



Department of the Treasury
Internal Revenue Service

Publication 524

Cat. No. 15046s

Credit for the Elderly or the Disabled

For use in preparing
2004 Returns



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Reminder

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Introduction

If you qualify, the law provides a number of credits that can reduce the tax you owe for a year. One of these credits is the credit for the elderly or the disabled.

This publication explains:

- Who qualifies for the credit for the elderly or the disabled, and
- How to figure this credit.

You may be able to take this credit if you are:

- Age 65 or older, or
- Retired on permanent and total disability.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

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Ordering forms and publications. Visit www.irs.gov/formspubs to download forms and publications, call 1-800-829-3676, or write to one of the three addresses shown under *How To Get Tax Help* in the back of this publication.

Useful Items

You may want to see:

Publication

- 554** Older Americans' Tax Guide
- 967** The IRS Will Figure Your Tax

Forms (and instructions)

- Schedule R (Form 1040)** Credit for the Elderly or the Disabled
- Schedule 3 (Form 1040A)** Credit for the Elderly or the Disabled for Form 1040A Filers

See *How To Get Tax Help*, near the end of this publication, for information about getting these publications and forms.

Can You Take the Credit?

You can take the credit for the elderly or the disabled if you meet both of the following requirements.

1. You are a qualified individual.
2. Your income is not more than certain limits.

You can use *Figures A* and *B* as guides to see if you qualify. Use *Figure A* first to see if you are a qualified individual. If you are, go to *Figure B* to make sure your income is not too high to take the credit.



You can take the credit only if you file Form 1040 or Form 1040A. You cannot take the credit if you file Form 1040EZ.

Qualified Individual

You are a qualified individual for this credit if you are a U.S. citizen or resident, and either of the following applies.

1. You were age 65 or older at the end of 2004.
2. You were under age 65 at the end of 2004 and all three of the following statements are true.
 - a. You retired on permanent and total disability (explained later).
 - b. You received taxable disability income for 2004.
 - c. On January 1, 2004, you had not reached mandatory retirement age (defined later under *Disability income*).

Age 65. You are considered to be age 65 on the day before your 65th birthday. Therefore, if you were born on January 1, 1940, you are considered to be age 65 at the end of 2004.

U.S. Citizen or Resident

You must be a U.S. citizen or resident (or be treated as a resident) to take the credit. Generally, you cannot take the credit if you were a nonresident alien at any time during the tax year.

Exceptions. You may be able to take the credit if you are a nonresident alien who is married to a U.S. citizen or resident at the end of the tax year and you and your spouse choose to treat you as a U.S. resident. If you make that choice, both you and your spouse are taxed on your worldwide incomes.

If you were a nonresident alien at the beginning of the year and a resident at the end of the year, and you were married to a U.S. citizen or resident at the end of the year, you may be able to choose to be treated as a U.S. resident for the entire year. In that case, you may be allowed to take the credit. For information on these choices, see chapter 1 of Publication 519, U.S. Tax Guide for Aliens.

