimum Tax / 721
 - Additional Medicare Tax / 728
 - Net Investment Income Tax (NIIT) / 728
 - Individual Shared Responsibility Provision—Calculating the Payment / 730
 - Tax Figured by IRS / 731
- 735 CHAPTER 32 ▶ Tax on investment income of certain children**
 - Which Parent's Return To Use / 737
 - Parent's Election To Report Child's Interest and Dividends / 737
 - Tax for Certain Children Who Have Unearned Income / 740
- 746 CHAPTER 33 ▶ Child and dependent care credit**
 - Tests To Claim the Credit / 747
 - How To Figure the Credit / 757
 - How To Claim the Credit / 763
 - Employment Taxes for Household Employers / 763
- 767 CHAPTER 34 ▶ Credit for the elderly or the disabled**
 - Are You Eligible for the Credit? / 768
 - How to Claim the Credit / 771
- 773 CHAPTER 35 ▶ Child tax credit**
 - Qualifying Child / 774
 - Amount of Credit / 774
 - Claiming the Credit / 775
 - Additional Child Tax Credit / 775
 - Completing Schedule 8812 (Form 1040A or 1040) / 776
- 777 CHAPTER 36 ▶ Education credits and other education tax benefits**
 - Who Can Claim an Education Credit / 778
 - Qualified Education Expenses / 779

- 788 CHAPTER 37 ▶ Other credits including the earned income credit**
 - Nonrefundable Credits / 791
 - Refundable Credits / 799
 - Earned Income Credit (EIC) / 804
 - Reminders / 804
 - Do You Qualify for the Credit? / 806
 - Part A. Rules for Everyone / 807
 - Part B. Rules If You Have a Qualifying Child / 811
 - Part C. Rules If You Do Not Have a Qualifying Child / 817
 - Part D. Figuring and Claiming the EIC / 819
 - Examples / 820

Part VII ▶ Special situations and tax planning / 827

- 829 CHAPTER 38 ▶ Self-employment income: How to file Schedule C**
 - Who Must File Schedule C / 830
 - What Is Included in Net Self-Employment Earnings? / 834
 - How to Determine Items of Income and Expenses / 836
 - How to Complete Schedule C / 839
 - Sales of Business Property Used in Your Business / 852
 - Business Tax Credit / 852
 - Special Situations / 853
 - How to Complete Schedule SE Line by Line, Briefly / 854
- 863 CHAPTER 39 ▶ Mutual funds**
 - Tax Treatment of Distributions / 866
 - Sales, Exchanges, and Redemptions / 872
 - Keeping Track of Your Basis / 873
 - Gains and Losses / 879
 - Holding Period / 879
 - How to Figure Gains and Losses on Form 8949 and Schedule D / 881
 - Capital Losses / 881
 - Investment Expenses / 882
- 884 CHAPTER 40 ▶ What to do if you employ domestic help**
 - Reminder / 885
 - Employment Taxes for Household Employers / 885
 - Reporting and Paying Taxes on Wages Paid to Household Employees / 891
- 896 CHAPTER 41 ▶ U.S. citizens working abroad: Tax treatment of foreign earned income**
 - How to Qualify for the Foreign Earned Income Exclusion / 896
 - The Foreign Earned Income Exclusion / 897
 - The Foreign Housing Exclusion / 899
 - Employer-Provided Meals and Lodging / 900
 - Foreign Tax Credit / 900

- 903 CHAPTER 42 ▶ Foreign citizens living in the United States**
 - Determining Your Status / 903
 - Election to Be Treated as a Resident / 905
 - How Resident Aliens Are Taxed / 906
 - Rules for Individuals Giving Up U.S. Citizenship or U.S. Residency / 907
 - Dual-Status Aliens / 908
 - How Nonresident Aliens Are Taxed / 909
 - Departing from the United States / 911
- 913 CHAPTER 43 ▶ Decedents: Dealing with the death of a family member**
 - Personal Representative / 914
 - Final Return for the Decedent / 915
 - Tax Effect on Others / 924
- 930 CHAPTER 44 ▶ Estate and gift tax planning**
 - Getting Started / 930
 - Estate Tax Fundamentals / 931
 - How Your Estate Is Taxed / 933
 - The Fundamentals of the Gift Tax / 936
 - The Generation-Skipping Transfer Tax / 941
 - How to Use Trusts / 941
 - How to Raise Cash to Pay Estate Taxes / 943
 - Concerns Regarding Community Property / 944
 - Estate Planning—Steps to Take Now / 944
- 945 CHAPTER 45 ▶ Everything you need to know about e-filing**
 - Information You'll Need to E-File / 946
 - Making Tax Payments / 948
 - Methods of E-Filing / 949
- 952 CHAPTER 46 ▶ If your return is examined**
 - IRS Declaration of Taxpayer Rights / 952
 - Examinations, Appeals, Collections, and Refunds / 953
 - The Examination Process / 954
 - Appeals / 961
 - Collections / 965
 - Potential Third Party Contacts / 965
 - Claims for Refunds / 965
 - Past-Due Taxes / 966
- 968 CHAPTER 47 ▶ Planning ahead for 2015 and beyond**
 - Year-End and Ongoing Tax Planning Considerations / 969
 - ACA Individual Provisions / 975
 - Inflation Adjustments for 2015 / 984
- 985 CHAPTER 48 ▶ 2014 Tax rate schedules**
- 987 Index**

