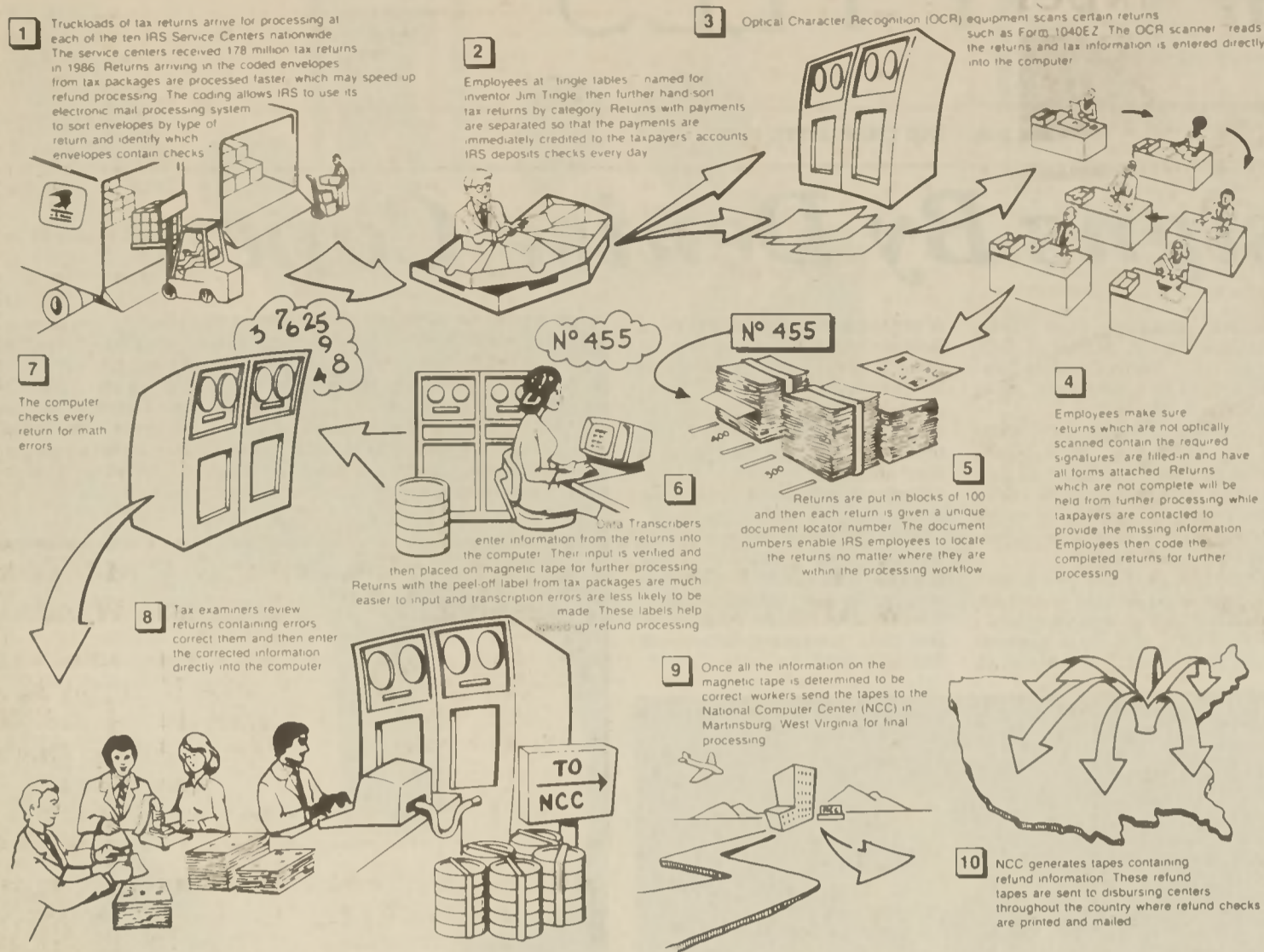


For Your Tax Information

Federal Tax Return Processing Steps



Employee Business Expenses

Taxpayers who itemize deductions may be able to deduct work-related expenses such as dues paid to professional societies, employment agency fees, medical examinations required by an employer, subscriptions to professional journals, union dues, and certain work clothes and uniforms. These are generally claimed as miscellaneous deductions on Schedule A of Form 1040. However, beginning in 1987, they are deductible only to the extent the total exceeds two percent of adjusted gross income.

