

US Treasury Department
Internal Revenue Service



TAX MODEL
1966
STATISTICS OF INCOME

general description

individual

nonbusiness file

Statistics Division
May 1968

1966 Tax Model/Individual Income Tax Returns

A General Description of the Tax Model File

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Introduction

The Individual Tax Model is primarily a research tool that will accurately test hypotheses regarding income, deductions, tax base, tax rates, or any combination of these factors. The Tax Model consists of (1) a file of 86,610 records selected randomly from the Statistics of Income sample of 383,600 Form 1040 and 1040A returns (input file--this file is available to research organizations at cost); (2) a generalized manipulation program designed to select, compute, compare, arrange, and recode data in the input file; and (3) a table generator program that will select, weight, and tabulate specified items in the manipulated input file, and provide for stub and column identification in a flexible format of 20 lines by 12 columns, in up to 10 tables per run.

The Model file (input file) can be partitioned into as many as 10 equal parts by use of the "select" code if it is desirable to replicate an experiment using several randomly selected sets of tax records.

The returns in the Model file are stratified by size of adjusted gross income, and type of return (presence or absence of Business or Farm Schedules). The Model file contains 81 data items, and 7 codes that provide identifying and characteristics information.

This general description indicates the codes and items that are included in the Tax Model file, the layout of the file, and the sampling rates for each class of return. Facsimiles of the tax return from which the information was abstracted are also included.

Technical Description of File

Each Data Record in the file, representing one tax return, is composed of one hundred (100), 10 digit, fixed point, numeric words the first 81 of which contain data. Logical Tape Records are made up of 5 data records. Logical tape records are separated by a 3/4 inch inter record gap (IRG). There is no special indication of the end of a logical tape record other than the IRG, and no indication of the end of a data record. Data are recorded at a density of 556 bits per inch on standard 2,400 foot, 1/2 inch, 7 channel, mylar tape in Binary Coded Decimal (BCD) notation with both horizontal and vertical even parity. Each logical tape record is preceded by a Delta (CB8421 in BCD). Numeric words are 10 or fewer characters because zero suppression eliminates up to 5 non-significant high order zeroes per word. The end of a data word is recognized by the zone bits in the units positions.

Header and trailer labels are 80 alphameric characters in length. Alpha words are 5 characters in tape. No deltas precede tape labels. The last reel of the file carries an end-of-file (EOF) indication in the second, third and fourth characters of the trailer label. All other reels carry an end-of-reel indication (EOR) in the same positions.

The file was created using IBM 729-V Tape Drives.

Codes and Items in Tax Model File

<u>Digit Pos. in Field 0</u>	<u>Code</u>	<u>Field</u>	<u>Item</u>
			<u>Gains and Losses from Sales of Property</u>
0,1	District	37	Total Ordinary Gain
2,3	Sample	38	Total Other Gain
4	Form of deduction	63	Net Gain - Other Property
5	Tax Status	64	Net Loss - Other Property
6	Dependent Parent	76	Short-Term Capital Loss Carryover
7	Marital Status	77	Net Short-Term Gain after
8	Select	78	Carryover
		78	Net Short-Term Loss after
			Carryover
		79	Long-Term Capital Loss Carryover
		80	Net Long-Term Gain after
			Carryover
		81	Net Long-Term Loss after
			Carryover
		82	Net Loss before Limitation
		83	Net Capital Gain in AGI
		84	Net Capital Loss in AGI
<u>Field</u>	<u>Item</u>		
	<u>Exemptions</u>		
4	Taxpayer		
5	Age		
6	Blind		
7	Dependents		
			<u>Deductions</u>
	<u>Income and Loss</u>		
8	Salaries and Wages		
9	Total Income (AGI+)	11	Total Deductions
10	Total Loss (AGI-)	44	Total Medical - Group I
27	Total Dividends	45	Drug - Group II
28	Dividend Exclusion	46	Total Medical - Group II
29	Capital Gains and Nontaxable Dividends	47	Allowable Medical
		48	Total Contributions
30	Dividends in Total Income	49	Real Estate Tax
31	Total Interest Income	50	Gasoline Tax
32	Nonfarm Net Profit	51	General Sales Tax
33	Nonfarm Net Loss	52	State & Local Income Tax
34	Farm Net Profit	53	Personal Property Tax
35	Farm Net Loss	54	Total Tax
36	Other Sources of Income	55	Home Mortgage Interest
39	Other Sources of Loss	56	Total Interest
62	Pensions and Annuities	57	Total Other Deductions
65	Rent Income		
66	Rent Loss		
67	Royalty Income	40	<u>Adjustments to Income</u> Sick Pay
68	Royalty Loss	41	Moving Expense
69	Royalty Depletion	42	Employee Business Expense
70	Partnership Income	43	Self-Employed Pension Payment
71	Partnership Loss		
72	Small Business Corporation Net Income		
		58	<u>Tax Credits</u> Retirement Income Credit
73	Small Business Corporation Net Loss	59	Investment Credit
		60	Foreign Tax Credit
74	Estate and Trust Net Income	61	All Other Credits
75	Estate and Trust Net Loss		

Codes and Items in Tax Model File "-Cont."

<u>Field</u>	<u>Item</u>	<u>Field</u>	<u>Item</u>
	<u>Tax Related Items: Form 1040, page 1</u>		<u>Miscellaneous</u>
12	Taxable Income	1, 2	Blank Code Fields
13	Tax Savings - Income Averaging	3	Weight Word
14	Income Tax Before Credits	85-96	Blank Fields
15	Income Tax After Credits	97	Sort Field (see
16	Recomputed Tax on Prior-Year Investment Credit	98	Explanation)
17	Self-Employment Tax		Social Security
18	Income Tax Withheld		Number (see
19	1966 Estimated Tax Payments		Explanation)
20	Excess FICA Withheld	99	Document Locator
21	½ Excess Net Long-Term Capital Gain		Number (see
22	Credit for Non-Highway Federal Gasoline Tax		Explanation)
23	Tax Withheld by Regulated Investment Company		
24	Balance Due		
25	Tax Paid with Return		
26	Total Overpayment		

Explanation of Codes and Items in Tape File

Columns in
Field 00
0, 1

Code

District (IRS District in which return was filed)