Special contents

Family tax guide

Abortion / 516
Adoption / 6, 25, 64, 65, 76, 87, 128, 514-515, 706, 750, 774, 788, 791, 811
Alimony and separated maintenance: 453, 461-474
 Child support not included / 463-464
 Expense of a home / 463, 472-474
Burial or funeral expenses / 84, 276, 292-293, 313, 516, 580, 705, 706, 918, 923, 931, 933, 936, 943
Child and dependent care credit / 733, 739, 746-766
Children:
 Gifts to / 938-939
 Tax credit / 63, 67, 71, 73-74
 Tax on investment income / 9, 191, 401, 735-745
Child support / 14-15, 39, 296, 297, 461-463, 464, 467-468
Common law marriage / 46-47, 61, 78
Community property / 7, 29, 45, 47-48, 53, 54, 59, 78, 79, 114, 170, 332, 426-427, 474, 491, 512, 760, 808, 810, 867, 915, 944, 984
Custody, child / 57, 67, 467-468, 515, 708, 737, 750, 815, 944
Day care centers / 582, 750-751, 754, 757, 849-850
Dependents / 9, 24, 47, 57, 59-87, 482, 483, 506, 514, 516, 523, 733, 746-766, 774, 779, 817, 925
Divorce / 46-47, 49, 50, 62, 67-68, 71-72, 73, 85-87, 114-115, 391, 429, 440, 515, 541, 551, 737, 750, 815, 816
 Alimony / 461-474
 Dependents support test for children / 85-87
 Exemptions / 62, 67-68, 73, 85
 Filing status / 49
 Transfers of property / 355
Domestic help / 884-895
Earned income credit / 732, 733, 788-826, 890
Educational expenses / 475-484, 673-686, 753, 777-787
Education Savings Bond Program / 155, 168, 173-175
Estate tax / 261, 913-984
Exemptions / 59-88
Filing status / 5-6, 8, 45-58, 435
 Married filing jointly / 48-51
 Married filing separately / 51-53, 808
Final tax return / 508, 913-929
Foster care / 65, 69, 76, 80, 302, 579, 811
Gifts / 129, 160, 163, 304, 313, 328-332, 373, 614, 646-647, 661, 690, 888, 925, 930-944
Grandparents / 56, 72, 75, 222, 356, 398, 477, 514, 550, 743, 938, 941
Head of household / 47, 48, 54-58, 769
Household employees / 62, 93, 763-764, 884-895
Joint returns / 29, 42, 48-51, 53, 57, 61, 63-64, 69, 71, 76, 107, 241, 272, 390, 414, 491, 533, 737, 755-756, 803, 804, 811, 812, 818, 834, 882, 917, 919, 920, 925
Married taxpayers / 19, 47, 48-49, 93, 106-107, 390, 737, 755, 768-769, 777-778
 Filing jointly / 42, 48-51, 755
 Filing separately / 51-53, 808
 Filing status / 45-58, 432
 Marriage tax / 48-49, 61
Medical and dental expenses / 510-530
Moving household goods / 485-500
Multiple support agreement / 84-85, 87, 515
Parents as dependents / 75, 81-83
 Additional standard deduction / 62, 504
Premium Tax Credit, 799