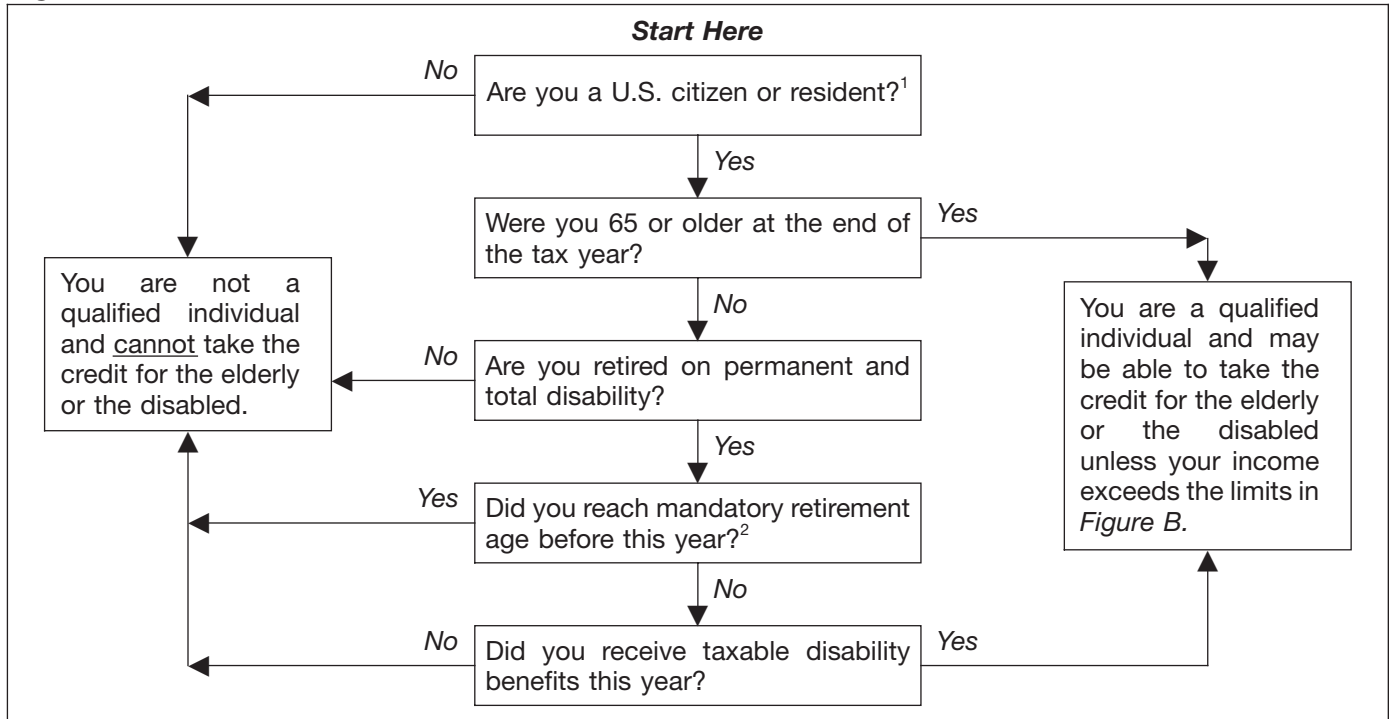
Married Persons

Generally, if you are married at the end of the tax year, you and your spouse must file a joint return to take the credit. However, if you and your spouse did not live in the same household at any time during the tax year, you can file either joint or separate returns and still take the credit.

Head of household. You can file as head of household and qualify to take the credit, even if your spouse lived with you during the first 6 months of the year, if you meet all the following tests.

1. You file a separate return.
2. You paid more than half the cost of keeping up your home during the tax year.

Figure A. Are You a Qualified Individual?



¹If you were a nonresident alien at any time during the tax year and were married to a U.S. citizen or resident at the end of the tax year, see *U.S. Citizen or Resident under Qualified Individual*. If you and your spouse choose to treat you as a U.S. resident, answer “yes” to this question.

²Mandatory retirement age is the age set by your employer at which you would have been required to retire, had you not become disabled.

Figure B. Income Limits

IF your filing status is . . .	THEN, even if you qualify (see <i>Figure A</i>), you CANNOT take the credit if . . .	
	Your adjusted gross income (AGI)* is equal to or more than . . .	OR the total of your nontaxable social security and other nontaxable pension(s) is equal to or more than . . .
single, head of household, or qualifying widow(er) with dependent child	\$17,500	\$5,000
married filing a joint return and both spouses qualify in <i>Figure A</i>	\$25,000	\$7,500
married filing a joint return and only one spouse qualifies in <i>Figure A</i>	\$20,000	\$5,000
married filing a separate return and you did not live with your spouse at any time during the year	\$12,500	\$3,750

* AGI is the amount on Form 1040A, line 22, or Form 1040, line 37.

3. Your spouse did not live in your home at any time during the last 6 months of the tax year and the absence was not temporary. (See *Temporary absences* in Publication 501.)
4. Your home was the main home of your child, stepchild, or adopted child for more than half the year or was the main home of your foster child for the entire year.
5. You can claim an exemption for that child, or you cannot claim the exemption only because one of the following statements is true.
 - a. You allowed your spouse (the noncustodial parent) to claim the exemption by signing a written declaration (such as Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents) that you will not claim the exemption.
 - b. You signed a decree or agreement that (i) went into effect after 1984 and (ii) states that you will not claim the exemption and that your spouse (the noncustodial parent) can claim the exemption without regard to any condition, such as payment of support.
 - c. Your spouse (the noncustodial parent) provided at least \$600 for the child's support during the year and is entitled to claim the exemption because of a pre-1985 decree or agreement.

For more information on head of household and other filing statuses, see Publication 501, Exemptions, Standard Deduction, and Filing Information.

Under Age 65

If you are under age 65 at the end of 2004, you can qualify for the credit only if you are retired on permanent and total disability. You are retired on permanent and total disability if:

1. You were permanently and totally disabled when you retired, and
2. You retired on disability before the close of the tax year.

Even if you do not retire formally, you are considered retired on disability when you have stopped working because of your disability.

If you retired on disability before 1977, and were not permanently and totally disabled at the time, you can qualify for the credit if you were permanently and totally disabled on January 1, 1976, or January 1, 1977.



You are considered to be under age 65 at the end of 2004 if you were born after January 1, 1940.

Permanent and total disability. You are permanently and totally disabled if you cannot engage in any substantial gainful activity because of your physical or mental condi-

tion. A physician must certify that the condition has lasted or can be expected to last continuously for 12 months or more, or that the condition can be expected to result in death. See *Physician's statement*, later.

Substantial gainful activity. Substantial gainful activity is the performance of significant duties over a reasonable period of time while working for pay or profit, or in work generally done for pay or profit. Full-time work (or part-time work done at your employer's convenience) in a competitive work situation for at least the minimum wage conclusively shows that you are able to engage in substantial gainful activity.

Substantial gainful activity is not work you do to take care of yourself or your home. It is not unpaid work on hobbies, institutional therapy or training, school attendance, clubs, social programs, and similar activities. However, doing this kind of work may show that you are able to engage in substantial gainful activity.

The fact that you have not worked for some time is not, of itself, conclusive evidence that you cannot engage in substantial gainful activity.

The following examples illustrate the tests of substantial gainful activity.

Example 1. Trisha, a sales clerk, retired on disability. She is 53 years old and now works as a full-time babysitter for the minimum wage. Even though Trisha is doing different work, she is able to do the duties of her new job in a full-time competitive work situation for the minimum wage. She cannot take the credit because she is able to engage in substantial gainful activity.