Southeast Region:

Greensboro, N. C.....	56
Columbia, S. C.....	57
Atlanta, Ga.....	58
Jacksonville, Fla.....	59
Nashville, Tenn.....	62
Birmingham, Ala.....	63
Jackson, Miss.....	64

North-Atlantic Region:

Augusta, Maine.....	01
Portsmouth, N. H.....	02
Burlington, Vt.....	03
Boston, Mass.....	04
Providence, R. I.....	05
Hartford, Conn.....	06
Brooklyn, N. Y.....	11
Manhattan, N. Y.....	13
Albany, N. Y.....	14
Buffalo, N. Y.....	16
Puerto Rico.....	66
CP:IO.....	98

Midwest Region:

Chicago, Ill.....	36
Springfield, Ill.....	37
Milwaukee, Wis.....	39
St. Paul, Minn.....	41
Des Moines, Iowa.....	42
St. Louis, Mo.....	43
Fargo, N. Dak.....	45
Aberdeen, South Dak.....	46
Omaha, Nebr.....	47
Detroit, Mich.....	38

Central Region:

Cincinnati, Ohio.....	31
Cleveland, Ohio.....	34
Indianapolis, Ind.....	35
Parkersburg, West Va.....	55
Louisville, Ky.....	61

Explanation of Codes and Items in Tape File "-Cont."

<u>Columns in</u> <u>Field 00</u> 0, 1	<u>Code</u> <u>District</u> (IRS District in which return was filed)
Southwest Region:	
	Wichita, Kansas..... 48
	Little Rock, Ark..... 71
	New Orleans, La..... 72
	Oklahoma City, Okla..... 73
	Austin, Texas..... 74
	Dallas, Texas..... 75
	Cheyenne, Wyo..... 83
	Denver, Colorado..... 84
	Albuquerque, N. Mex..... 85
Mid-Atlantic Region:	
	Newark, N. J..... 22
	<u>1</u> /Philadelphia, Pa..... 23
	<u>2</u> /Philadelphia, Pa..... 24
	Pittsburgh, Pa..... 25
	Wilmington, Del..... 51
	Baltimore, Md..... 52
	Washington, D. C..... 53
	Richmond, Va..... 54
Western Region:	
	Helena, Montana..... 81
	Boise, Idaho..... 82
	Phoenix, Ariz..... 86
	Salt Lake City, Utah..... 87
	Reno, Nev..... 88
	Seattle, Wash..... 91
	Anchorage, Alaska..... 92
	Portland, Oregon..... 93
	San Francisco, Calif..... 94
	Los Angeles, Calif..... 95
	Honolulu, Hawaii..... 99
<u>3</u> /International Operations:	
	Puerto Rico..... 66
	All other IO returns..... 98

1/ Philadelphia District Office returns with the mailing address other than Philadelphia, Pennsylvania.

2/ Philadelphia District Office returns with the mailing address of Philadelphia, Pennsylvania.

3/ Returns of resident aliens, citizens residing in U.S. possessions, and citizens residing abroad are filed with the Office of International Operations.

Columns (in field 0)Code2, 3 **Sample**

- 00 Form 1040A Returns
- 01 Nonbusiness with AGI under \$10,000; loss under \$200,000
- 02 Business with AGI under \$10,000; loss under \$200,000
- 03 Nonbusiness with AGI \$10,000 under \$50,000
- 04 Business with AGI \$10,000 under \$30,000
- 05 Nonbusiness with AGI \$50,000 under \$100,000
- 06 Business with AGI \$30,000 under \$100,000
- 07 Nonbusiness with AGI \$100,000 under \$200,000
- 08 Business with AGI \$100,000 under \$200,000
- 09 Form 1040, (1040W) Prior Year Delinquent with AGI under \$50,000; loss under \$200,000
- 17 Nonbusiness with AGI of \$200,000 and over; loss of \$200,000 and over
- 18 Business with AGI of \$200,000 and over; loss of \$200,000 and over
- 19 Form 1040, (1040W) Prior Year Delinquent with AGI \$50,000 and over; loss \$200,000 and over

4 Form of Deduction

- 1 Itemized deduction returns
- 2 Standard deduction returns
- 3 Returns with positive total income
- 4 Minimum standard deduction returns
- 5 Itemized without schedule

5 Tax Status

- 1 Taxable, using normal tax and surtax computation
- 2 Taxable, using normal tax and surtax computation and income averaging
- 3 Taxable, using alternative tax computation
- 4 Taxable, using alternative tax computation and income averaging
- 5 Returns with no taxable income
- 6 Nontaxable (after credits), using normal tax and surtax computation
- 7 Nontaxable (after credits), using normal tax and surtax computation, and income averaging
- 8 Nontaxable (after credits), using alternative tax computation
- 9 Nontaxable (after credits), using alternative tax computation and income averaging

Columns (in field 0)

Code--Continued

- 6 DP-MD (Dependent Parents Medical Deduction)
 - 1 Yes
 - 2 No

- 7 Marital Status
 - 1 Single (not head of household or surviving spouse)
 - 2 Married filing joint return
 - 3 Married filing separate return
 - 4 Unmarried head of household
 - 5 Surviving widow (widower) with dependent children

- 8 Select -- Randomly divides file into 10 mutually exclusive subsamples of equal size. Each record contains a code from 0 to 9.