Registered domestic partners / 7, 47
Retirement planning / 140, 234-261
 IRAs / 24, 53, 165, 423-463
 Retirement plans / 131-134, 142, 162, 234-261, 799
 Social Security / 139, 151, 262-274, 288, 290, 431, 432, 703, 788, 802-804, 885, 887
Scholarships / 69-70, 77, 308, 425, 477, 685, 785, 819
Separated taxpayers / 51, 62, 67-68, 71, 73-74, 85, 414, 462, 466, 515, 551, 737, 750, 755, 760, 815-816
Social security number / 6, 24-25, 86, 158-159, 192, 808, 813
Spouse:
 Deceased / 18, 48, 49, 50, 516, 913-929
 Disabled, qualifying for dependent care credit / 733, 767-772
 Exemption / 61
 IRA / 429, 453-455
 Injured Spouse Allocation, 29
 Medical expenses / 513-514, 516
 Nonresident alien spouse, 25, 54
 Standard deduction / 503-509
 Surviving / 8, 249, 280, 391, 443, 493, 755, 760, 925-926
Trusts / 158, 171, 191, 298-300, 942-943

Homeowners' tax guide

Appraisals / 518, 583, 610, 613, 701
Calculating your gain / 349-351
Change to rental property / 217, 393-397
Closing costs / 319, 386
Condominiums / 190, 210, 219-223, 228, 382, 389, 407, 700, 798
Cooperative apartments / 210, 382, 389, 407, 532, 538, 546, 557, 608, 798, 956
Credit for mortgage interest / 796-797
Damages / 601-604, 607, 610, 612
Definition of principal residence / 382-383
Excluding gain on sale of home / 387-393
First-time homebuyer credit / 801-802
Improvements / 214-215, 320, 554
Interest on mortgage and home equity loans / 230, 286, 546-557, 795-796
Home office / 692-696, 848-850
Loan fees / 565-567, 568
Measuring your investment in property / 318-332
Points / 552-557
Principal home defined / 382-383
Real estate taxes / 319, 538-541
Recapturing (Paying Back) the First-Time Homeowner Credit, 801
Recordkeeping / 231, 274, 387, 624, 686
Renting your home / 53, 209-233, 288, 332
Replacement period / 320-321, 399, 960
Selling expenses / 320-321, 350, 351, 367-368, 383
Settlement fees / 319, 386
Special problems:
 Casualty and theft losses / 599-623
 Condemnations / 164, 325-326, 354, 385, 390, 398, 406, 600, 605, 801
 Divorces / 391, 541, 551
 Installment sales / 164, 344-349, 397-398, 406, 926
 Mortgage debt forgiveness / 382
Vacation homes / 218-223

Investors' tax guide

(If You Own Stocks, Bonds, or Limited Partnerships)

Alternative minimum tax (AMT) / 204, 225, 418, 717, 721-727, 745, 869
Amortization of bond premium / 568, 704
Annuities / 99-102, 234-261, 355, 810
Basis / 317-338, 842, 849, 873-878
Bonds:
 Coupon stripping / 180
 Redemption and sale of bonds / 342
 Tax-exempt bonds / 160-161, 177-178, 179-181, 182, 335, 360, 568
 U.S. savings bonds / 167-172
 Zero-coupon bonds / 181-182
Capital gains and losses / 200-201, 358-379, 400-419, 587, 740, 800, 868-869
 Holding period / 195-196, 372-373, 879-880
 Loss carryover rules / 414, 881-882
Certificate of deposit (CD) / 162, 182-183
Charitable donations, using your portfolio / 571-598
Commodity futures / 365
Computer at home / 690, 701, 843
Covered call options / 364
Deductible expenses for the investor:
 Limitations on investment income / 588-589
 Safe-deposit box / 700
 Stockholders meetings / 709
Dividends / 136, 161-162, 187-208, 208, 373, 701, 703, 737-740, 868, 883
 Nontaxable dividends / 333, 335-336
 Reinvestment plans / 23, 197-198, 333, 335, 349, 402, 407, 410, 703, 864, 866, 874
 Stock dividends / 136, 197, 202-203, 205, 333-334, 373
Education Savings Bonds / 173-174
Fair market value / 324-331, 573-574, 609
Figuring gains and losses / 349-351, 881-882
Foreign bank and financial accounts / 206, 902, 907
Foreign investment disclosures / 155-157, 196-197
Foreign tax credit / 794, 900-902
Holding period / 195-196, 372-373, 868, 879-880
Index options / 364
Interest income / 155-186, 794
Investment clubs / 305-306, 700, 709
Investment interest / 415, 558-561, 565, 883
Market discount bonds / 183, 360, 568
Municipal bonds / 77, 157, 177-178, 265, 361, 434, 472, 534, 559, 560, 562, 722-723, 743, 869
Mutual funds / 200, 334, 701, 863-883
 Distributions / 868-869
 Foreign mutual funds / 156, 865
Nominees / 161, 408
Nontaxable distributions / 333, 446, 734
Nontaxable exchanges / 327, 352
Options / 134-136, 334, 362
Original issue discount (OID) / 179-181, 335, 556
Passive activity limits / 227, 228-229
Passive activity losses / 406, 558
Portfolio strategies:
 Short sales against the box / 363
 Stripped-coupon bonds / 180
 Using puts and calls / 362, 364
 Wash sales / 357, 362, 364-365, 378-379, 880
 Writing covered calls / 364
Qualified small business stock (QSBS) / 370-371
Related parties / 356-357