Example 2. Tom, a bookkeeper, retired on disability. He is 59 years old and now drives a truck for a charitable organization. He sets his own hours and is not paid. Duties of this nature generally are performed for pay or profit. Some weeks he works 10 hours, and some weeks he works 40 hours. Over the year he averages 20 hours a week. The kind of work and his average hours a week conclusively show that Tom is able to engage in substantial gainful activity. This is true even though Tom is not paid and he sets his own hours. He cannot take the credit.

Example 3. John, who retired on disability, took a job with a former employer on a trial basis. The purpose of the job was to see if John could do the work. The trial period lasted for 6 months during which John was paid the minimum wage. Because of John's disability, he was assigned only light duties of a nonproductive "make-work" nature. The activity was gainful because John was paid at least the minimum wage. But the activity was not substantial because his duties were nonproductive. These facts do not, by themselves, show that John is able to engage in substantial gainful activity.

Example 4. Joan, who retired on disability from a job as a bookkeeper, lives with her sister who manages several motel units. Joan helps her sister for 1 or 2 hours a day by performing duties such as washing dishes, answering phones, registering guests, and bookkeeping. Joan can select the time of day when she feels most fit to work. Work

Table 1. Initial Amounts

IF your filing status is...	THEN enter on line 10 of Schedule R (Form 1040) or Schedule 3 (Form 1040A)...
single, head of household, or qualifying widow(er) with dependent child and, by the end of 2004, you were	
• 65 or older	\$5,000
• under 65 and retired on permanent and total disability ¹	\$5,000
married filing a joint return and by the end of 2004	
• both of you were 65 or older	\$7,500
• both of you were under 65 and one of you retired on permanent and total disability ¹	\$5,000
• both of you were under 65 and both of you retired on permanent and total disability ²	\$7,500
• one of you was 65 or older, and the other was under 65 and retired on permanent and total disability ³	\$7,500
• one of you was 65 or older, and the other was under 65 and not retired on permanent and total disability	\$5,000
married filing a separate return and you did not live with your spouse at any time during the year and, by the end of 2004, you were	
• 65 or older	\$3,750
• under 65 and retired on permanent and total disability ¹	\$3,750

¹ Amount cannot be more than the taxable disability income.

² Amount cannot be more than your combined taxable disability income.

³ Amount is \$5,000 plus the taxable disability income of the spouse under age 65, but not more than \$7,500.

of this nature, performed off and on during the day at Joan’s convenience, is not activity of a “substantial and gainful” nature even if she is paid for the work. The performance of these duties does not, of itself, show that Joan is able to engage in substantial gainful activity.

Sheltered employment. Certain work offered at qualified locations to physically or mentally impaired persons is considered sheltered employment. These qualified locations are in sheltered workshops, hospitals and similar institutions, homebound programs, and Department of Veterans Affairs (VA) sponsored homes.

Compared to commercial employment, pay is lower for sheltered employment. Therefore, one usually does not look for sheltered employment if he or she can get other employment. The fact that one has accepted sheltered employment is not proof of the person’s ability to engage in substantial gainful activity.

Physician’s statement. If you are under age 65, you must have your physician complete a statement certifying that you were permanently and totally disabled on the date you retired. You can use the statement in the instructions for Schedule R (Form 1040) or Schedule 3 (Form 1040A).

You do not have to file this statement with your Form 1040 or Form 1040A, but you must keep it for your records.

Veterans. If the Department of Veterans Affairs (VA) certifies that you are permanently and totally disabled, you can substitute VA Form 21-0172, Certification of Permanent and Total Disability, for the physician’s statement you are required to keep. VA Form 21-0172 must be signed by a person authorized by the VA to do so. You can get this form from your local VA regional office.

Physician’s statement obtained in earlier year. If you got a physician’s statement in an earlier year and, due to your continued disabled condition, you were unable to engage in any substantial gainful activity during 2004, you may not need to get another physician’s statement for 2004. For a detailed explanation of the conditions you must meet, see the instructions for Part II of Schedule R (Form 1040) or Schedule 3 (Form 1040A). If you meet the required conditions, check the box on line 2 of Part II of Schedule R (Form 1040) or Schedule 3 (Form 1040A).

If you checked box 4, 5, or 6 in Part I of either Schedule R or Schedule 3, print in the space above the box on line 2 in Part II the first name(s) of the spouse(s) for whom the box is checked.

Disability income. If you are under age 65, you can qualify for the credit only if you have taxable disability income. Disability income must meet both of the following requirements.

1. It must be paid under your employer’s accident or health plan or pension plan.
2. It must be included in your income as wages (or payments instead of wages) for the time you are absent from work because of permanent and total disability.

Payments that are not disability income. Any payment you receive from a plan that does not provide for disability retirement is not disability income. Any lump-sum payment for accrued annual leave that you receive when you retire on disability is a salary payment and is not disability income.

For purposes of the credit for the elderly or the disabled, disability income does not include amounts you receive after you reach mandatory retirement age. Mandatory retirement age is the age set by your employer at which you would have had to retire, had you not become disabled.

Income Limits

To determine if you can claim the credit, you must consider two income limits. The first limit is the amount of your adjusted gross income (AGI). The second limit is the amount of nontaxable social security and other nontaxable pensions you received. The limits are shown in *Figure B*.

