

Symbols

0% capital gain rate, 104
 2% AGI floor, 420, 421, 422
 14-day/10% test, 249
 15% capital gain rate, 104
 28% capital gain rate, 105
 28% Rate Gain Worksheet, 105, 109
 39-week test for employees, 317–318
 50% limit
 contributions to organizations with, 349
 on entertainment costs, 449–451
 on meal costs, 449–451
 on T&E expense deductions, 447
 60-day rollover deadline, 210
 60% exclusion for empowerment zone
 business stock, 109
 78-week test for self-employed persons and
 partners, 318
 90% current year test, 523
 90-day letter. *See* Notice of Deficiency
 120-day rollover period, 211
 183-day substantial presence test, 29
 401(k) plans, 787
 corrective distributions from, 178
 one-person, 690
 Roth contributions to, 182–183
 salary deferrals to, 38, 181
 saver's credit and, 506
 SIMPLE, 228
 tax benefits, 180–181
 withdrawals from, 181–182
 withholdings for, 36
 401(b) plans, 183–184, 506
 457 plans, 506
 2016 Standard Deduction, 293

A

Abandonments, 575–576, 712
 ABLE Account Contribution Information.
 See Form 5498-QA
 ABLE accounts. *See* Achieving a Better Life
 Experience accounts
 Abode test, 462
 Absences, 25
 ownership/use tests and, 537
 Accelerated cost recovery system
 (ACRS), 785. *See also* Modified
 ACRS (MACRS) depreciation
 Accelerated depreciation, 785
 Accountable reimbursement plans, 785
 about, 455–456
 mileage allowance, 457–458
 non-accountable plans and, 458
 per diem allowance, 456–457
 Accounting methods, 664–666, 785, 786
 Accrual-basis accounting, 665, 785
 Achievement awards, 66, 287
 Achieving a Better Life Experience (ABLE)
 accounts, 592, 615–616, 651, 785
 Acknowledgment, of charitable
 contributions, 345
 Acquisition debt, 785
 Acquisition discounts, 89
 Acquisition premiums, 86
 Acquisitions, 676, 703. *See also* Home
 acquisition
 ACRS. *See* Accelerated cost recovery system
 (ACRS)
 Active participation
 in employer IRA plans, 200–203, 203–204
 rental real estate loss and, 261
 test of, 785
 Actual knowledge test, 18
 Additional Medicare taxes
 on earnings, 528–529
 on higher-income taxpayers, 736
 and net investment income tax, 478,
 529–532
 Additional taxes, IRS assessment of, 761–
 762
 Additions, MACRS depreciation for, 710
 Address, 5–8, 753
 Adjusted Basis of Home Sold, 549
 Adjusted basis of property, 129–130, 398,
 485, 544, 545–546, 785
 Adjusted gross income (AGI), 311–319,
 377–378, 785
 2% AGI floor, 420, 421, 422
 claiming deductions from gross
 income, 312–315
 deductible moving expenses, 315–316,
 317, 317–318, 319
 elderly or disabled tax credit and, 612
 figuring, 312
 Administrative tasks, home office for, 676
 Administrators of wills, 23, 26
 Adopted children, medical expenses of, 385
 Adoption benefits, 37, 61–62
 Adoption credit, 61, 493, 504–505
 ADS. *See* Alternative depreciation system
 Advance payments, 664
 Advance rentals, 242
 Advances, against commissions, 40
 Advance valuation of art, 341, 348
 AFR. *See* Applicable federal rate
 AFSP. *See* Annual Filing Season Program
 After-tax retirement contributions, direct
 rollover of, 169
 Age 30 duration rule, 598
 Age 59½ (persons under), 176–178, 182,
 213–216
 Age 65 (persons over), 3, 322, 324, 325, 377
 Age 70½ (persons over), 168, 198, 200, 207,
 227, 694
 Age test, 462
 Aggregate treatment of activities, 264,
 266–268, 675
 AGI. *See* Adjusted gross income
 Agreements. *See* specific types
 Aides (school), 422
 Air Force Academy, 598
 Airline Deregulation Act (1978), 41
 Airline pilots, 440–441
 Airplanes, 63, 64, 339
 Aliens. *See* Nonresident aliens; *See* Resident
 aliens
 Alimony, 785
 3rd year recapture for drops in, 640–641
 cash payments of, 638
 child support payments vs., 639
 death of payee-spouse and, 638–639
 deduction for, 314
 minimum payment period for, 640
 payments, 638
 taxable, as compensation, 198
 Allowable Dependent Care Credit, 500–513
 Alternative depreciation system (ADS), 708
 Alternative minimum tax (AMT), 479–486,
 643
 adjustments and preferences for, 482–485
 avoiding, 486
 depreciation, 708
 on Form 6251, 481–482
 and intangible drilling costs, 256
 interest on tax-exempt securities and, 560
 ISOs and, 48
 kiddie tax and, 488–489
 miscellaneous deductions, 420
 for private activity bonds, 91
 recovered deductions and, 294
 state tax refunds and, 291
 tax credit from regular tax, 486
 tax credits against, 485–486
 and tax rate, 11
 Alternative Motor Vehicle credit, 512
 Alternative trade adjustment assistance
 (ATAA) program, 510
 Amended returns, 756, 758, 761, 785
 Amended U.S. Individual Income Tax
 Return. *See* Form 1040X

