

FORM 1040

INSTRUCTIONS

Everything you need to know to file your individual federal tax return

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A letter from the IRS

Dear tax payer,

For the first time in memory almost everyone can complete their own tax return. For many filers, fewer than 10 lines need to be completed. The federal government will assist you in completing the required forms if you are in need of such assistance via on-line forums or at 800-tax-return. Your tax return may be completed on-line, or the forms may be obtained at your local post office and mailed to the IRS, or an authorized third party service may help you complete your tax return.

The simplification in determining your taxes is a result of your government listening and reacting to your frustration with the complexity of the federal tax code. We are confident that you will like the many changes and the fact that for most filers, your federal tax obligation will be no more than you have been paying in recent years.

Here are the most important changes about filing your return:

Your tax return must be filed by June 30th of each year. There is no provision to extend this due date. The penalty for filing your tax return late is 25% of the total tax due, or if you are due a refund, you automatically forfeit it.

Any money owed to the federal government for income tax must be paid by July 31. There is no provision for an extension of this date. The penalty for not having the full amount paid by the due date is a 50% of the tax rate for the year. So if the normal tax

rate is 10%, if paid late, the tax rate is increased to 15% and that amount becomes immediately due.

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Additionally, interest accrues daily on unpaid balances at the rate twice the prior year's twelve month's average U. S. Prime Rate. For the current year, the annualized interest rate is 7%.

There are very few deductions and there are very few types of income included on the new form. Please read both the definitions and the line-by-line instructions to gain a complete understanding of both deductions and income.

There are also significant changes in how dependents are defined. Please read the line-by-line instructions for a complete understanding on how a dependent may be claimed on your tax return.

Form 1040 General Instructions

Do I Have To File? If, during the tax year, you earned reportable, taxable income while living in the United States or one of its territories, you are subject to federal income tax and you must file. Receipt of a W-2 statement or a 1099 will indicate that you may need to file a tax return.

Where do I file? You are encouraged to file electronically. It is free, and all of the computations are done for you. To file your return electronically, simply log in to <http://irs.gov/filefederaltaxes>. You will be able to pay any amount due after you have filed your return. You may also direct where and how a refund is to be sent to you. You may also mail your return, but it must reach us by June 30. A list of "send Forms and payments to" locations is found in Addendum M.

Third parties may also file on your behalf and charge you a fee for that service, but they must file electronically on your behalf and supply their information as required on form 1040.

Form 1040 Part 1 Line-by-line instructions with definitions

Enter your complete name, primary home address and social security number.

Lines 1-10 – Enter the W-2 and 1099 information you received from each employer or other institution. Note: Your employer or other institution will not report income of less than \$1,000 per year. (Use additional Form 1040 Misc. if needed.)

Line 11 – Add together all federal tax withheld and all federal tax income. Optional: Your effective withholding rate may be calculated by dividing total tax withheld by total taxable income.

Child Support Received – The amount of court ordered child support received from someone else during the tax year. The correct social security number and the complete name of the individual paying you the child support must be included on the return.

Lines 12-13 – If you received child support, you must provide the information requested on Lines 12-13.

Line 14 - Sum the amounts received.

Alimony Received – The amount of court ordered ali received from someone else during the tax year. The correct social security number and the complete name of the individual paying you the alimony must be included on the return.

Lines 15-16 – If you received alimony, you must provide the information requested on Lines 15-16.

Line 17 - Sum the amounts received.

Early Withdrawals from Retirement Accounts (Prior to age 62)

Lines 18-19 – If withdrew money from your retirement account(s), you must provide the information requested on Lines 18-19.

Line 20 - Sum the amounts received.

Line 21 - Multiply the amount on line 20 times .075 to determine penalty owed for early withdrawal.

Form 1040 Part 2 Line-by-line instructions with definitions

Gain or Loss on the Sale of Assets

Lines 1-10 - Simply enter the required information supplied on Form 1111 provided by financial or other institutions. Remember those institutions are not required to send you Form 1111 if your gain was less than \$1000 or you had a loss. Remember too, that if you have a net loss for the year, no deduction is allowed on your federal taxes.