If both your AGI and your nontaxable pensions are less than the income limits, you may be able to claim the credit. See *Figuring the Credit*, next.



If either your AGI or your nontaxable pensions are equal to or more than the income limits, you cannot take the credit.

Figuring the Credit

You can figure the credit yourself (see the explanation that follows), or the IRS will figure it for you. See *Credit Figured for You*, later.

Figuring the credit yourself. If you figure the credit yourself, fill out the front of either Schedule R (if you are filing Form 1040) or Schedule 3 (if you are filing Form 1040A). Next, fill out Part III of either Schedule R or Schedule 3.



There are four steps in Part III to determine the amount of your credit:

1. Determine your initial amount (lines 10–12).
2. Total any nontaxable social security and certain other nontaxable pensions and benefits you received (lines 13a, 13b, and 13c).
3. Determine your excess adjusted gross income (lines 14–17).
4. Determine your credit (lines 18–24 of Schedule R or lines 18–22 of Schedule 3).

These steps are discussed in more detail next.

Step 1. Determine Initial Amount

To figure the credit, you must first determine your initial amount. See Table 1.

Initial amounts for persons under age 65. If you are a qualified individual under age 65, your initial amount cannot be more than your taxable disability income.

Step 2. Total Certain Nontaxable Pensions and Benefits

Step 2 is to figure the total amount of nontaxable social security and certain other nontaxable payments you received during the year.

Enter these nontaxable payments on lines 13a or 13b and total them on line 13c. If you are married filing a joint return, you must enter the combined amount of nontaxable payments both you and your spouse receive.



Worksheets are provided in the instructions for Forms 1040 and 1040A to help you determine if any part of your social security benefits (or equivalent railroad retirement benefits) is taxable.

Include the following nontaxable payments in the amounts you enter on lines 13a and 13b.

- Nontaxable social security payments. This is the nontaxable part of the amount of benefits shown in box 5 of Form SSA-1099, Social Security Benefit Statement, which includes disability benefits, before deducting any amounts withheld to pay premiums on supplementary Medicare insurance, and before any reduction because of receipt of a benefit under workers' compensation.
Do not include a lump-sum death benefit payment you may receive as a surviving spouse, or a surviving child's insurance benefit payments you may receive as a guardian.
- Social security equivalent part of tier 1 railroad retirement pension payments that are not taxed. This is the nontaxable part of the amount of benefits shown in box 5 of Form RRB-1099, Payments by the Railroad Retirement Board.
- Nontaxable pension or annuity payments or disability benefits that are paid under a law administered by the Department of Veterans Affairs (VA).
Do not include amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country or in the National Oceanic and Atmospheric Administration or the Public Health Service, or as a disability annuity under section 808 of the Foreign Service Act of 1980.
- Pension or annuity payments or disability benefits that are excluded from income under any provision of federal law other than the Internal Revenue Code.
Do not include amounts that are a return of your cost of a pension or annuity. These amounts do not reduce your initial amount.



You should be sure to take into account all of the nontaxable amounts you receive. These amounts are verified by the IRS through information supplied by other government agencies.

Step 3. Determine Excess Adjusted Gross Income

You also must reduce your initial amount by your excess adjusted gross income. Figure your excess adjusted gross income on lines 14 through 17.

You figure your excess adjusted gross income as follows:

1. Subtract from your adjusted gross income (line 37 of Form 1040 or line 22 of Form 1040A) the amount shown for your filing status in the following list.
 - a. \$7,500 if you are single, a head of household, or a qualifying widow(er) with a dependent child,
 - b. \$10,000 if you are married filing a joint return, or
 - c. \$5,000 if you are married filing a separate return and you and your spouse did not live in the same household at any time during the tax year.

2. Divide the result of (1) by 2.

Step 4. Determine Your Credit

To determine if you can take the credit, you must add the amounts you figured in Step 2 and Step 3.

IF the total of Steps 2 and 3 is ...	THEN ...
equal to or more than the amount in Step 1	you cannot take the credit.
less than the amount in Step 1	you can take the credit.

Figuring the credit. If you can take the credit, subtract the total of Step 2 and Step 3 from the amount in Step 1 and multiply the result by 15%.

In certain cases, the amount of your credit may be limited. See *Limit on credit*, later.

Example. You are 66 years old and your spouse is 64. Your spouse is not disabled. You file a joint return on Form 1040. Your adjusted gross income is \$14,630. Together you received \$3,200 from social security, which was non-taxable. You figure the credit as follows:

1. Initial amount		\$5,000
2. Subtract the total of:		
a. Nontaxable social security and other nontaxable pensions	..	\$3,200
b. Excess adjusted gross income	(\$14,630 – \$10,000) ÷ 2	2,315
		5,515
3. Balance (Not less than -0-)		-0-
4. Credit		\$ 0

You cannot take the credit since your nontaxable social security (line 2a) plus your excess adjusted gross income (line 2b) is more than your amount on line 1.

Limit on credit. The amount of credit you can claim may be limited.

Figure any limit on your credit on lines 21–24 of Schedule R or lines 21–22 of Schedule 3.

Credit Figured for You

If you choose to have the Internal Revenue Service (IRS) figure the credit for you, read the following discussion for the form you will file (Form 1040 or Form 1040A). If you want the IRS to figure your tax, see Publication 967.