Index

- American Opportunity credit, 592, 594, 598, 599
- Amortization
of bond premium, 84–85, 785
of computer software, 714
of intangible assets, 700, 713–714, 785
of loans from retirement plans, 179
of research and experimentation costs, 715
of start-up costs, 675
- AMT. *See* Alternative minimum tax
- Annual contributions, to Roth IRAs, 230–233
- Annual Filing Season Program (AFSP), 763
- Annualized Estimated Tax Worksheet, 524
- Annualized income method, 524
- Annualized rate, 785
- Annuities, 785
employee cost of, 193
for employees of tax-exempt organizations and schools, 183–184
endorsement of annuity check for another annuity, 158
from endowment policies, 190–191
life expectancy tables for, 189–190
partial exchanges of contracts, 159
pre-age 59½ penalty, 214, 215–216
reporting, 191
for surviving spouses, 174
taxable part of, 185–189, 191–193
tax-sheltered, 790
withdrawals from retirement plans before start date of, 194
withholdings and, 38, 520
- Annulments, 637
- Anti-churning restriction, 713
- Apartment, cooperative. *See* Cooperative apartments
- Appeals, 767
- Appliances, depreciation for, 243
- Applicable federal rate (AFR), 96, 98, 785
- Appraisals
deductions for, 430
for disaster relief, 408
of donated property, 341, 346–348
fees for, 335
reasonable cause exception for relying on, 348
of rental property, 247
- Appreciated financial positions, 558
- Appreciated property, 335, 339–340, 351, 651, 785
- Apps, mileage tracking, 729
- Arbitrage transactions, 558
- Archer Medical Savings Accounts (MSAs), 37, 56, 59, 315, 698, 785
- Are Your Fringe Benefits Tax Free?, 53–73
- Are Your Meals and Lodging Tax Free?, 68–73
- Armed Forces Health Professions Scholarship and Financial Assistance Program, 62, 589
- Armed Forces personnel, 617–623
“away from home” test, 440
in combat zones, 620–621, 622
in contingency operations, 621–622
deductions for, 620
as dependents, 466
differential wages of, 515
extensions for tax payment by new, 622–623
moving costs of, 316
overnight travel costs, 313
ownership and use test for, 538
refund claims by, 757
Reservists, 623
taxable pay and benefits, 618
- Artists, expenses of, 674
- Art objects, 340–342
- Assessment (term), 785
- Assets. *See also* specific types
estimating value of, 654–655
in service before 1987, 710
transfers of, 20
- Assignments, 441–443, 785
- ATAA program. *See* Alternative trade adjustment assistance program
- Athletes, professional, 440
- Athletic stadium tickets, 332, 345
- At-risk limits, 282, 283, 284–285, 684, 785
- Attorneys, 38, 297, 315, 639, 770
- Audits, 302–303, 429–430, 759–770, 785
- Authorization, for return processing
discussions, 762
- Authors, expenses of, 674
- Automatic filing extensions, 749
- Automobiles. *See also* Car and truck expenses
charitable donations of, 339
damage to, 403
inclusion amount for leased, 787
license fees, 374
mileage allowance, 457–458
recapture of first-year expensing for, 732
tax credits for fuel cell and plug-in electric, 512
- Auxiliary units, 329
- Average cost method, 586
- Average daily domestic production, 257
- Avoiding tax, 20, 486
- Awards, 66, 287, 432, 589, 633
- “Away from home” test, 439–440, 605, 620, 785
- ## B
- Backup withholdings, 520
- Bad debts, 142–144, 401
- Balloon payment, 785
- Bank deposit losses, 401–402
- Bankruptcy, 83, 222, 298
- Bargain sales, 339–340
- Basis, 785
adjusted, 270, 398, 485, 544, 545–546, 785
and annual deduction ceiling, 340
for contingent payment sales, 136–137
for depreciation, 701
for suspended tax credits, 279
for mutual funds, 583–585, 585–587
overvaluing, 765
for property, 123–124, 156, 571, 576–577, 651
for stocks and bonds, 304, 552, 553, 556, 557
for vehicles, 723
- BBA. *See* Bipartisan Budget Act of 2015
- Beginning date, retirement income, 175
- Below-market-interest loans, 96–98
- Beneficiaries
basis of property for, 122
death of, 224
estates as, 220
income from estates/trusts for, 304
individual and non-individual as, 222
IRA, 217, 221–224
life insurance proceeds for, 305–306
pre-age 59½ penalty and, 214
retirement income payments for, 175–176
retirement plan distributions for, 164, 167–168
RMDs received by, 221
rollovers by, 171–172, 220
special needs, 597
surviving spouses as, 226
- Beneficiary’s Single Life Expectancy Table, 225
- Benefits. *See* specific types, e.g.: Fringe benefits
- Benefit tickets, 331
- Bicycles costs, 64
- Bingo games, 331
- Bipartisan Budget Act of 2015 (BBA), 302, 303
- Blind persons, 322, 324, 325, 614. *See also* Standard Deduction of 65 or Older or Blind
- Blocked currency, 633
- Boats, charitable donations of, 339
- Bond premiums, 84–85, 86, 785
- Bonds. *See also* specific types
amortization and, 85