- 9 Blank -- may be used during manipulation

<u>Field</u>	<u>Item</u>
1, 2	Blank Code Fields -- the Tax Model manipulation program permits storage of up to 10 two-digit codes created during manipulation in these two fields.
3	Weight Word - contains the sample weight applicable to the return for making national estimates.
4	Taxpayer(s) Exemption -- lines 2a and 2b (Regular, page 1.
5	Age Exemption -- lines 2a and 2b (65 or over), page 1
6	Blind Exemption -- lines 2a and 2b (Blind), page 1.
7	Dependent Exemption -- the sum of lines 3a and 3b, page 1.
8	Salaries and Wages -- line 5
9	Total Income (AGI+) -- line 9 (line 7 on Form 1040A).
10	Total Loss (AGI-) -- line 9 (line 7 on Form 1040A).
11	Total Deductions -- in conjunction with the "Form of deduction" code (Field 0, col. 4) this figure is: line 11a of Form 1040 returns with adjusted gross income \$5,000 or more, or the amount computed, based on the tax reported, for all Forms 1040A and 1040 under \$5,000 where the taxpayer used the "Tax Table". The amount of total deductions on many nontaxable returns exceeds adjusted gross income reduced by the amount of exemptions. A few "separate returns" (marital status code 3) are coded as itemized deduction returns yet they have no total deductions reported. In such cases it is assumed that the spouse itemized and claimed all of the deductions.
12	Taxable Income -- for itemized deduction returns, line 11d of Form 1040. For Form 1040 returns with income \$5,000 or more and with the standard deduction, line 11d. For standard deduction Form 1040 returns with income under \$5,000, and for all Form 1040A returns, the taxable income was computed based on the appropriate marital status and form of deduction.
13	Tax Savings, Income Averaging -- a computed amount which is the difference between the tax liability under income averaging and the tax liability if income averaging was not used.

<u>Field</u>	<u>Item</u>
14	Income Tax Before Credits -- line 12, Form 1040 (line 8, Form 1040A). For Forms 1040, the tax was the result of (1) the regular tax computation (tax status code 1); (2) the alternative tax computation (tax status code 2); (3) income averaging (income averaging field); or (4) application of rates in effect prior to 1966 on prior year delinquent returns (sample codes 09 and 19). The tax reported by the taxpayer computed under (1) and (2) above was accepted if within a +5 percent tolerance. If the reported tax was outside the tolerance, the tax was recomputed, and if necessary the tax status and/or marital status codes were changed. The tax reported by the taxpayer computed under (3) or (4) above was generally accepted without change.
15	Income Tax After Credits -- line 14a (line 8 on Form 1040A).
16	Recomputed Tax -- line 14b, tax from recomputing prior-year investment credit.
17	Self-Employment Tax -- line 15.
18	Income Tax Withheld -- line 17 (line 9 on Form 1040A).
19	1966 Estimated Tax Payment -- line 18, this includes prior-year overpayment credited to 1966 taxes.
20	Excess FICA Withheld -- line 19.
21	$\frac{1}{2}$ Excess Net Long-Term Capital Gain -- computed amount used in tax computation.
22	Credit Nonhighway Federal Gasoline Tax -- line 20.
23	Tax Withheld by Regulated Investment Company -- line 20, if Form 2439 is attached.
24	Balance Due -- line 22 (line 10 on Form 1040A).
25	Tax Paid with Return -- equal to or less than balance due on line 22.
26	Total Overpayment -- line 23.
27	Total Dividends -- line 1a, page 2, Part II.
28	Dividend Exclusion -- line 1b, Part II, limited to a maximum of \$200 on joint returns, and \$100 on all other returns.

<u>Field</u>	<u>Item</u>
29	Capital Gain Dividends -- line 1c, Part II.
30	Dividends in Total Income -- line 1f, Part II.
31	Total Interest -- line 2d, Part II.
32	Nonfarm Net Profit -- line 4, Part II, if positive
33	Nonfarm Net Loss -- line 4, Part II, if negative.
34	Farm Net Profit -- line 6, Part II, if positive.
35	Farm Net Loss -- line 6, Part II, if negative.
36	Other Sources, Income -- line 7, Part II, if the result is positive. Includes any positive adjustment necessary to balance the sources of income and loss to adjusted gross income.
37	Total Ordinary Gain -- line 2, column i, Part II, Schedule D.
38	Total Other Gain -- line 3, column j, Part II, Schedule D.
39	Other Sources, Loss -- line 7, Part II, if the result is negative. Includes any negative adjustment necessary to balance the sources of income and loss to adjusted gross income.
40	Sick Pay Adjustment -- line 1, Part III, as reported by the taxpayer and may exceed gross salaries and wages, and/or the \$5,200 maximum limitation.
41	Moving Expenses -- line 2, Part III, as reported by the taxpayer. In some cases no gross salaries and wages were reported.
42	Employee Business Expenses -- line 3, Part III, as reported by the taxpayer and in some cases may exceed gross salaries and wages.
43	Self-employed Pension Payment -- line 4, Part III, as reported by the taxpayer and in some cases may exceed the maximum limitation.
44	Total Medical Deduction, Group I -- line 7, Medical and dental expenses, Part IV, for taxpayer and wife if either is 65 years of age or older, or for each 65-year-old (or over) dependent parent of taxpayer or wife. Medical and

<u>Field</u>	<u>Item</u>
44 (cont.)	dental expenses for these persons may be deducted in full. Edited from line 3, Form 2948 if filed by taxpayer.
45	Drug Deduction, Group II -- line 3, Medical and Dental expenses, Part IV, for taxpayer, wife, and dependents under 65 years of age, and all other dependents regardless of age. Edited from line 6, Form 2948, if filed by taxpayer.
46	Total Medical Deduction, Group II -- line 7, Medical and dental expenses, Part IV, for taxpayer, wife, and dependents regardless of age. Edited from line 10, Form 2948, if filed by taxpayer.
47	Allowable Medical Deduction -- line 7, Medical and dental expenses, Part IV, reflects what the taxpayer reported and, in some cases, may exceed the maximum dollar limitation specified in IRC Section 213(c) and (g).
48	Total Contributions -- line 4, Contributions, Part IV, represents what the taxpayer claimed, and, in some cases, may exceed 30 percent of adjusted gross income. These returns with excess deductions include those with unlimited charitable contributions deduction.
49	Real Estate Taxes Paid -- Part IV.
50	Gasoline Taxes Paid -- Part IV.
51	General Sales Taxes Paid -- Part IV.
52	State and local Income Taxes Paid -- Part IV.
53	Personal Property Tax Paid -- Part IV.
54	Total Taxes Paid -- Part IV.
55	Home Mortgage Interest -- Part IV.
56	Total Interest -- Part IV.
57	Total Other Deductions -- Part IV, Total Miscellaneous deductions; includes any positive adjustment necessary to balance the various itemized deductions to the total.
58	Retirement Income Credit -- line 1, Part V.