Form 1040. If you want the IRS to figure your credit, attach Schedule R to your return and enter “CFE” on the dotted line next to line 48 of Form 1040. Check the box in Part I of Schedule R for your filing status and age. Fill in Part II and lines 11 and 13 of Part III if they apply to you.

Form 1040A. If you want the IRS to figure your credit, attach Schedule 3 to your return and print “CFE” next to line 30 of Form 1040A. Check the box in Part I of Schedule 3 for your filing status and age. Fill in Part II and lines 11 and 13 of Part III, if they apply to you.

Examples

The following examples illustrate the credit for the elderly or the disabled. The initial amounts are taken from *Table 1*.

Example 1. James Davis is 58 years old, single, and files Form 1040A. In 1998 he retired on permanent and total disability, and he is still permanently and totally disabled. He got the required physician's statement in 1998 and kept it with his tax records. His physician signed on line B of the statement. This year James checks the box in Part II of Schedule 3. He does not need to get another statement for 2004.

He received the following income for the year:

Nontaxable social security	\$ 1,500
Interest (taxable)	100
Taxable disability pension	11,400

James' adjusted gross income is \$11,500 (\$11,400 + \$100). He figures the credit on Schedule 3 as follows:

1. Initial amount	\$ 5,000
2. Taxable disability pension	11,400
3. Smaller of line 1 or line 2	5,000
4. Subtract the total of:	
a. Nontaxable disability benefits (social security)	\$1,500
b. Excess adjusted gross income (\$11,500 - \$7,500) ÷ 2	2,000
	<u>3,500</u>
5. Balance (Not less than -0-)	<u>1,500</u>
6. Multiply line 5 by 15% (.15)	<u>225</u>
7. Enter the amount from Form 1040A, line 28	<u>358</u>
8. Enter any amount from Form 1040A, line 29	<u>-0-</u>
9. Subtract line 8 from line 7	<u>358</u>
10. Credit (Enter the smaller of line 6 or line 9)	<u>\$ 225</u>

His credit is \$225. He enters \$225 on line 30 of Form 1040A. The Schedule 3 for James Davis is not shown.

Example 2. William White is 53. His wife Helen is 49. William had a stroke 3 years ago and retired on permanent and total disability. He is still permanently and totally disabled because of the stroke. In November of last year, Helen was injured in an accident at work and retired on permanent and total disability.

William received nontaxable social security disability benefits of \$3,000 during the year and a taxable disability pension of \$6,000. Helen earned \$9,200 from her job and

received a taxable disability pension of \$1,000. Their joint return on Form 1040 shows adjusted gross income of \$16,200 (\$6,000 + \$9,200 + \$1,000).

Helen got her doctor to complete the physician's statement in the instructions for Schedule R. Helen is not required to include the statement with their return for the year, but she must keep it for her records.

William got a physician's statement for the year he had the stroke. His doctor had signed on line B of that physician's statement to certify that William was permanently and totally disabled. William has kept the physician's statement with his records. He checks the box in Part II of Schedule R and writes his first name in the space above line 2.

William and Helen use Schedule R to figure their \$31 credit for the elderly or the disabled. They attach Schedule R to the joint return and enter \$31 on line 48 of Form 1040. See their filled-in Schedule R and Helen's filled-in physician's statement, later.

Example 3. Jerry Ash is 68 years old and single and files Form 1040A. He received the following income for the year:

Nontaxable social security	\$2,000
Interest (taxable)	455
Pension (all taxable)	5,600
Wages from a part-time job	4,245

Jerry's adjusted gross income is \$10,300 (\$4,245 + \$5,600 + \$455). Jerry figures the credit on Schedule 3 (Form 1040A) as follows:

1. Initial amount	\$5,000
2. Subtract the total of:	
a. Nontaxable social security and other nontaxable pensions	\$2,000
b. Excess adjusted gross income (\$10,300 - \$7,500) ÷ 2	1,400
	<u>3,400</u>
3. Balance (Not less than -0-)	<u>1,600</u>
4. Multiply line 3 by 15% (.15)	<u>240</u>
5. Enter the amount from Form 1040A, line 28	<u>116</u>
6. Enter any amount from Form 1040A, line 29	<u>-0-</u>
7. Subtract line 6 from line 5	<u>116</u>
8. Credit (Enter the smaller of line 4 or line 7)	<u>\$ 116</u>

Jerry's credit is \$116. He files Schedule 3 (Form 1040A) and shows this amount on line 30 of Form 1040A. See the filled-in Schedule 3 for Jerry Ash, later.

**Schedule R
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Credit for the Elderly or the Disabled

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedule R (Form 1040).**

OMB No. 1545-0074

2004

Attachment
Sequence No. **16**

Name(s) shown on Form 1040

William M. White and Helen A. White

Your social security number

220;00;3333

You may be able to take this credit and reduce your tax if by the end of 2004:

- You were age 65 or older **or**
- You were under age 65, you retired on **permanent and total** disability, and you received taxable disability income.

But you must also meet other tests. See page R-1.

TIP In most cases, the IRS can figure the credit for you. See page R-1.