- cost basis of, 84
 - discount on, 85–86, 87–88, 89
 - interest on, 82, 91
 - partial principal payment on, 88
 - sale of, 83, 90
 - of tax-exempt organizations, 559–560
 - Treasury bills, notes and, 92
 - Bonuses, 451, 715
 - Books, production costs of, 255
 - Boot, 140, 148–150, 157, 785
 - Borrowed funds, 593. *See also* Loans
 - Breast pumps, 378
 - Bribes, 674
 - Brokerage commissions, 196
 - Building permit, failure to obtain, 396
 - Buildings, 129, 569, 572, 672, 712
 - Bullion, 158
 - Burial companies, nonprofit, 330
 - Business activities, 259, 261, 267
 - Business associates, travel expenses of, 446
 - Businesses, related, 257
 - Business expenses
 - carryover of, 680
 - clients' expenses as, 672
 - of home office, 680
 - medical expenses as, 392
 - of ministers, 70
 - owed to related parties, 665
 - of self-employed persons, 675–676
 - taxes as, 375
 - Business income, 664–666, 680–681. *See also* Self-employed income
 - Business interests, 277–279, 281–282, 675–676
 - Business interruption insurance, 739
 - Business lunches, 673
 - Business premises test, 66
 - Business property sales, 730–736
 - corporate liquidation and, 735–736
 - depreciable property, 732–733
 - depreciation recaptured as ordinary income, 731–732
 - disaster grants for losses on, 399
 - involuntary conversions/tax-free exchanges and, 733
 - property with personal and business use, 734–735
 - proprietorships, 733
 - recapture of first-year expensing for, 732
 - Section 1231 assets, 733–734
 - and trading in business equipment, 735
 - Business tax credits, 687
 - Business trips
 - “away from home” test for, 439–440
 - business-vacation trips, 443–445
 - local lodging costs for, 439
 - spouse and dependents on, 446
 - types of, 438–439
 - Business use
 - allocating car and truck expenses to, 718
 - allocating home office expenses to, 680
 - personal use and, 410, 702, 723, 734–735
 - sale of property with, 536
 - in separate area of dwelling, 547
 - of vehicles, 728, 729
 - Business-vacation trips, 443–445
 - Business vehicles, 727–728, 729
 - Bus transportation, 63
 - Buyers. *See also* First-time home-buyers
 - default by, 576–577
- ## C
- Cab fare, 65
 - Cafeteria plans, 70–71
 - Calculators, 427
 - Callable bonds, 85
 - Calls, 557
 - Camps, workers in, 632
 - Canceled Debts, Foreclosures, Repossessions, and Abandonments. *See* IRS Publication 4681
 - Cancellation
 - of debt, 297–300, 573, 785
 - of leases, 570–571
 - Cannabis businesses, 673
 - Capital, 76, 785, 789
 - Capital assets, 101, 109, 786
 - Capital expenses, 786
 - Capital gains, 786
 - distribution of, 786
 - dividends and, 76–77
 - donation of property with, 337
 - on ETFs, 587
 - lump-sum distributions from retirement plans as, 165–167
 - ordinary income and, 11
 - on property sales, 101, 103–106, 568
 - regular income tax liability and, 477–478
 - on REITs, 581
 - on Section 1231 assets, 734
 - Section 1237 and, 568
 - short-term, 790
 - Capital improvements, 721
 - Capitalization, 786
 - Capital losses, 684, 786
 - and amortizing premium, 84
 - carryover of, 786
 - on passive interests, 278
 - on personal-use assets, 101
 - on property sales, 101, 106, 107–108
 - short-term, 790
 - Car and truck expenses, 716–729
 - for business vehicles, 728–729, 729
 - depreciation of cars, trucks, and vans
 - annual ceilings, 720–721
 - MACRS rates, 721–725
 - after recovery period ends, 727
 - restrictions on, 719–720
 - straight-line method, 725–726
 - in year vehicle is disposed of, 726–727
 - as educational expenses, 604
 - expense allocations for, 718–719
 - standard mileage rate, 717–718
 - trade-ins of business vehicles, 727–728
 - of volunteer workers, 333
 - Care providers, 497
 - Carryback, 786
 - of foreign tax credit, 634
 - of net operating losses, 685
 - Carryforward, 786
 - Carryover, 106, 294
 - of basis, 122, 125–126
 - of business expenses, 680
 - of capital loss, 786
 - of foreign tax credit, 634
 - of losses over at-risk limits, 285
 - of net operating losses, 683, 685
 - of excess contributions, 350
 - of excess donations, 351
 - of flexible spending account funds, 71–73
 - of mortgage interest credit, 511
 - Cash
 - as boot, 148–150
 - charitable contributions of, 345
 - gifts of, 349
 - meal and lodging allowances, 68
 - small transactions in, 667
 - tax payments in, 751
 - wellness program rewards, 70
 - Cash-basis accounting, 664, 786
 - Cash-basis investors, 89
 - Cash call, 285
 - Cashing out of annuities, 174
 - Casualty losses, 786
 - bank deposit losses, 401–402
 - damage to car, 403
 - damage to trees and shrubs, 402–403
 - disaster losses, 399–400
 - excess living costs paid by insurance, 411–412
 - in excess of income, 413
 - floors for personal-use property
 - losses, 407–408
 - on Form 4864, 408–410
 - insurance reimbursements for, 411
 - nondeductible, 406–407
 - by property owners, 401
 - for property with personal and business use, 410
 - proving, 403–418
 - repairs and, 411

Index

- Section 1231 assets and, 734
 - sudden event test for, 395–397
 - timing of deduction for, 397–398
- Ceilings
- charitable contributions, 348–351
 - deduction, 340, 350–351
 - depreciation, 720–721
- Cell phones, 64, 427
- Cemeteries, 330
- Certificate of tax compliance, 31
- Certified historic structures, 572, 572–573
- Character, of gains, 576
- Charitable contribution deductions, 328–351, 614. *See also* Donated property benefits from contributions and, 331–333 business inventory and, 344 carryover for excess donations, 351 ceiling on contributions, 348–351 deductible contributions, 329–330 for donations through trusts, 344 election to reduce fair market value by appreciation, 351 for life insurance policies, 344 nondeductible contributions, 330–331 records for substantiating contributions, 345–346 for support of students in your home, 334 for unreimbursed expenses of volunteer workers, 333–334
- Charitable organizations, 329–330, 349, 789
- Charitable remainder trusts, 344
- Charitable split-dollar insurance plans, 44
- Charities
- acknowledgment from, 345
 - disclosure statement from, 346
 - IRAs and, 222
 - transfer of U.S. savings bonds to, 95
- Chauffeur services, 63
- Checking account fees, 430
- Checklist of Taxes, 370–375
- Child and dependent care credit, 786
- credit percentage, 500–501
 - for disabled individuals, 615
 - figuring, 498–501
 - limits on eligible expenses, 498–501
 - qualifying for, 496–498
- Childbirth classes, 379
- Children
- alimony reductions and ages of, 639
 - claiming of American Opportunity credit by, 594
 - dependent care credit and age of, 497–498
 - educational benefits for employees', 44–45
 - educational expenses paid by, 594
 - EIC for married, 502
 - filing returns for, 25–26, 488–489
 - kiddie tax for multiple, 491
 - net investment income of, 94
 - QDRO distributions to, 175
 - Social Security benefits for, 607
 - U.S. savings bonds registered in names of, 93
 - wages paid by parents to, 26
 - withholdings on wages paid to, 519
- Child support, 639
- Child tax credit, 493, 495–496
- Child Tax Credit Worksheet, 494, 495
- Chronically ill persons, 393
- Citizenship, 31–32
- Citizen tests, 470
- City government, 330
- Civil disorders, 406
- Cleaning, of work clothes/uniforms, 423
- Clear business setting test, 447
- Closely-held corporations, 155, 157–158, 280–281
- Closing costs, 545
- Closing of estate, 26
- Clothing, charitable donation of, 338
- Club dues, 449, 455
- Coaches, 440
- Co-owners, 538
- Coast Guard, 619
- Coast Guard Academy, 598
- COBRA coverage, 54, 511
- Code Section 274(m)(2), 665
- Code Section 280E, 673
- Code Section 1031, 146
- Coins, exchanges of, 158
- Collectibles, 105, 196
- College employees, 62
- Combat pay, 197
- Combat-related injuries, 47
- Combat zones, 14, 620–621, 621–622
- Commercial annuities, 185–189, 520
- Commercial buildings, 672
- Commissions, 40, 43, 243
- Commodities, holding period for, 118
- Common law, 16
- Common stock, dividends on, 78
- Community chest, 329
- Community income, 16, 786
- Community property, 15–16, 125, 155, 167, 384, 618
- Commuting, 29, 65, 434–435
- Company cars, 62–64, 64
- Company eating facilities, 65
- Company planes, 63, 64
- Company stock, 78
- Compensated Work Therapy (CWT) program, 619
- Compensation. *See* Salary or wage income (compensation)
- Compensation-related loans, 97
- Compulsory home leave, 631
- Computers, 426–427, 708–710
- Computer software, 709, 714
- Condemnation, 415, 536, 539–540, 571, 786
- Condemnation awards, 417
- Condominiums, 363
- Conservation contributions, 342
- Conservation easements, 688
- Consistency requirement, 125
- Construction, 243, 357–359, 545
- Constructive receipts, 39, 151, 786
- Constructive sales of appreciated financial positions, 558
- Constructive stock dividends, 79
- Consumer debt, 357
- Consumer interest, 786
- Contingency operations, 621–622
- Contingent fees, 38, 297, 432
- Contingent payment sales, 136–137
- Continuing care facilities, 613–614
- Continuing coverage for group health plans, 54
- Contract price, 132
- Contracts, investment in, 788
- Covenants, release of restrictive, 572
- Convenience fee (credit cards), 430
- Convenience of employer test, 66
- Conventions, 445–446, 446–447, 786
- Conversion transactions, 559
- Convertible bonds, 85, 557
- Convertible stock, 157, 557
- Cooperative apartments
- depreciation on, 247
 - gain/loss on sales of, 545
 - home mortgage interest on, 356, 363
 - offices in, 682
 - ownership/use tests for, 538
 - “points” on, 363
 - real estate tax deduction for, 372
- Co-owners, 94
- Copiers, 427
- Copyright costs, 255
- Corporate bonds, 90
- Corporate dividends, 76–77
- Corporate mergers, 88
- Corporations. *See also* S corporations
- closely-held, 157–158, 280–281
 - organizational costs for, 675
 - personal service, 280–281
- Corrections, tax return, 700
- Cosmetic surgery, 57, 381
- Cost basis, 84, 336, 583, 584
- Cost depletion, 256
- Co-tenants, 244
- Counselors, 389, 422
- Covenant not to compete, 103, 714