<u>Field</u>	<u>Item</u>
59	Investment Credit -- line 2, Part V.
60	Foreign Tax Credit -- line 3, Part V.
61	All Other Credits -- line 4, Part V, tax free covenant bonds, plus credit for partially tax-exempt interest and credit for a throwback tax on trust income distributions.
62	Pensions and Annuities -- sum of line A6 and B5, Part I, Schedule B.
63	Net Gain, Other Property -- line 3, col. g, Part III, Sch. D, if positive.
64	Net Loss, Other Property -- line 3, col. g, Part III, Sch. D, if negative.
65	Rent Income -- rent portion of line 2, Part II, Schedule B, if positive.
66	Rent Loss - rent portion of line 2, Part II, Schedule B, if negative.
67	Royalty Income -- royalty portion of line 2, Part II, Schedule B, if positive.
68	Royalty Loss - royalty portion of line 2, Part II, Schedule B, if negative.
69	Royalty Depletion -- line 1, col. 4, Part II, Schedule B.
70	Partnership Income -- line 1, Part III, Schedule B, if positive.
71	Partnership Loss -- line 1, Part III, Schedule B, if negative.
72	Small Business Corporation Income -- line 2, Part III, Schedule B, if positive.
73	Small Business Corporation Loss -- line 2, Part III, Schedule B, if negative.
74	Estate and Trust Income -- line 3, Part III, Schedule B, if positive.
75	Estate and Trust Loss -- line 3, Part III, Schedule B, if negative.

<u>Field</u>	<u>Item</u>
76	Short-Term Capital Loss Carryover -- line 3, col. g, Part I, Schedule D.
77	Short-Term Gain after Carryover -- line 4, col. g, Part I, Schedule D, if positive.
78	Short-Term Loss after Carryover -- line 4, col. g, Part I, Schedule D, if negative.
79	Long-Term Capital Loss Carryover -- line 7, Part I, Schedule D.
80	Net Long-Term Capital Gain after Carryover -- line 9, Part I, Schedule D, if positive.
81	Net Long-Term Capital Loss after Carryover -- line 9, Part I, Schedule D, if negative.
82	Net Loss Before Limitation -- line 10, Part I, Sch. D.
83	Net Capital Gain in AGI -- line 12, col. g, Part I, Schedule D, if positive.
84	Net Capital Loss in AGI -- line 12, col. g, Part I, Schedule D, if negative.
85-96	Blank Fields -- used for computations and storage of data created during manipulation run.
97	Sort Field -- a code may be put in this field during manipulation that will provide a sorting of the file on the basis of any code or field. This permits production of statistical tables by the specified characteristic with only one pass of the file. This field will be blank in copies of the Tax Model file provided to government and nongovernment research agencies.
98	Social Security Number -- taxpayer identification that will be a blank field in copies of the Tax Model file provided to government and nongovernment research agencies.
99	Document Locator Number -- information required to provide identification of specific tax returns. This will be a "blank field" in copies of the Tax Model file provided to government and nongovernment research agencies.

HEADER LABEL

1	H	D	R	b	n	n	n	n	n	b	b	b	b	b	-	n	n	n	b	2	5	3	0	8	0	3	0	0	0	n	n	n	n	n	-	9	9	9	b
Header				Tape Number				Sequence Number				TO				Julian Date				Retention Cycle																			
				Job				Run				File				Ch-arge																							

2	5	3	0	5	0	3	0	0	0	b	b	b	b	I	N	D	b	T	M	b	M	A	N	I	P	b	F	I	L	E	b	b	b	b	2	5	3	0	5
FROM										ALPHA IDENTIFICATION															CHARGE														
Job				Run				File				Ch-arge									No.		Run																

b = blank
 n = number inserted
 by the program

TRAILER LABEL

1	E	O	F	b	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	b	b	b	b	b	b	b	b	b	b
End of File				Block count				Record Count								Hash Total								Blank																										

Blank				Blank								Blank								Blank							
-------	--	--	--	-------	--	--	--	--	--	--	--	-------	--	--	--	--	--	--	--	-------	--	--	--	--	--	--	--

The Sample

The sample for the Tax Model was designed to provide national level estimates. Since the Tax Model sample is approximately one-fifth the size of the Statistics of Income sample, it can be anticipated that the sampling variability of Tax Model estimates will be slightly more than twice that of similar estimates from the Statistics of Income sample. Measures of sampling variability for selected estimates are provided in Statistics of Income--1966, Individual Income Tax Returns.

Although it is possible to identify returns for each State by use of the IRS District code, we do not recommend that the Tax Model file be used to provide subnational data estimates. The number of returns for each State are inadequate to provide reliable estimates for most data items, and therefore no sample weights were calculated for each State (or District).

The sample code identifies the stratum from which a return was selected and indicates the weight factor to be applied for that return. Because of the way returns are processed prior to sampling, there are a few cases where the adjusted gross income is outside the range for the sample code assigned. Similarly a few returns with business data (Schedule C or F) are classified in nonbusiness sample codes and vice versa. However, in all cases, the sample code assigned to the return is governing and should not be changed.