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Child and Dependent Care Credit Can Aid Working Parents

Parents who pay someone to care for a child or dependent while they work or look for work may qualify for a special tax credit, the Internal Revenue Service says. This Child and Dependent Care Credit may be taken not only for payments to babysitters and day-care centers but also to certain relatives paid for this service.

dependent's care was incurred, and (2) must have paid over half the cost of maintaining his or her household, which included one or more qualifying individuals. A qualifying individual is a dependent child under 15 years of age or a spouse or dependent who is mentally or physically incapable of self-care.

This credit is available to married couples who both work part-time or full-time or are actively looking for work, and file jointly. If one spouse works full-time and the other works part-time, is a full-time student or is disabled, he or she is also eligible for the credit, according to the IRS.

How to Claim
 To claim the credit, taxpayers can file Form 1040A, using the worksheet in the Form 1040A tax package to compute the amount of the credit. Taxpayers who file Form 1040 may also claim the credit, even if they do not itemize deductions. These taxpayers compute the credit on Form 2441, *Credit for Child and Dependent Care Expenses*, and attach this form to the Form 1040.

The credit may also apply to a divorced or separated parent who has custody of a child who is under 15 or physically or mentally incapable of self-care, even though the parent may not be entitled to a dependency exemption for the child. The parent claiming the credit must, however, have custody for a longer period during the year than the other parent. A married person living apart from his or her spouse for the last six months of the taxable year is eligible for the credit if a separate return is filed.

Additional information is available in IRS Publication 503, *Child and Dependent Care Credit, and Employment Taxes for Household Employers*, which may be ordered by filling out the order blank in the tax package or by calling 1-800-424-3676.

Percentage Varies

The credit is from 20 to 30 percent of eligible expenses, depending on the taxpayer's adjusted gross income. The maximum credit that may be taken is limited to \$720 for one qualifying person and to \$1,440 for two or more qualifying persons.

Educational Expenses

Work-related educational expenses may be deductible. Generally, to claim a deduction for most qualifying work-related educational expenses, a Form 2106, "Employee Business Expenses," must be completed and attached to the Form 1040. Only those educational expenses reimbursed by an employer and reported on Form W-2 or a Form 1099 may be deducted as an adjustment to gross income. Any expenses in excess of such reimbursed amounts generally may be claimed as a miscellaneous deduction on Schedule A (Form 1040). However, miscellaneous deductions are deductible only to the extent the total exceeds two percent of adjusted gross income. More information can be found in the free IRS Publication 508, "Educational Expenses," available by writing or calling the IRS.

To qualify for the Child and Dependent Care Credit, a taxpayer (1) must have been gainfully employed or in active search of gainful employment when the expense for the child's or

Moonlighting

Those people who work at two places in a day may claim the expense of traveling between the places of employment. More information is contained in the free IRS Publication 917, "Business Use of a Car," available by writing or calling the IRS.

Double-Check Return - Avoid Processing Delays

To those expecting a tax refund this year, the Internal Revenue Service says a quick check for accuracy can help avoid mistakes which might slow tax return processing. Carefully prepared, easy-to-read returns can be processed faster, the IRS advises. Once the return is completed, the IRS suggests that taxpayers consult the following check list:

- Have you attached all your Forms W-2, Wage and Tax Statements?
- Have you attached all the supporting schedules to your Form 1040?
- Are your name and social security number on each schedule?
- Are the names and social security numbers of dependents five years or over on your return?
- Is your arithmetic correct?
- Are all of your entries on the proper lines?
- If you rounded off your numbers, did you round off consistently?
- Is your handwriting legible?
- When you used the Tax Table, did you follow the line across to the correct column for your filing status?
- Did you sign and date your return? Remember, if it's a joint return, your spouse must sign too.
- Did you use the peel-off label, and is the information on the label correct?
- Have you made necessary corrections right on the peel-off label?
- Have you retained a copy of your return for your records?
- Did you remember to put the correct postage on the pre-addressed envelope? If the return has several attachments, additional postage may be required.
- Did you make a copy of your return for your files?

Two Jobs in 1987? Check Social Security Withheld

Those who worked for two or more employers during 1987 and received wages totaling more than \$43,800 should check to see if they are entitled to a credit for excess social security tax withheld, according to the Internal Revenue Service.

of \$3,131.70 can be applied as a credit against income tax only if the individual had more than one employer.

IRS notes that those who file joint returns may not add the social security tax withheld from one spouse's income to the amount withheld from the other spouse to determine the credit. The

credit must be figured separately for each spouse.

Workers who had only one employer and had more than \$3,131.70 withheld may not claim the excess as a credit against their income tax. The employer should adjust this over-collection, the IRS explains.



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