- Coverdell Education Savings Accounts (Coverdell ESAs), 590, 592–593, 597, 600, 786
- Creative properties, 255
- Credit, 786
- Credit cards, 297, 299, 430, 452, 524
- Creditors, property returned to, 573–574
- Credits. *See* Tax credits
- Cruises, 438–439, 446–447
- Currency, blocked, 633
- Custodial accounts, 82, 652–653
- Custodial parent, 469, 497
- Customer-based intangibles, 713
- CWT program. *See* Compensated Work Therapy program
- D**
- Damages, 294–297
- Day-before-birthday rule, 378
- Day-care services, 498, 678
- Deadlines
- 60-day rollover, 210
 - Archer MSA contributions, 698
 - for combat zone personnel, 621–622
 - Coverdell ESA contribution, 597
 - donation acknowledgment, 345, 348
 - for filing returns, 6–8
 - foreign earned income exclusion, 631–632
 - FSAs, 71
 - IRA contribution, 229, 230–233
 - IRA recharacterization, 234, 235
 - IRA rollover, 210, 211–212
 - qualified retirement plan set-up, 690, 691
 - realized securities gains/losses, 551
 - separate liability relief, 18
 - SEP plan set-up, 691
 - SIMPLE IRA set-up, 228
- Dealers, 130–131, 562–563
- Death
- of beneficiary, 224
 - in combat zone, 622
 - filing returns for decedents, 26–27
 - of IRA owner, 224–226
 - of passive interest owner, 279
 - of spouse, 16, 22–23, 107, 126, 128, 540, 638–639
 - transfers at, 95, 138–139
 - in year of 65th birthday, 378
- Death benefits, 619
- Debt(s). *See also* specific types
- cancellation of. *See* Cancellation, of debt
 - as deductible contributions, 329
 - home equity loan to pay, 357
 - property over \$150,000 plus \$5 million in debt, 140–144
 - restructuring of, 574–575
 - for tax-exempt obligations, 365
 - withholding of refunds to cover, 758
- Decedent(s), 23, 26–27, 125–126, 385–386, 757, 787. *See also* Income in respect of a decedent (IRD)
- Declining balance method, 722, 786
- Decrees of support, 638
- Deductible Medical Expenses, 380
- Deductible Travel and Transportation Expenses, 436–458
- Deducting Car and Truck Expenses, 718–729
- Deduction phaseout rules
- for adoption credit, 505
 - for American Opportunity credit, 595
 - for mortgage insurance premiums, 360
 - IRA deductions and, 201–203
 - itemized deductions, 326
 - for Lifetime Learning credit, 596
 - and MAGI for Roth IRAs, 231
 - for married persons filing separately, 200
 - for maximum loss allowances, 262
 - for nonparticipant spouses, 199
 - for spouses filing jointly, 199
 - for student loan interest deduction, 601–602
 - for U.S. savings bond tuition programs, 590
- Deductions, 786. *See also* specific deductions; *See also* specific types
- of decedents, 27
 - erroneous, 20
 - for expenses of looking for a new business, 675–676
 - for Armed Forces personnel, 620
 - foreign earned income and, 631
 - from gross income, 312–315
 - of IRA contributions, 197
 - MAGI and limits on, 201
 - in net operating losses, 684–685
 - for professionals, 672–673
 - for qualified retirement plans, 694
 - for rental real estate income, 243–244
 - for returned wages, 43
 - for SEP plans, 694
- Deduction Worksheet for Self-Employed, 691, 692
- Default, 152, 576–577
- Defense of Marriage Act (DOMA), 10
- Deferred compensation, 36, 41–42, 786
- Deferred exchanges of property, 151–153
- Deferred interest, 81
- Deferred payment sales, 138
- Deferred pay plans, 184–185
- Deficiency, 671, 786. *See also* Notice of Deficiency
- Defined-benefit plans, 204, 786
- Defined-contribution plans, 204, 691, 786
- Delinquent child support, 639
- De minimis safe harbor, 245
- De minimis foreign taxes, 634
- De minimis fringe benefits, 65
- Demolition, 537, 712
- Demonstration cars, 63
- Departure permits, 31
- Dependency status, 325
- Dependent care assistance, 61
- Dependent care benefits, 36
- Dependent care credit, 73
- Dependent care, employer-financed, 499
- Dependent care expenses, allocating, 499
- Dependent care FSAs, 72–73
- Dependents, 786
- blind, 325
 - citizen and resident tests for, 470
 - disabled, 379–380
 - filing tests for, 4–8
 - group-term life insurance for, 60
 - joint returns by, 470
 - medical expenses of, 384–385
 - parents as, 25
 - QDRO distributions to, 175
 - Social Security numbers for, 471
 - standard deduction for, 322, 325
 - student loan interest deduction for, 601
 - as survivors of workers abroad, 631
 - T&E expenses of, 446
 - tuition/fees deduction and, 600
- Depletion deduction, 256, 257, 485, 786
- Deposits, 82
- Depreciable property, 136, 274, 700–701, 786
- Depreciation, 248–257, 700–701, 711–715, 786
- accelerated, 785
 - and allowance for standard mileage rate, 717, 718
 - and business use of home, 546
 - of cars, trucks, and vans, 719–720, 721–725, 726–727, 727
 - and conversion of home to rental property, 247
 - first-year expensing and, 702
 - of home office expenses, 679
 - like-kind exchange of property and, 146
 - of offices in cooperative apartments, 682
 - of property received as a gift, 123–126
 - recapture of, 131, 731–732, 786
- Depreciation and Amortization. *See* Form 4562
- Depreciation deductions, 699–715
- 150% rate election for, 707
 - and amortization, 713–714, 715
 - for assets in service before 1987, 710