SAMPLE WEIGHTS -- 1966 TAX MODEL FILE

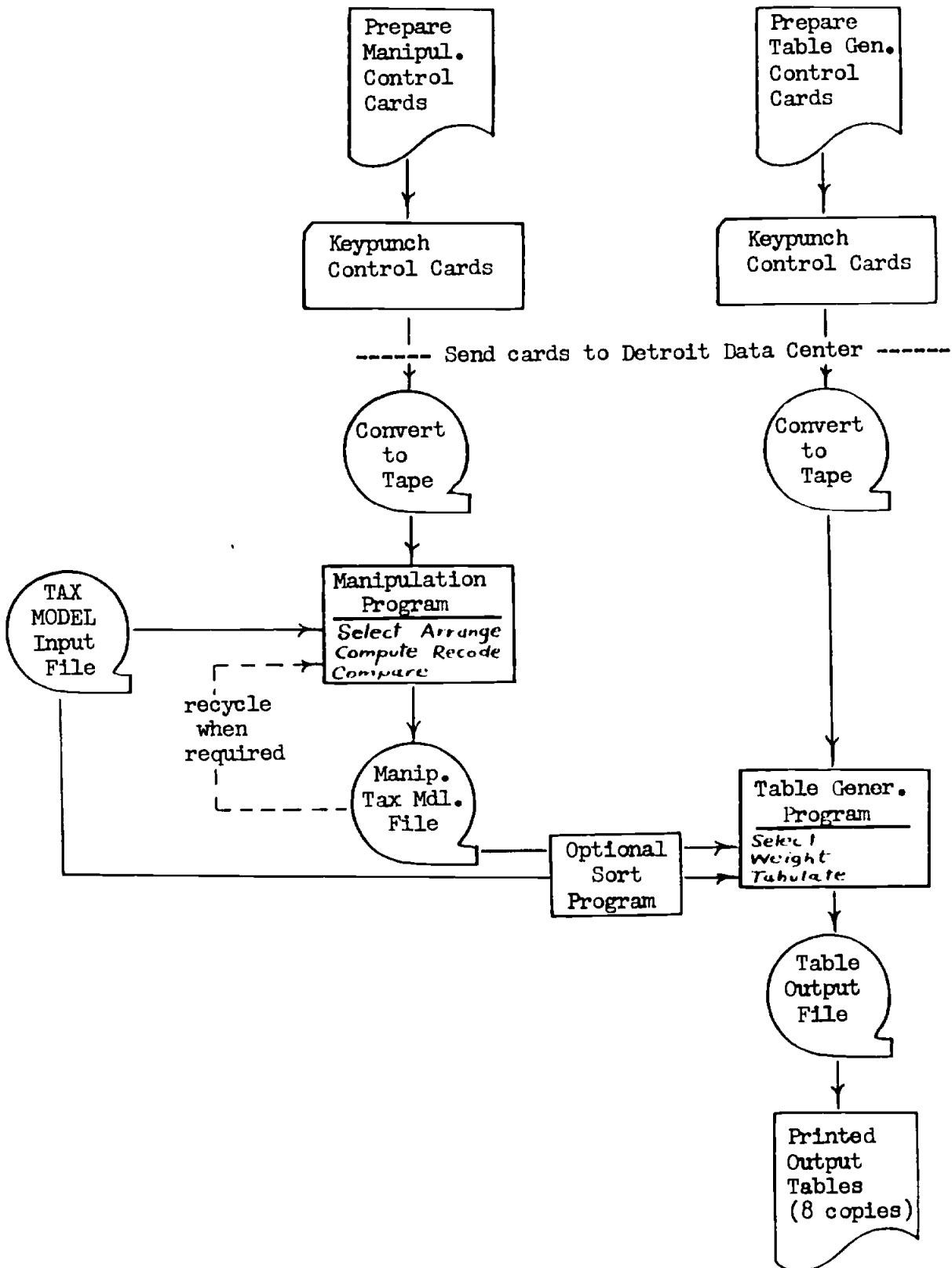
INDIVIDUAL INCOME TAX RETURNS

Sample Code and Description of Sample Classes by Size of AGI (if applicable)	Sample count less no income returns	Estimated Population	Estimated total of no income returns filed	Estimated population less no income returns (3) - (4)	Weighting factor (5) ÷ (2)
(1)	(2)	(3)	(4)	(5)	(6)
<u>Non-Business</u>					
0 Form 1040A	4,666	19,138,869	212,993	18,925,876	4,056.12
1 Under \$10,000	7,600	30,963,920	491,220	30,472,700	4,009.57
3 \$10,000 - \$50,000	15,193	10,708,055	33,420	10,674,635	702.60
5 \$50,000 - \$100,000	3,267	114,490	677	113,813	34.84
7 \$100,000 under \$200,000	12,012	<u>1/</u> 24,216	194	24,022	2.00
17 \$200,000 and over	7,085	7,085	-	7,085	1.00
<u>Business, Sch. C & F</u>					
2 Under \$10,000	5,080	7,195,745	60,803	7,134,942	1,404.52
4 \$10,000 - \$30,000	6,240	2,197,904	7,272	2,190,632	351.06
6 \$30,000 - \$100,000	9,730	343,645	1,348	342,297	35.18
8 \$100,000 under \$200,000	9,524	<u>2/</u> 19,141	96	19,045	2.00
18 \$200,000 and over	5,753	5,753	-	5,753	1.00
<u>Prior Yr. Delinquent</u>					
9 Under \$50,000	267	258,034	8,534	249,500	934.46
19 \$50,000 and over	193	195	2	193	1.00
Total.....	86,610	70,977,052	816,559	70,160,493	-

1/ Equals total for sample code 7 of 31,301, less 7,085.

2/ Equals total for sample code 8 of 24,894, less 5,753.

INDIVIDUAL TAX MODEL COMPUTER FLOW CHART



Form 1040

U.S. Individual Income Tax Return

1966

for the year January 1-December 31, 1966, or other taxable year beginning

1966, ending, 19 U.S. Treasury Department—Internal Revenue Service

Personal information section including name, address, social security number, and occupation.

Employer information section for present employer and wife's employer.

Filing Status and Exemptions section with checkboxes for marital status and exemption types.

Income section (lines 5-9) detailing wages, other income, and total income.

Tax Computation section (lines 10-11d) including Tax Table and Tax Rate Schedule.

Tax Credits Payments section (lines 12-21) detailing tax credits, withheld taxes, and estimated payments.

Tax Due or Refund section (lines 22-25) for calculating balance due or overpayment.

Declaration statement: Under penalties of perjury, I declare that I have examined this return...

Signatures and dates section for taxpayer, preparer, and date.

PART I. Exemptions Complete only for dependents claimed on line 3b, page 1

Form 1040-1966-Page 2

Table with 6 columns: (a) NAME, (b) Relationship, (c) Months lived in your home, (d) Did dependent have income of \$600 or more?, (e) Amount YOU furnished for dependent's support, (f) Amount furnished by OTHERS including dependent. Includes lines 1, 2, and 3 for total dependents.

PART II. Income from sources other than wages, etc.

Form for Part II including sections 1a (Dividends), 1b-1f (Exclusions), 2 (Interest), 3 (Pensions), 4-7 (Other income), and 8 (TOTAL).