Part I Check the Box for Your Filing Status and Age

If your filing status is: And by the end of 2004: Check only one box:

Single,
Head of household, or
Qualifying widow(er)

1 You were 65 or older **1**

2 You were under 65 and you retired on permanent and total disability **2**

3 Both spouses were 65 or older **3**

4 Both spouses were under 65, but only one spouse retired on
permanent and total disability **4**

Married filing
jointly

5 Both spouses were under 65, and both retired on permanent and total
disability **5**

6 One spouse was 65 or older, and the other spouse was under 65 and
retired on permanent and total disability **6**

7 One spouse was 65 or older, and the other spouse was under 65 and
not retired on permanent and total disability **7**

Married filing
separately

8 You were 65 or older and you lived apart from your spouse for all of
2004 **8**

9 You were under 65, you retired on permanent and total disability, and
you lived apart from your spouse for all of 2004 **9**

Did you check box 1, 3, 7, or 8?

Yes —▶ Skip Part II and complete Part III on back.

No —▶ Complete Parts II and III.

Part II Statement of Permanent and Total Disability (Complete **only** if you checked box 2, 4, 5, 6, or 9 above.)

If: 1 You filed a physician's statement for this disability for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed line B on the statement, **and**

2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 2004, check this box **▶**

- If you checked this box, you do not have to get another statement for 2004.
- If you **did not** check this box, have your physician complete the statement on page R-4. You **must** keep the statement for your records.

Part III Figure Your Credit

10		If you checked (in Part I):		Enter:			
		Box 1, 2, 4, or 7		\$5,000	}	10
		Box 3, 5, or 6		\$7,500			
		Box 8 or 9		\$3,750			
		Did you check box 2, 4, 5, 6, or 9 in Part I?		Yes →	You must complete line 11.		
				No →	Enter the amount from line 10 on line 12 and go to line 13.		
11		If you checked (in Part I):					
		• Box 6, add \$5,000 to the taxable disability income of the spouse who was under age 65. Enter the total.		}	11	7,000
		• Box 2, 4, or 9, enter your taxable disability income.					
		• Box 5, add your taxable disability income to your spouse's taxable disability income. Enter the total.					
TIP		For more details on what to include on line 11, see page R-3.					
12		If you completed line 11, enter the smaller of line 10 or line 11; all others, enter the amount from line 10					
13		Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 2004.					
a		Nontaxable part of social security benefits and Nontaxable part of railroad retirement benefits treated as social security (see page R-3).		13a	3,000		
b		Nontaxable veterans' pensions and Any other pension, annuity, or disability benefit that is excluded from income under any other provision of law (see page R-3).		13b			
c		Add lines 13a and 13b. (Even though these income items are not taxable, they must be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c		13c	3,000		
14		Enter the amount from Form 1040, line 37		14	16,200		
15		If you checked (in Part I):		Enter:			
		Box 1 or 2		\$7,500	}	15
		Box 3, 4, 5, 6, or 7		\$10,000			
		Box 8 or 9		\$5,000			
16		Subtract line 15 from line 14. If zero or less, enter -0-		16	6,200		
17		Enter one-half of line 16		17	3,100		
18		Add lines 13c and 17		18	6,100		
19		Subtract line 18 from line 12. If zero or less, stop ; you cannot take the credit. Otherwise, go to line 20		19	900		
20		Multiply line 19 by 15% (.15)		20	135		
21		Enter the amount from Form 1040, line 45		21	31		
22		Add the amounts from Form 1040, lines 46 and 47, and enter the total		22	-0-		
23		Subtract line 22 from line 21		23	31		
24		Credit for the elderly or the disabled. Enter the smaller of line 20 or line 23 here and on Form 1040, line 48		24	31		

Schedule 3
(Form 1040A)

Department of the Treasury—Internal Revenue Service

Credit for the Elderly or the Disabled
for Form 1040A Filers

2004

OMB No. 1545-0085

Name(s) shown on Form 1040A

Jerry A. Ash

Your social security number

1 2 3 ; 0 0 ; 1 2 3 4

You may be able to take this credit and reduce your tax if by the end of 2004:

- You were age 65 or older **or**
- You were under age 65, you retired on **permanent and total** disability, and you received taxable disability income.

But you must also meet other tests. See the separate instructions for Schedule 3.

TIP In most cases, the IRS can figure the credit for you. See the instructions.

Part I

If your filing status is:

And by the end of 2004:

Check only one box:

Check the box for your filing status and age

Single, Head of household, or Qualifying widow(er)

- 1 You were 65 or older 1
- 2 You were under 65 and you retired on permanent and total disability 2

Married filing jointly

- 3 Both spouses were 65 or older 3
- 4 Both spouses were under 65, but only one spouse retired on permanent and total disability 4
- 5 Both spouses were under 65, and both retired on permanent and total disability 5
- 6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability 6
- 7 One spouse was 65 or older, and the other spouse was under 65 and **not** retired on permanent and total disability 7

Married filing separately

- 8 You were 65 or older and you lived apart from your spouse for all of 2004 8
- 9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 2004 9

Did you check box 1, 3, 7, or 8?	— Yes —>	Skip Part II and complete Part III on the back.
	— No —>	Complete Parts II and III.

Part II

Statement of permanent and total disability

Complete this part **only** if you checked box 2, 4, 5, 6, or 9 above.

- If:**
- 1 You filed a physician's statement for this disability for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed line B on the statement, **and**
 - 2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 2004, check this box
 - If you checked this box, you do not have to get another statement for 2004.
 - If you **did not** check this box, have your physician complete the statement on page 4 of the instructions. You **must** keep the statement for your records.