Line 11 - Sum lines 1-10 to generate the total for total income (loss) and total federal taxes withheld.

Form 1040 Part 3 Line-by-line instructions with definitions

Dependents and Deductions

Lines 1-10 – List of Dependents – Enter first, middle and last name of each dependent. Enter their social security number. Enter their age as of December 31 of the tax year being filed. (Use additional Form 1040 – Dependents if needed.)

You may claim as your dependent anyone who meets **all** of the following criteria during the tax year:

1. The person lived in your home for a minimum of seven months. (Your children who are full-time students (15 hours per quarter and three quarters per year) may be counted as long as they meet the other criteria.)
2. The person is a U. S. citizen.
3. The person has a valid social security number.
4. You have filed Federal Form 1050 - Dependent Person Report for each person and you have received a written acknowledgement of its receipt from the IRS. This form must be filed by December of the tax year for the dependent to be allowed in the filing of this tax return.
5. The person is not claimed as a dependent on any other federal tax return.
6. You are able to provide all of the required information for each dependent.

Note: If it is determined that any one of your claimed dependents does not meet the above criteria, all claimed dependents will be disallowed for the tax year...resulting in a much higher tax burden for you.

Line 11 - The sum of all dependents claimed on all sheets.

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Lines 12-13 - Child Support Paid The amount of court ordered child support paid to someone else during the current tax year. The correct social security number and the complete name of the individual receiving the child support must be included on the return for the amount to be included in the computation of tax liability.

Line 14 - Add together the amounts paid on behalf of all children.

Lines 15-16 – Alimony Paid The amount of court ordered alimony paid to someone else during the current tax year. Reminder, the correct social security number and complete name of the individual receiving the alimony must be included on the return for the amount to be included in the computation of tax liability.

Line 17 - Add together the amounts you paid for alimony.

Line 13 - Contributions made to qualified retirement plans – List the requested information for all money deposited into a qualified retirement plan.

Form 1040 Part 4 Line-by-line instructions

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You may complete the form on-line and all calculations will be performed for you. Or if you wish please print out the forms and complete them yourself.

Line 1	Copy data from Form 1040 Part 1- Line 16
Line 2	Copy amount from Form 1040 Part 1- Line 21
Line 3	Copy amount from Form 1040 Part 1- Line 25
Line 4	Copy amount from Form 1040 Part 1- Line 30
Line 5	Copy amount from Form 1040 Part 2- Line 21
Line 6	Add together lines 1 through 5
Line 7	Copy amount from Form 1040 Part 3- Line 11
Line 8	Copy amount from Form 1040 Part 3- Line 14
Line 9	Copy amount from Form 1040 Part 3- Line 17
Line 10	Copy amount from Form 1040 Part 3- Line 22
Line 11	Copy amount from Form 1040 Part 3- Line 23
Line 12	Add together lines 7 through 11
Line 13	Subtract line 12 from line 6
Line 14	Statutory tax rate of 15% for this tax year
Line 15	Multiply .15 times Line 13
Line 16	Copy amount from Form 1040 Part 1- Line 31
Line 17	Enter amount on line 15 or \$120 whichever is greater.
Line 18	Add together lines 15, 16 and 17
Line 19	Add together all federal income tax withheld on W-2s, 1099s or other documents
Line 20	If line 18 is greater than line 19, subtract line 18 from line 19 and enter on line 20.
Line 21	If line 19 is greater than line 18, subtract line 19 from line 18 and enter on line 21
Line 22	Sign this form and enter the other requested data. <u>NOTE: THERE ARE SEVERE PENALTIES FOR FALSIFYING DATA SUBMITTED ON YOUR TAX DATA, INCLUDING TIME IN PRISON. PLEASE REVIEW YOUR TAX RETURN CAREFULLY BEFORE SUBMITTING IT.</u>
Lines 23	Check this box and enter information on line 24 only if you wish to have someone talk to the IRS on your behalf in the event there is a problem with your return. Please enter information in all of the spaces if you wish to have this happen.
Lines 24-27	To be completed by those who complete this tax return on your behalf.

The Federal Tax Reform Act of 2017

Form 1040 United States of America Federal Individual Tax Return for Year 2018