PART III. Adjustments

Form for Part III including sections 1 (Sick pay), 2 (Moving expenses), 3 (Employee business expense), 4 (Retirement plans), and 5 (TOTAL ADJUSTMENTS).

EXPENSE ACCOUNT INFORMATION—If you had an expense allowance or charged expenses to your employer, check here and see page 7 of instructions.

PART IV. Itemized deductions—Use only if you do not use tax table or standard deduction.

Medical and dental expense (not compensated by insurance or otherwise)—Attach itemized list. If 65 or over see instructions.

Form for Part IV Medical and dental expenses including lines 1-7 for total cost, 1% exclusion, and 3% exclusion.

Contributions.—Cash—including checks, money orders, etc. (itemize)

Form for Part IV Contributions including lines 1-4 for total cash, other than cash, carryover, and total contributions.

Form for Part IV Taxes including lines for Real estate, State and local gasoline, General sales, State and local income, and Personal property taxes.

Interest expense.—Home Mortgage . . . Other (itemize)

Form for Part IV Interest expense including lines for Home Mortgage and Other, and Total interest expense.

Miscellaneous deductions.—(see page 9 of instructions)

Form for Part IV Miscellaneous deductions including Total Miscellaneous and TOTAL DEDUCTIONS.

PART V. Credits

Form for Part V Credits including lines 1-5 for Retirement income credit, Investment credit, Foreign tax credit, Tax-free covenant bonds credit, and TOTAL CREDITS.

1040 A U.S. Individual Income Tax Return 1966

If item 7 is \$10,000 or more, or if interest, dividends, and nonwithheld wages are over \$200, use Form 1040.

U.S. Treasury Department: Form Internal Revenue Service

1 Name (If a joint return of husband and wife, use first names and middle initials of both)
 Home address (Number and street or rural route)
 City, town or post office, State and ZIP code

2 Your social security number (Husband's if joint return)
3 Wife's number, if joint return

4. Check one:
 a. Single;
 b. Married filing joint return (even if only one had income);
 c. Married filing separately -- If your husband or wife is also filing a return give his or her first name and social security number.

5 Enter total wages, salaries, tips, etc. Enclose Forms W-2, Copy B. If not shown on enclosed Forms W-2 attach explanation.
 Yours _____
 Wife's _____

6a Interest
 Yours _____
 Wife's _____

6b Dividends: Yours—before exclusion \$..... After
 (See inst.) Wife's—before exclusion \$..... After

7 Total income (add items 5, 6a, and 6b) _____

8 Tax from Tax Table or tax computation schedule _____

9 Total Federal income tax withheld (from Forms W-2) _____

10 If item 8 is larger than item 9, enter Balance due _____

11 If item 9 is larger than item 8, enter Refund _____

Enter the name and address used on your return for 1965. (If the same as above, write "Same.") If none filed, give reason. If changing from separate to joint or joint to separate returns, enter 1965 names and addresses.

If your income was \$5,000 or more, you must compute your tax. If income was less than \$5,000, you may have the Internal Revenue Service compute your tax by omitting items 8, 10, and 11 (but, complete item 9). If you compute your own tax, pay balance (item 10) in full with return to your District Director.

Apply refund to: U.S. Savings Bonds, & excess refunded; or Refund only.

LIST YOUR EXEMPTIONS AND SIGN ON OTHER SIDE.

12 EXEMPTIONS FOR YOURSELF—AND WIFE (only if all her income is included in this return, or she had no income)
 Check boxes which apply

Regular	65 or over	Blind
Yourselves <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wife <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enter number of exemptions checked ▶▶▶

13 First names of your dependent children who lived with you _____
 Enter number ▶

14 DEPENDENTS OTHER THAN THOSE CLAIMED IN ITEM 13.

(a) NAME ▶ Enter figure 1 in the last column to right for each name listed (if more space is needed, attach schedule)	(b) Relationship	(c) Months lived in your home. If born or died during year also write "B" or "D"	(d) Did dependent have income of \$600 or more?	(e) Amount YOU furnished for dependent's support. If 100% write "ALL"	(f) Amount furnished by OTHERS including dependent. See instruction 14
				\$	\$

15. TOTAL EXEMPTIONS FROM ITEMS 12, 13, AND 14 ABOVE _____

Your present employer _____
 City and State where employed _____

Wife's present employer _____
 City and State where employed _____

If you had an expense allowance or charged expenses to your employer, see instructions for "Reimbursed Expenses" and check here if appropriate.

Sign here ▶ Under penalties of perjury, I declare that to the best of my knowledge and belief this is a true, correct, and complete return.

If joint return, BOTH HUSBAND AND WIFE MUST SIGN even if only one had income. _____
 Date _____

SCHEDULE B (Form 1040)

Supplemental Schedule of Income and Retirement Income Credit

(From pensions and annuities, rents and royalties, partnerships, and estates or trusts)

1966

U.S. Treasury Department Internal Revenue Service

Attach this schedule to your income tax return, Form 1040

Name and address as shown on page 1 of Form 1040

Part I.—PENSION AND ANNUITY INCOME

A.—General Rule (If you did not contribute to the cost of the pension or annuity, enter the total amount received on line 6 and omit lines 1 through 5.)

Table with 6 columns: 1. Investment in contract, 2. Expected return, 3. Percentage of income to be excluded, 4. Amount received this year, 5. Amount excludable, 6. Taxable portion.

B.—Special Rule—Where your employer has contributed part of the cost and your own contribution will be recovered tax-free within 3 years. If your cost was fully recovered in prior years, enter the total amount received on line 5 and omit lines 1 through 4.

Table with 5 columns: 1. Cost of annuity (amounts you paid), 2. Cost received tax-free in past years, 3. Remainder of cost, 4. Amount received this year, 5. Taxable portion.

Part II.—RENT AND ROYALTY INCOME

Table with 6 columns: 1. Kind and location of property, 2. Total amount of rents, 3. Total amount of royalties, 4. Depreciation, 5. Repairs, 6. Other expenses. Includes Totals and Net income rows.

Part III.—INCOME OR LOSSES FROM PARTNERSHIPS, ESTATES OR TRUSTS, ETC.