Index

- bonus depreciation, 712, 715
 - computer software and, 714
 - demolition of buildings, 712
 - first-year expensing deduction, 701–703
 - for leasehold and retail improvements, 712
 - for listed property, 708–710
 - MACRS depreciation, 703–704, 704–705, 706, 710, 713
 - mid-quarter convention for, 706–707
 - property for, 700–701
 - real estate, 710, 712
 - for straight-line depreciation, 707–708
 - on tax returns, 701
 - Destruction of home, 536, 539–540
 - Diagnostic tests, 378
 - Differential wages, 515, 618
 - Difficulty-of-care payments, 308
 - Direct deposit-refund option, 750
 - Directly related test, 447–448
 - Direct Pay!, 751
 - Direct rollovers, 169–170, 210
 - Disability coverage, 54
 - Disability, determinations of, 619
 - Disability payments, 59
 - Disability pensions, 46–47, 191
 - Disability retirement pay, 619
 - Disabled persons
 - ABLE accounts for, 615–616
 - earned income credit for, 502
 - elderly or disabled tax credit for, 611–612
 - estimated tax penalty for, 523
 - impairment-related work expenses, 422
 - lifetime care of, 379–380
 - pre-age 59½ penalty for, 214
 - refund claims by, 757
 - schooling for, 388–389
 - special tax rules for, 614–615
 - Disallowance rule, 252, 326–327, 595
 - Disaster areas, 398
 - Disaster losses, 399–400, 786
 - Disaster Relief Act, 41, 399
 - Disaster relief payments, 399
 - Disclosure, 346
 - Discount bonds, 85–86, 88, 91–92
 - Discounts. *See* specific types
 - Discriminatory plans, 57–59, 60
 - Disposal, 714, 722, 726–727
 - Disposition, of interests, 281
 - Disputes, 700, 767–768, 769–770
 - Disqualified lump-sum distributions, 165
 - Disregard of IRS rules/regulations, 764
 - Distance test, 317
 - Distributions from ABLE Accounts.
 - See* Form 1099-QA
 - Dividends, 786
 - capital gains rates for, 76–77
 - distribution not out of earnings, 80–81
 - of earnings, 77–78
 - from estates, 77
 - from ETFs, 587
 - as interest, 75, 77–78
 - mutual-fund distributions and, 75–76
 - ordinary income and, 11
 - parents' reporting of child's, 491–492
 - from partnerships, 77
 - of profits, 77–78
 - in property, 78–79
 - real estate investment trust, 77
 - regular income tax liability and, 477–478
 - reinvestment of, 78
 - responsibility for reporting, 79–80
 - from S corporations, 77
 - from trusts, 77
 - Divorce. *See also* Former spouses (ex-spouses)
 - alimony and, 637
 - amended returns and, 756
 - and child and dependent care credit, 497
 - community property rules and, 15–16
 - dependents' medical costs, 384
 - and filing separate returns, 323
 - IRAs and, 213, 215
 - and residence sales, 541
 - rollover of distribution received under, 171
 - stock redemptions and, 155
 - Doctors, malpractice insurance for, 672
 - DOMA. *See* Defense of Marriage Act
 - Domestic partners, 16
 - Domestic production activities deduction, 686
 - Domiciles, 629
 - Donated property, 332
 - art objects, 340–342
 - bargain sales of appreciated property, 339–340
 - cars, motor vehicles, boats, and airplanes, 339
 - clothing, 338
 - easements as, 572
 - Form 8283 and, 346–348
 - free use of, 331
 - interests in real estate, 342–343
 - mortgaged realty, 578
 - penalty for substantial overvaluation of, 348
 - types, 334–338
 - Donations
 - deductible, 329–330
 - to foreign charities, 330
 - for right to buy athletic stadium tickets, 345
 - of services, 331
 - through trusts, 344
 - year-end, 329
 - Donor-advised funds, 330
 - Drilling costs, 255–256
 - Drilling expense prepayments, 255
 - Drought damage, 396
 - Drought, livestock sales due to, 688
 - Drugs, 378
 - Drywall, Chinese corrosive, 396
 - Dual status aliens, 28, 30, 322
 - Due diligence requirement, 595
 - Dues, 331, 422
- ## E
- Earmarking, 365–367, 551–552
 - Earned commissions, 40
 - Earned income, 503, 786
 - Earned income credit (EIC), 493, 501–503, 615, 758, 645
 - Earned Income Credit (EIC) Table, 501
 - Earned income rule, 498
 - Earnings
 - additional Medicare taxes on, 528–529
 - dividends and, 77–78, 80–81
 - IRA contributions and, 197–198
 - Section 409A plan deferrals and, 42
 - Social Security benefits and, 610–611, 611
 - Easements, 342, 571–572
 - Eating facilities, company, 65
 - EATs. *See* Exchange accommodation titleholders
 - Educational benefits, 44–45
 - Educational funding, 93
 - Educational grants, 44, 589
 - Educational tax benefits, 588–605
 - Coverdell ESAs, 597
 - deductions, 599–600, 602
 - education tax credits, 593–594
 - Fullbright awards, 589
 - qualified tuition programs, 591–593
 - scholarships and grants, 589
 - tuition reductions for college employees, 589
 - U.S. savings bond tuition plans, 589–590
 - work-related costs, 602, 603–604, 604–605
 - Education assistance programs, 62, 65
 - Education-related deductions, 599–600, 602
 - Education savings accounts. *See* Coverdell Education Savings Accounts (Coverdell ESAs)
 - Education tax credits, 593–594
 - Educator expenses, 313, 422
 - EFTPS. *See* Electronic Federal Tax Payment System
 - EIC. *See* Earned income credit
 - Elderly or disabled tax credit, 611–612
 - Electing out of installment sales, 134