For Paperwork Reduction Act Notice, see Form 1040A instructions.

Cat. No. 12064K

Schedule 3 (Form 1040A) 2004

Part III
Figure your credit

10	If you checked (in Part I):	Enter:								
	Box 1, 2, 4, or 7	\$5,000								
	Box 3, 5, or 6	\$7,500								
	Box 8 or 9	\$3,750	10	5,000						
<table border="0" style="width: 100%;"> <tr> <td style="border: 1px solid black; padding: 2px;">Did you check box 2, 4, 5, 6, or 9 in Part I?</td> <td style="padding: 2px;">— Yes —></td> <td style="padding: 2px;">You must complete line 11.</td> </tr> <tr> <td></td> <td style="padding: 2px;">— No —></td> <td style="padding: 2px;">Enter the amount from line 10 on line 12 and go to line 13.</td> </tr> </table>					Did you check box 2, 4, 5, 6, or 9 in Part I?	— Yes —>	You must complete line 11.		— No —>	Enter the amount from line 10 on line 12 and go to line 13.
Did you check box 2, 4, 5, 6, or 9 in Part I?	— Yes —>	You must complete line 11.								
	— No —>	Enter the amount from line 10 on line 12 and go to line 13.								
11	If you checked (in Part I):									
	<ul style="list-style-type: none"> • Box 6, add \$5,000 to the taxable disability income of the spouse who was under age 65. Enter the total. • Box 2, 4, or 9, enter your taxable disability income. • Box 5, add your taxable disability income to your spouse's taxable disability income. Enter the total. 									
	TIP For more details on what to include on line 11, see the instructions.		11							
12	If you completed line 11, enter the smaller of line 10 or line 11; all others , enter the amount from line 10.		12	5,000						
13	Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 2004.									
	a Nontaxable part of social security benefits and Nontaxable part of railroad retirement benefits treated as social security (see the instructions). 13a	2,000								
	b Nontaxable veterans' pensions and Any other pension, annuity, or disability benefit that is excluded from income under any other provision of law (see the instructions). 13b	-0-								
	c Add lines 13a and 13b. (Even though these income items are not taxable, they must be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c. 13c	2,000								
14	Enter the amount from Form 1040A, line 22. 14	10,300								
15	If you checked (in Part I):	Enter:								
	Box 1 or 2	\$7,500								
	Box 3, 4, 5, 6, or 7	\$10,000								
	Box 8 or 9	\$5,000	15	7,500						
16	Subtract line 15 from line 14. If zero or less, enter -0-.		16	2,800						
17	Enter one-half of line 16.		17	1,400						
18	Add lines 13c and 17.		18	3,400						
19	Subtract line 18 from line 12. If zero or less, stop ; you cannot take the credit. Otherwise, go to line 20.		19	1,600						
20	Multiply line 19 by 15% (.15).		20	240						
21	Enter the amount from Form 1040A, line 28, minus any amount on Form 1040A, line 29.		21	116						
22	Credit for the elderly or the disabled. Enter the smaller of line 20 or line 21 here and on Form 1040A, line 30.		22	116						

How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get more information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Contacting your Taxpayer Advocate. If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels. While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

To contact your Taxpayer Advocate:

- Call the Taxpayer Advocate toll free at 1-877-777-4778.
- Call, write, or fax the Taxpayer Advocate office in your area.
- Call 1-800-829-4059 if you are a TTY/TDD user.
- Visit www.irs.gov/advocate.

For more information, see Publication 1546, The Taxpayer Advocate Service of the IRS—How To Get Help With Unresolved Tax Problems.

Free tax services. To find out what services are available, get Publication 910, IRS Guide to Free Tax Services. It contains a list of free tax publications and an index of tax topics. It also describes other free tax information services, including tax education and assistance programs and a list of TeleTax topics.



Internet. You can access the IRS website 24 hours a day, 7 days a week, at www.irs.gov:

- *E-file* your return. Find out about commercial tax preparation and *e-file* services available free to eligible taxpayers.
- Check the status of your 2004 refund. Click on *Where's My Refund*. Be sure to wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically). Have your 2004 tax return available because you will need to know your filing status and the exact whole dollar amount of your refund.
- Download forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications online by topic or keyword.
- View Internal Revenue Bulletins (IRBs) published in the last few years.

- Figure your withholding allowances using our Form W-4 calculator.
- Sign up to receive local and national tax news by email.
- Get information on starting and operating a small business.



Fax. You can get over 100 of the most requested forms and instructions 24 hours a day, 7 days a week, by fax. Just call 703-368-9694 from the telephone connected to your fax machine. When you call, you will hear instructions on how to use the service. The items you request will be faxed to you.

For help with transmission problems, call 703-487-4608.

Long-distance charges may apply.



Phone. Many services are available by phone.

- *Ordering forms, instructions, and publications.* Call 1-800-829-3676 to order current-year forms, instructions, and publications and prior-year forms and instructions. You should receive your order within 10 days.
- *Asking tax questions.* Call the IRS with your tax questions at 1-800-829-1040.
- *Solving problems.* You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to www.irs.gov/localcontacts or look in the phone book under *United States Government, Internal Revenue Service*.
- *TTY/TDD equipment.* If you have access to TTY/TDD equipment, call 1-800-829-4059 to ask tax questions or to order forms and publications.
- *TeleTax topics.* Call 1-800-829-4477 and press 2 to listen to pre-recorded messages covering various tax topics.
- *Refund information.* If you would like to check the status of your 2004 refund, call 1-800-829-4477 and press 1 for automated refund information or call 1-800-829-1954. Be sure to wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically). Have your 2004 tax return available because you will need to know your filing status and the exact whole dollar amount of your refund.