- 1 Partnerships (name, address, and nature of income)
2 Small business corporations (subchapter S—name and address)
3 Estates or trusts (name and address)

Total of Parts I, II, and III (Enter here and on page 2, Part II, line 3, Form 1040)

Part IV.—SCHEDULE FOR DEPRECIATION CLAIMED IN PART II ABOVE—This schedule is designed for taxpayers using the alternative guidelines and administrative procedures described in Revenue Procedures 62-21 and 65-13 as well as for those taxpayers who wish to continue using practices authorized prior to these revenue procedures.

Table with 8 columns: 1. Group and guideline class, 2. Cost or other basis at beginning of year, 3. Asset additions in year, 4. Asset retirements in year, 5. Depreciation allowed or allowable in prior years, 6. Method of computing depreciation, 7. Class life, 8. Depreciation for this year.

SUMMARY OF DEPRECIATION

Table with 8 columns: Straight line, Declining balance, Sum of the years-digits, Units of production, Additional first year (section 179), Other (specify), Total.

Part V.—RETIREMENT INCOME CREDIT

A.—General Rule

If separate return, use column B only. If joint return, use column A for wife and column B for husband→

	A		B	
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Did you receive earned income in excess of \$600 in each of any 10 calendar years before 1966? (Widows or widowers see instructions, page B-3)				
If answer above is "Yes" in either column, furnish all information below in that column.				
1 Retirement income for taxable year:				
(a) For taxpayers under 65 years of age:				
Enter only income received from pensions and annuities under public retirement systems (e.g. Fed., State Govts., etc.) included on page 1, line 9, Form 1040.				
(b) For taxpayers 65 years of age or older:				
Enter total of pensions and annuities, interest, and dividends included on page 1, line 9, Form 1040, and gross rents from Part II, column 2 of this schedule				
2 Maximum amount of retirement income for credit computation		1,524	00	1,524
3 Deduct:				
(a) Amounts received as pensions or annuities under the Social Security Act, the Railroad Retirement Acts, and certain other exclusions from gross income				
(b) Earned income received (Does not apply to persons 72 years of age or over):				
(1) Taxpayers under 62 years of age, enter amount in excess of \$900				
(2) Taxpayers 62 or over but under 72, enter amount determined as follows:				
if \$1,200 or less, enter zero				
if over \$1,200 but not over \$1,700, enter 1/2 of amount over \$1,200;				
or if over \$1,700, enter excess over \$1,450				
4 Total of lines 3(a) and 3(b)				
5 Balance (line 2 minus line 4)				
6 Line 5 or line 1, whichever is smaller				
7 (a) Total (add amounts on line 6, columns A and B)				
If line 7(a) is less than \$2,286 and this is a joint return and both husband and wife are age 65 or over, complete the Alternative Computation in B below which may result in a larger credit.				
(b) Amount from line 7 of part B below, if applicable				
8 Tentative credit. Enter 15% of line 7(a) or 15% of line 7(b), whichever is greater				
LIMITATION ON RETIREMENT INCOME CREDIT				
9 Amount of tax shown on page 1, line 12, Form 1040				
10 Less: Total of any amounts shown on page 2, Part V, lines 3 and 4, Form 1040				
11 Subtract line 10 from line 9				
12 Credit. Enter here and on page 2, Part V, line 1, Form 1040, the amount on line 11 or line 8, whichever is smaller				

B.—Alternative Computation (after completing lines 1 through 7(a) above)

This method available if:

- a. You are married and filing a joint return;
- b. Both husband and wife are 65 or over, AND
- c. Either one, or both received earned income in excess of \$600 in each of any 10 calendar years before 1966.

Furnish the information called for below for both husband and wife even if only one answered "Yes" in column A or B above.				
1 Retirement income of both husband and wife from pensions and annuities, interest, and dividends included on page 1, line 9, Form 1040, and gross rents from Part II, column 2 of this schedule				2,286
2 Maximum amount of retirement income for credit computation				00
3 Deduct:				
(a) Amounts received as pensions or annuities under the Social Security Act, the Railroad Retirement Acts, and certain other exclusions from gross income				
(b) Earned income received (Does not apply to persons 72 years of age or over):				
if \$1,200 or less, enter zero				
if over \$1,200 but not over \$1,700 enter 1/2 of amount over \$1,200; or				
if over \$1,700, enter excess over \$1,450				
4 Total of lines 3(a) and 3(b)				
5 Total (add amounts on line 4, columns A and B)				
6 Balance (subtract line 5 from line 2)				
7 Enter here and on line 7(b) of part A above, the amount on line 6 or line 1, whichever is smaller				

**SCHEDULE D
(Form 1040)**

U.S. Treasury Department
Internal Revenue Service

**Gains and Losses From Sales or Exchanges
of Property**

1966

Attach this schedule to your income tax return, Form 1040

Name and address as shown on page 1 of Form 1040

Part I—CAPITAL ASSETS—Short-term capital gains and losses—assets held not more than 6 months

a. Kind of property and how acquired (see instructions for symbols to indicate how acquired—for example, use "B" for stock acquired by exercise of stock option or by employee stock purchase plan)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	g. Gain or loss (d plus e less f)
1						
2 Enter your share of net short-term gain (or loss) from partnerships and fiduciaries						
3 Enter unused short-term capital loss carryover from preceding taxable years (attach statement)						
4 Net short-term gain (or loss) from lines 1, 2, and 3						

Long-term capital gains and losses—assets held more than 6 months (12 months or more for certain livestock)

5 Enter gain from Part II, line 3	
Total long-term gross sales price	
6 Enter the full amount of your share of net long-term gain (or loss) from partnerships and fiduciaries	
7 Enter unused long-term capital loss carryover from preceding taxable years (attach statement)	
8 Capital gain dividends	
9 Net long-term gain (or loss) from lines 5, 6, 7, and 8	
10 Combine the amounts shown on lines 4 and 9, and enter the net gain (or loss) here	
11 If line 10 shows a GAIN—Enter 50% of line 9 or 50% of line 10, whichever is smaller. (Enter zero if there is a loss or no entry on line 9.) (See reverse side for computation of alternative tax)	
12 Subtract line 11 from line 10. Enter here and in Part IV, line 1, on reverse side	
13 If line 10 shows a LOSS—Enter here and in Part IV, line 1, the smallest of the following: (a) the amount on line 10; (b) the amount on page 1, line 11b, Form 1040, computed without regard to capital gains and losses; or (c) \$1,000	

Part II—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY UNDER SECTIONS 1245 AND 1250—assets held more than 6 months (see instructions for definitions)

Where double headings appear, use the first heading for section 1245 and the second heading for section 1250.