- Electronically-tracked slot machine play, 288–290
- Electronic Federal Tax Payment System (EFTPS), 751, 786
- Electronic filing, 749, 751
- Electronic payments, 524
- Embezzlement losses, 404
- Emergency distributions, 184
- Emotional distress, 295
- Employee achievement awards, 66, 287, 452
- Employee leave-sharing plans, 39
- Employee stock options, 557
- Employee stock purchase plans (ESPPs), 49, 119
- Employer contributions, 37, 229
- Employer convenience test, 719
- Employer-financed adoption benefits, 37
- Employer-financed dependent care, 499
- Employer-financed housing costs, 628
- Employer identification number (EIN), 646
- Employer-sponsored health coverage, 36
- Employment agency fees, 424
- Employment discrimination cases, 315
- Employment status, 644
- Employment tax, 671
- Empowerment zone stock, 105, 109
- Endowment policies, 190–191
- Entertainment costs, 43, 447–448, 449–451
- Entertainment facilities, 449
- Equipment trade-ins, 735
- Equitable owners, family members as, 355
- Equitable relief, 21–22
- Errors, 20, 748
- ESAs. *See* Coverdell Education Savings Accounts (Coverdell ESAs)
- Escrow, 137, 153
- ESPPs. *See* Employee stock purchase plans
- Estate plans, 657–658
- Estate(s)
- as beneficiaries, 220, 222
 - dividends from, 77
 - possible insolvency of, 23
 - probate, 789
 - prompt closing of, 26
 - reporting beneficiaries' income, 304
 - on Schedule K-1, 300
 - taking inventory of, 654–655
- Estate tax, 27, 95, 304, 432, 653, 654, 655–656
- Estimated tax payments, 27, 515, 521–526, 756–757, 787
- Estimated Tax Worksheet for 2015, 524
- ETFs, distributions from, 748
- Excess contributions, 205–206, 206, 233, 350, 694
- Excessive refund claims, 751
- penalty for, 758, 766
- Exchange accommodation titleholders (EATs), 153
- Exchange rates, 633
- Exchanges of property. *See* Tax-free exchanges of property
- Exchange-traded funds, 587
- Exchange-traded stock, 118
- Exclusive and regular use test, 676, 677
- Ex-dividend date, 79
- Executives, discriminatory plans for, 57–59
- Executors, 23, 26, 43, 125–126
- Exemptions, 27, 787
- Exempt-person exception, 29
- Exercise, of stock rights, 553
- Exercise programs, 378
- Expatriates, 31–32, 537
- Expenses for Business Use of Your Home. *See* Form 8829
- Expiration, stock rights, 553
- Ex-spouses. *See* Former spouses
- Extensions, 622–623, 631, 749–750, 762

F

- Faculty lodging, 68
- Fair market rent, 243
- Fair market value, 287, 335, 336, 351, 578, 787
- Fake injury claims, 382–383
- False Claims Act, 297
- Family and Medical Leave Act (FMLA), 72
- Family income riders, 306
- Family members, as equitable owners in home, 355
- Farmers
- debt cancellation, 300
 - depreciation of property, 700
 - estimated tax payments for, 524
 - estimated tax penalty for, 523
 - installment method for, 130
 - installment payments by, 525
 - involuntary conversions, 413
 - regular income tax liability for, 478
 - remainder interest for, 342
 - retired, and material participation, 270
 - Schedule F for, 662
 - self-employment tax for, 739
- Farm optional method (self-employment tax), 742
- FAVR. *See* Fixed and variable rate allowance
- Fax machines, 427
- FBAR. *See* TD F 90-22.1
- Federal crime investigators, 441
- Federal False Claims Act, 432
- Federally guaranteed obligations, 91
- Federal public safety officers, 47
- Federal subsidy, residence sales and, 537
- Federal tax withholdings, on Form W-2, 36
- Federal unemployment (FUTA) taxes, 498, 647–649
- Fiduciary(-ies), 787
- FIFO method. *See* First-in, first-out method
- Figuring Your Taxable Benefits, 608
- Filing returns, 747–754
- address for, 5–8
 - applying for extensions, 749–750
 - basics, 1–8
 - for children, 488–489
 - deadlines for, 6–8
 - getting refunds, 750–751
 - for gift tax, 652
 - identity theft and, 752–753
 - interest on underpayments, 753
 - notifying IRS of address changes, 753
 - paying taxes due, 751–752
 - penalties for late filing and payments, 754
 - preparation for, 748–749
 - recordkeeping for, 748
 - situations requiring, 4
- Filing status, 9–32
- determining, 10
 - and expatriation tax, 31–32
 - and filing returns for children, 25–26
 - and filing returns for decedents, 26–27
 - and filing returns for an incompetent person, 28
 - head of household, 24–25
 - joint returns
 - community property rules, 15–16
 - and death of spouse in 2016, 22–23
 - equitable relief on, 21–22
 - filing, 14–15
 - filing separate returns vs., 12–13
 - innocent spouse rules, 17
 - nonresident alien spouse election, 15
 - separate liability relief for former spouses, 18–21
 - nonresident aliens, 28, 31
 - qualifying widow or widower, 23
 - resident aliens, 29–31
 - separate returns, 12–13
 - tax rates based on, 11–12
- Final maturity, savings bond, 561
- Final returns, 27
- Financial Crimes Enforcement Network, 766
- Financial institutions, insolvent, 211
- Financial transactions, sophisticated, 558
- FinCEN Report 114, 766
- Fines, 673
- Fire department, 332
- First-in, first-out (FIFO) method, 118, 586
- First-time home-buyers, 211, 214, 513
- First-year elections, 30, 717