Reporting gains and losses / 400-418
Retirement of bonds / 342-343
Safe deposit boxes / 700
Savings bonds / 167-175, 306
Short sales / 207, 362
Stock / 134, 135, 192-194, 278, 333-338,
341-342, 353-354, 356, 357, 359, 369-370, 416,
604, 943
Stock rights / 202-204, 337-338, 359, 373
Straddles / 365-336, 406, 558
Tax-exempts / 562
Wash sales / 357, 362, 364-365, 378-379, 880
Worthless securities / 342
Zero-coupon bonds / 181-182

Real estate investors' tax guide

Active participation / 228
Advance rent / 210-212
Alternative minimum tax (AMT) / 204, 225, 418,
721-732, 745, 869
Appraisals / 519, 583, 610, 613, 701
Basis (measuring your investment in property) /
317-338, 384, 385-387
 At-risk / 227, 309-310
 Closing costs / 319
 Improvements / 214-215, 320-323, 544
Capital gains/losses (See Investors' Tax Guide)
Cost of keeping up / 54, 55, 755, 816
Damages / 527, 599-623, 690
Depreciation / 213, 225-234, 323, 327, 328, 332,
356, 395-396
 Accelerated Cost Recovery System (ACRS) / 226,
 417, 652, 842
 Modified Accelerated Cost Recovery System
 (MACRS) / 226, 327, 328, 652, 842, 843, 848
Exchanges of like-kind property / 327-328, 347, 351,
356, 398
Fair market value / 319, 349, 586-587, 609-613
Fair rental value / 81-82, 138, 463, 473, 575
Home office / 692-710, 846-855
Passive activities / 228-230, 309-313, 406-407
Points / 552-557
Real estate investment trusts (REITs) / 187, 194, 200,
371, 409, 800
Recordkeeping / 231, 274, 387, 624, 686
Rental income and expenses / 209-233
Repairs / 214-215, 386, 610-611
Sales and exchanges / 380-399
 Installment sales / 164, 344-349, 397-398,
 406, 926
 Nontaxable exchanges / 327
 Repossession of real property / 347-348, 367,
 373, 384
Security deposits / 212
Subdivision of land / 367-368
Subletting / 212, 367
Vacation homes / 218-225

Self-employed entrepreneurs' tax guide

Accounting methods:
 Accrual method / 24, 167, 184, 838
 Cash method / 21-24, 167, 168, 183-184, 838
Accounting periods / 837
Alternative minimum tax (AMT) / 225, 418, 717,
721-727, 745
Artists and authors / 853
Bad debts / 840-841
Barter income / 276
Business assets:
 Automobiles / 624-673, 841-844
 Business tax credits / 852