Evaluating the quality of our telephone services. To ensure that IRS representatives give accurate, courteous, and professional answers, we use several methods to evaluate the quality of our telephone services. One method is for a second IRS representative to sometimes listen in

on or record telephone calls. Another is to ask some callers to complete a short survey at the end of the call.



Walk-in. Many products and services are available on a walk-in basis.

- **Products.** You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Some IRS offices, libraries, grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of products available to print from a CD-ROM or photocopy from reproducible proofs. Also, some IRS offices and libraries have the Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.
- **Services.** You can walk in to your local Taxpayer Assistance Center every business day to ask tax questions or get help with a tax problem. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. You can set up an appointment by calling your local Center and, at the prompt, leaving a message requesting Everyday Tax Solutions help. A representative will call you back within 2 business days to schedule an in-person appointment at your convenience. To find the number, go to www.irs.gov/localcontacts or look in the phone book under *United States Government, Internal Revenue Service*.



Mail. You can send your order for forms, instructions, and publications to the Distribution Center nearest to you and receive a response within 10 business days after your request is received. Use the address that applies to your part of the country.

- **Western part of U.S.:**
Western Area Distribution Center
Rancho Cordova, CA 95743-0001
- **Central part of U.S.:**
Central Area Distribution Center

P.O. Box 8903
Bloomington, IL 61702-8903

- **Eastern part of U.S. and foreign addresses:**
Eastern Area Distribution Center
P.O. Box 85074
Richmond, VA 23261-5074



CD-ROM for tax products. You can order Publication 1796, IRS Federal Tax Products CD-ROM, and obtain:

- Current-year forms, instructions, and publications.
- Prior-year forms and instructions.
- Frequently requested tax forms that may be filled in electronically, printed out for submission, or saved for recordkeeping.
- Internal Revenue Bulletins.

Buy the CD-ROM from National Technical Information Service (NTIS) at www.irs.gov/cdorders for \$22 (no handling fee) or call 1-877-233-6767 toll free to buy the CD-ROM for \$22 (plus a \$5 handling fee). The first release is available in early January and the final release is available in late February.



CD-ROM for small businesses. Publication 3207, The Small Business Resource Guide, CD-ROM 2004, is a must for every small business owner or any taxpayer about to start a business. This handy, interactive CD contains all the business tax forms, instructions, and publications needed to successfully manage a business. In addition, the CD provides other helpful information, such as how to prepare a business plan, finding financing for your business, and much more. The design of the CD makes finding information easy and quick and incorporates file formats and browsers that can be run on virtually any desktop or laptop computer.

It is available in early April. You can get a free copy by calling 1-800-829-3676 or by visiting www.irs.gov/smallbiz.



A		Form RRB-1099:	Permanent and total disability 2, 4		
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Determine excess AGI 7		Form SSA-1099:	Public Health Service:		
Income limits for 6		Social security benefit statement 6	Pension, annuity, or disability benefit from 6		
Age:		Free tax services 14	Publications (See Tax help)		
Age 65 2		<hr/>			
Mandatory retirement age 6		H	Q		
Assistance (See Tax help)		Head of household 2	Qualified individuals 2		
<hr/>		Help (See Tax help)	Age 65 or older 2		
C		<hr/>			
Citizenship requirement 2		I	Under age 65 and retired on permanent and total disability 2, 4		
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D		<hr/>			
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Nontaxable by law 6		Joint returns 2	Sheltered employment 5		
Disability income 5		<hr/>			
Disability, permanent and total disability 2, 4		L	Social security payments 6		
<hr/>		Limit on credit 7	Substantial gainful activity 4		
E		Lump-sum payments:	Suggestions for publication 1		
Eligibility for credit 2		Accrued annual leave 5	<hr/>		
Employer's accident or health plans or pension plans:		Death benefits paid to surviving spouse or child 6	T	Tables and figures:	
Disability income from 5		<hr/>		Income limits (Figure B) 6	
Excess adjusted gross income 7		M	Initial amounts (Table 1) 6	Qualified individual determination (Figure A) 2	
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F		Married taxpayers 2	TTY/TDD information 14	<hr/>	
Figuring the credit 6-8		Mentally incompetent persons:	U	U.S. citizens and residents 2	
Determine excess AGI 7		Sheltered employment for 5	<hr/>		
Determine if you can take the credit 7		Missing children:	V	VA Form 21-0172:	
Determine initial amount 6		Photographs of 1	Certification of permanent and total disability 5	Veterans:	
Having IRS figure the credit for you 7		More information (See Tax help)	Certification by VA of permanent and total disability 5	Exclusion of nontaxable pension or annuity payment or disability benefits 6	
Foreign military service:		<hr/>			
Pension, annuity, or disability benefit from 6		N	<hr/>		
Foreign Service:		National Oceanic and Atmospheric Administration:	<hr/>		
Pension, annuity, or disability benefit from 6		Pension, annuity, or disability benefit from 6	<hr/>		
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Form 1040A 7		<hr/>			
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			Nontaxable by law 6		