Index

- First-year expensing, 131, 701–703, 712, 720, 732, 787, 790
- Fiscal year, 525, 787
- Fishermen, 478, 523, 524, 525
- Fishing trips, 448
- Five-year holding test, 237
- Fixed and variable rate allowance (FAVR), 458
- Fixed operating costs, car/truck, 717
- Flat price, 83
- Fleet vehicles, 717
- Flexible spending arrangements (FSAs), 71–73, 787
- FMLA. *See* Family and Medical Leave Act
- Foods, special, 379
- Foreclosures, 131, 297, 374, 573, 577–578
- Foreign accounts, 81
- Foreign charity(-ies), 330
- Foreign children, adopting, 504
- Foreign countries, real estate exchanges, 147
- Foreign cruises, 446–447
- Foreign earned income, 503, 624–634
- Foreign earned income exclusion, 625, 627–628, 629–630, 631–632, 787
- Foreign Earned Income Tax Worksheet, 478, 625
- Foreign financial assets, 765
- Foreign governments, 29, 406
- Foreign residence test, 629
- Foreign Service, 537, 538, 619
- Foreign tax credit, 583, 628, 633–634, 787
- Foreign taxes, 375, 634
- Forfeitures, 50, 83, 83–84
- Forgiveness, student loan, 600
- Form 656, 752, 768
- Form 656-L, 769
- Form 673, 629
- Form 843, 755
- Form 870, 767
- Form 911, 761
- Form 941, 645
- Form 944, 645
- Form 982, 297, 575
- Form 1040, 773. *See also* Specific schedules
- 409A plan deferrals on, 42
 - accrued interest on, 82
 - adjusted gross income on, 348
 - adoption credit on, 504
 - AGI floor and, 422
 - alimony deduction on, 635, 636, 640
 - amortized premium on, 85
 - AMT liability on, 479
 - annuity payments on, 191
 - Archer MSAs on, 56
 - at-risk losses on, 684
 - bank deposit losses on, 401
 - bond redemption or retirement on, 90
 - capital losses and carryovers, 106
 - charitable contributions on, 328
 - child and dependent care credit on, 496
 - child tax credit on, 494
 - community property on, 15
 - compensation on, 38
 - dealer sales on, 130
 - death in combat zone and, 622
 - deductions on, 312, 329, 420
 - dividends on, 76, 79
 - domestic production activities deduction on, 686
 - dual tax status on, 30, 31
 - early withdrawal of CD on, 84
 - education expense deduction on, 313
 - EIC on, 501, 503
 - employer stock/securities distributions on, 173
 - excess withholdings on, 519
 - farm/fishing income on, 478
 - FICA taxes on, 644
 - filing, 5–8, 749
 - first-time homebuyer credit on, 513
 - foreclosures and voluntary conveyances on, 573
 - foreign earned income on, 625, 629, 634
 - forfeited interest on, 84
 - Form 2439 and, 583
 - Form 4797 and, 729
 - Form 8889 and, 56, 59, 696, 697
 - gain or loss from residence sales on, 544
 - gambling winnings, 287
 - general business credit on, 687
 - health coverage credit on, 511
 - health insurance premium deduction on, 386
 - household employment on, 645
 - income from hobbies on, 674
 - income on, 476
 - for incompetent person, 28
 - intangible drilling costs on, 255
 - interest on, 81, 82
 - IRA loss on, 209
 - itemizing on, 320, 323
 - “kiddie tax” on, 488, 491, 492
 - loss deductions on, 252
 - lottery and sweepstakes winnings, 287
 - mandatory IRA distributions on, 217
 - medical expenses and, 377, 382
 - mortgage interest credit on, 354, 511
 - mutual-fund distributions on, 582
 - net capital gains on, 104
 - net operating losses on, 682, 685
 - nondeductible IRA contributions on, 196
 - penalty for early withdrawal on, 214
 - for performing artists, 313
 - property donations on, 335, 346
 - qualified charitable distribution on, 207
 - recapture tax on, 537
 - refunds and, 27, 750
 - rental real estate and, 241, 243, 246, 264, 272
 - for reservists, 623
 - retirement plans and, 162, 690, 691, 694
 - return processing problems on, 762
 - royalty income on, 254
 - Schedule A, 775
 - Schedule B, 776
 - Schedule C, 777
 - Schedule D, 779
 - Schedule E, 781
 - Schedule SE, 783
 - self-employed income on, 662, 668
 - self-employment tax and, 375, 737, 740
 - Social Security and Medicare taxes on, 37, 59, 528
 - standard deduction on, 322
 - student loan interest deduction on, 600
 - substitute payments on, 77
 - tax-exempt bond funds on, 581
 - tax-exempt interest on, 81
 - tips on, 517, 518
 - tuition and fees deduction on, 599
 - unemployment benefits on, 40, 41
 - wage repayments on, 43
- Form 1040A
- allocated tips and, 36
 - AMT on, 479
 - annuity payments on, 191
 - child and dependent care credit on, 496
 - child tax credit on, 494
 - compensation on, 38
 - death in combat zone and, 622
 - deductions on, 312
 - dividends on, 76, 79
 - EIC on, 501
 - employer stock/securities distributions on, 173
 - excess withholdings on, 519
 - filing, 5, 749
 - interest on, 81, 82
 - IRA contributions on, 196
 - “kiddie tax” on, 488, 491
 - mutual-fund distributions on, 582, 583
 - qualified charitable distribution on, 207
 - refunds and, 27, 750
 - retirement plans and, 162
 - return processing problems on, 762
 - standard deduction on, 322
 - student loan interest deduction on, 600
 - taxable income on, 476
 - tax-exempt bond funds on, 581
 - tips on, 518
 - unemployment benefits on, 40