D

a. Kind of property and how acquired (if necessary, attach statement of descriptive details not shown below—write 1245 or 1250 to indicate type of asset)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	
1					
f. Depreciation allowed (or allowable) since acquisition		g. Adjusted basis (e less sum of f-1 and f-2)	h. Total gain (d less g)	i. Ordinary gain (lessor of f-2 or h) OR (see instructions)	j. Other gain (h less i)
1-1. Prior to January 1, 1962 OR Prior to January 1, 1964	1-2. After December 31, 1961 OR After December 31, 1963				
2 Total ordinary gain. Enter here and in Part IV, line 2, on reverse side					
3 Total other gain. Enter here and in Part I, line 5; however, if the gains do not exceed the losses when this amount is combined with other gains and losses from section 1231 property enter the total of column j in Part III, line 1					

Part III—PROPERTY OTHER THAN CAPITAL ASSETS

a. Kind of property and how acquired (if necessary, attach statement of descriptive details not shown below)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	g. Gain or loss (if plus e less f)
1 Enter gain from Part II, line 3						
2 Enter your share of non-capital gain (or loss) from partnerships and fiduciaries						
3 Net gain (or loss) from lines 1 and 2. Enter here and in Part IV, line 3.						

Part IV—TOTAL GAINS OR LOSSES FROM SALE OR EXCHANGE OF PROPERTY

1 Net gain (or loss) from Part I, line 12 or 13	
2 Total ordinary gain from Part II, line 2	
3 Net gain (or loss) from Part III, line 3	
4 Total net gain (or loss), combine lines 1, 2, and 3. Enter here and on page 2, Part II, line 5, Form 1040	

COMPUTATION OF ALTERNATIVE TAX—It will usually be to your advantage to use the alternative tax if the net long-term capital gain exceeds the net short-term capital loss, or if there is a net long-term capital gain only, and you are filing (a) a separate return with taxable income exceeding \$26,000, or (b) a joint return, or as a surviving husband or wife, with taxable income exceeding \$52,000, or (c) as a head of household with taxable income exceeding \$38,000.

1 Enter the amount from page 1, line 11d, Form 1040	
2 Enter amount from Part I, line 11, on reverse side	
3 Subtract line 2 from line 1	
4 Enter tax on amount on line 3 (use applicable tax rate schedule on page 11 of Form 1040 instructions)	
5 Enter 50% of line 2	
6 Alternative tax (add lines 4 and 5). If smaller than the tax figured on the amount on page 1, line 11d, Form 1040, enter this alternative tax on page 1, line 12, Form 1040 and write "Alternative" to left of entry	

FORM 2948	U.S. Treasury Department—Internal Revenue Service MEDICAL AND DENTAL EXPENSE STATEMENT (Attach this statement to your income tax return or use it as a guide to prepare your own statement. See example on reverse side)	1966
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This statement is for the use of taxpayers who are entitled to a larger deduction for medical and dental expenses paid for the persons listed in Group I and who also have expenses for persons described in Group II below. Taxpayers who have expenses for persons in Group I only or Group II only need not use this form but should see the instructions for Form 1040. The medical and dental expenses of persons in Group I do not have to be reduced by the 1 and 3 percent limitations of the taxpayer's total income (line 9, page 1, Form 1040) as is required for persons in Group II below.

GROUP I

- a. Taxpayer and wife if EITHER is 65 years of age or older,
- b. Each 65-year-old (or over) dependent parent of the taxpayer or his wife.

GROUP II

- a. Taxpayer and wife if BOTH are under 65 years of age,
- b. Dependent parents, who are under 65 years of age, of taxpayer or wife,
- c. All other dependents regardless of age.

Note: For 1967 and after, the 3 percent and 1 percent limitation in figuring the medical and dental expenses will apply to all taxpayers without regard to age.

Name of taxpayer claiming the deduction _____

Name(s) of dependent parent(s) 65 years of age or over, if any _____

MEDICAL AND DENTAL EXPENSES FOR PERSONS IN GROUP I

- 1. Medicine and drugs \$ _____
- 2. Medical and dental expenses (other than medicine and drugs) _____
- 3. Line 1 plus line 2 \$ _____

MEDICAL AND DENTAL EXPENSES FOR PERSONS IN GROUP II

- 4. Medicine and drugs \$ _____
- 5. 1% of line 9, page 1, Form 1040 _____
- 6. Excess, if any, of line 4 over line 5 _____
- 7. Medical and dental expenses (other than medicine and drugs) _____
- 8. Line 6 plus line 7 _____
- 9. 3% of line 9, page 1, Form 1040 _____
- 10. Excess, if any, of line 8 over line 9 _____

TOTAL DEDUCTION FOR MEDICAL AND DENTAL EXPENSES

- 11. Line 3 plus line 10. Enter here and on line 7, Part IV, page 2 of Form 1040 (See "Maximum Limitations" below) \$ _____

MAXIMUM LIMITATIONS

- A. The amount on line 11 may not exceed \$5,000 multiplied by the number of persons claimed as exemptions on the individual income tax return. (If taxpayer or wife is 65 or over and in addition is disabled, see "B.") The deduction is further limited by the following amounts:
 - (1) \$10,000 if the taxpayer is single and not a head of household or a widow or widower entitled to the special tax rates,
 - (2) \$10,000 if the taxpayer is married but files a separate return,
 - (3) \$20,000 if the taxpayer files a joint return, is a head of household, or is a widow or widower entitled to the special tax rates.
- B. If the taxpayer (or his wife) is 65 years of age or over and in addition is disabled, he may qualify for an increased maximum limitation. For this purpose disabled means that any individual is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. For further information, consult your nearest Internal Revenue Service office.