Depreciation / 842-843, 846, 847, 848-849,
850, 852
Expense election (section 179 deductions) /
842-843, 847
Business expenses / 627-672, 685-686, 840-851
Business gifts / 646, 633, 690
Business tax credits / 852
Carryback/carryforward / 901
Club fees and dues / 305, 642-643, 706
Computer at home / 691, 701, 843
Constructive receipt of income / 22, 121, 183-184
Convention expenses / 579, 638-639, 684
Depreciation / 843, 848-849
Estimated taxes / 30, 88-116, 237, 266, 268, 283,
284, 474, 499, 534, 740
Federal unemployment tax (FUTA) / 890
Foreign conventions / 639, 684
Foreign earned income / 896-902
Form 8829 / 846, 849, 862
Health insurance / 844
Hobby losses / 304, 832
Home office / 656, 692-696, 846-847
How to complete Schedule C / 839-853
Income received by an agent / 830, 831, 834, 838, 846
Independent contractors / 830, 845, 846, 886
Installment sales / 164, 344, 348, 397, 406, 926
Inventions / 290, 368
Inventory methods / 853
Leasing a car / 655
Legal expenses / 702, 708
Losses, reporting / 400-418, 623-624
Medical insurance / 844
Miscellaneous expenses:
 Entertainment expenses / 639-647
 Moving expenses / 485-500
 Travel expenses / 627-639
New business start-up costs / 836-837
Office rent / 701
Payroll taxes / 845-846
Recordkeeping / 656, 686, 690, 849
Retirement plans:
 IRAs / 421-460, 851
 Keogh plans / 444, 851
 Simplified employee pension (SEP) / 459, 851
Royalties / 290-291, 568
S corporations / 284-285, 702, 922, 986
Sale of business assets / 852
 Recapture of depreciation / 852
Schedule C / 829-855
Schedule C-EZ / 831-832
Self-employment taxes / 834
Social security tax (FICA) for your employees / 833,
845, 889
Standard mileage rate / 652-653, 842
Start-up expenses / 836-837
Statutory employees / 830, 835, 846
Tax year / 837-838
Travel and entertainment / 627-646, 851

Business executives' tax guide

Accounting to employer / 661-668
Alternative minimum tax (AMT) / 204, 225, 418, 717,
721-728, 745, 869
Bonuses / 123, 307
Business expenses:
 Automobiles / 523-524, 579, 598, 624-672,
 841-842
 Business gifts / 646, 690
 Computer at home / 691, 701, 843
 Conventions / 579, 638-639, 684
 Entertainment / 639-647, 668, 706, 851
 Travel in the United States / 636-637
 Travel outside the United States / 637-638

Club fees and dues / 305, 642-643, 706
Commuting expenses / 132, 650-651, 706-707
Compensation:
 Bargain purchases from your employer / 325
 Deferred compensation / 124, 236, 820
 Life insurance / 129-131, 708
 Stock appreciation rights / 125
 Stock options / 134-136, 202-203, 334, 359, 373
Directors' fees / 300
Educational expenses / 781-788
Employment agency fees / 298
Foreign-earned income exclusion / 896-902
Fringe benefits / 99, 126-129
Home office / 651, 692-696, 846-847
Hydrogen Refueling Property Credit, 793
Job hunting / 688, 696-697
Living abroad / 8, 139, 493-494, 756, 896-902
Lump-sum distributions from retirement
 plans / 245-247, 267-268
Moving expenses / 485-500
Passive activity losses / 310-311, 406-407, 561
Recordkeeping / 500, 530, 656-661, 686, 763, 849,
884, 893, 902, 912
Resumé expenses / 697
Severance pay / 124
Sick pay / 99, 124, 143
Simplified employee pension (SEP) / 459, 851
Stock for services / 205
Stock options:
 Incentive stock options / 135, 334, 725-726
 Nonqualified stock options / 135
Tax credit for child care / 746-766
Unemployment benefits / 291-292
Withholding / 88-117, 237, 266
Workers' compensation / 143-144, 294-295

Senior citizens' tax guide

Credit for the elderly and disabled / 733, 767-772
Dependents / 8, 57-58, 62-88, 768-769
Filing requirements / 3-44
Free help with your return / 16
Final tax return / 504, 915-929
Nursing homes / 76, 166, 390, 522
Retirement plans:
 Death benefit exclusion / 281, 921
 Excise tax on early distribution / 257-258, 442,
 448, 451-452
 IRAs / 53, 162, 250, 253, 421-460
 Lump-sum distributions / 245-247, 252, 267-268
Purchased annuities / 237
Sale of principal residence (See Homeowners' tax guide)
Social security income, amount taxable / 267
Standard deduction / 286-287, 501-509
 Additional standard deduction / 62, 504
Widows and widowers / 48, 57-58

Members of the Armed Forces' tax guide (Including Veterans)

Disability benefits / 140, 142
Dependency allotments / 79-80
Extension of time to file return / 20
Insurance proceeds / 140, 279
Meals and lodging / 551, 628
MIAs and POWs / 46
Moving expenses / 488, 492-493
Nontaxable military benefits / 425, 809
Pay / 139-140, 425
Reservists' transportation / 650
Retirement pay / 91, 101, 139
Uniforms, cost of / 699
Veterans' benefits / 140
Where to file your return / 32