- Form 1040-C, 31
- Form 1040-ES, 516, 523, 524
- Form 1040EZ, 488
- allocated tips and, 36
 - child's dividends/interest on, 476
 - compensation on, 38
 - death in combat zone, 622
 - excess withholdings and, 519
 - filing, 5, 749
 - interest on, 81
 - mutual fund distributions and, 583
 - refunds and, 27, 750
 - reporting tips on, 518
 - return processing problems on, 762
 - standard deduction on, 322
 - unemployment benefits on, 40
- Form 1040NR, 28, 30, 31
- Form 1040NR-EZ, 30, 31
- Form 1040-V, 749, 751
- Form 1040X, 491, 622, 685, 755, 756, 757, 758
- Form 1041, 26
- Form 1041-ES, 27
- Form 1045, 682, 684, 685, 757
- Form 1065, 275, 301, 302, 314
- Form 1095-A, 510
- Form 1096, 79, 87
- Form 1098, 353, 360, 372
- Form 1098-C, 328, 329, 339, 345
- Form 1098-E, 600
- Form 1098-T, 593, 594
- Form 1099, 35, 76, 79, 81, 747, 748
- Form 1099-A, 573
- Form 1099-B, 101, 110, 520
- Form 1099-C, 297, 573, 574
- Form 1099-DIV, 75-76, 76, 77, 79, 428, 477, 567, 580-581, 582, 583
- Form 1099-G, 35, 40
- Form 1099-INT, 81-82, 84, 86, 92, 94, 568
- Form 1099-K, 668
- Form 1099-LTC, 393
- Form 1099-MISC, 39, 42, 77, 449, 520, 666
- Form 1099-OID, 81, 84, 85, 86-87, 89, 568
- Form 1099-Q, 591, 592
- Form 1099-QA, 616
- Form 1099-R, 38, 162-163, 165, 171, 173, 178, 183, 206, 208, 213, 667
- Form 1099-S, 374, 536, 544, 547
- Form 1116, 582, 583, 628, 632, 633, 634
- Form 1120-S, 303
- Form 1128, 666
- Form 1310, 27, 622
- Form 2063, 31
- Form 2106, 313, 421, 422, 423, 426, 433, 438, 438, 450, 454, 455, 602, 623, 701, 716, 720, 729
- Form 2106-EZ, 421, 422, 423, 426, 433, 438, 450, 454, 602
- Form 2120, 468
- Form 2210, 522
- Form 2210-F, 523
- Form 2350, 631
- Form 2439, 582, 583
- Form 2441, 61, 73, 496, 498, 499
- Form 2555, 478, 625, 627, 629
- Form 2555-EZ, 478, 625
- Form 2848, 14, 762, 763
- Form 3115, 565, 665
- Form 3468, 572, 687
- Form 3800, 572, 573, 687
- Form 3903, 422
- Form 3921, 48
- Form 4070, 517
- Form 4136, 687
- Form 4137, 517, 518
- Form 4506, 747
- Form 4506-T, 748
- Form 4562, 241, 243, 255, 426, 675, 701, 704, 707, 708, 713, 715, 716, 720
- Form 4563, 632
- Form 4684, 394, 404, 405, 418, 428, 734
- Form 4797, 100, 103, 130, 131, 134, 146, 276, 277, 303, 394, 418, 547, 560, 564, 573, 680, 729, 731, 732, 733, 734
- Form 4810, 26
- Form 4835, 277
- Form 4864, 408-410
- Form 4868, 491, 631, 749
- Form 4952, 104, 277, 363, 364, 483
- Form 4972, 165-167
- Form 5213, 675
- Form 5304-SIMPLE, 228
- Form 5305, 196
- Form 5305-A, 196
- Form 5305-SEP, 694
- Form 5305-SIMPLE, 228
- Form 5329, 175, 178, 189, 205-206, 213-214, 217, 592
- Form 5330, 694
- Form 5405, 513
- Form 5498, 208, 211
- Form 5498-QA, 616
- Form 5498-SA, 696
- Form 5500, 694
- Form 5500-EZ, 667, 694
- Form 5500-SF, 694
- Form 5695, 511
- Form 5754, 518
- Form 5884, 687
- Form 6198, 282, 364
- Form 6251, 11, 476, 479, 481-482, 483, 484, 485, 625, 687, 722
- Form 6252, 130, 131, 134, 733
- Form 6765, 687
- Form 8275, 764
- Form 8275-R, 764
- Form 8282, 348
- Form 8283, 328, 335, 341, 346-348
- Form 8283-V, 343
- Form 8308, 301
- Form 8332, 469, 497
- Form 8379, 751, 758
- Form 8396, 354, 511
- Form 8453, 339
- Form 8582, 258, 261, 276-277, 485, 701, 748
- Form 8582-CR, 263, 270, 573
- Form 8586, 572, 687
- Form 8594, 733
- Form 8606, 196, 198, 205, 208, 220, 234, 237
- Form 8609, 572
- Form 8609-A, 572
- Form 8615, 25, 476, 487, 489, 490, 492
- Form 8716, 302
- Form 8752, 302
- Form 8801, 486
- Form 8810, 280
- Form 8812, 495
- Form 8814, 487, 489, 491
- Form 8815, 590
- Form 8820, 687
- Form 8822, 753
- Form 8824, 122, 146, 148-150, 154, 570
- Form 8826, 687
- Form 8828, 354, 537
- Form 8829, 427, 677, 679, 680, 681, 682, 701
- Form 8832, 662
- Form 8835, 687
- Form 8839, 61, 504-505
- Form 8843, 29, 30
- Form 8844, 687
- Form 8845, 687
- Form 8846, 687
- Form 8847, 687
- Form 8853, 56, 393, 698
- Form 8854, 31, 32
- Form 8857, 14, 17, 18, 19, 20
- Form 8860, 528
- Form 8862, 501
- Form 8863, 593, 595, 596
- Form 8864, 687
- Form 8867, 595
- Form 8874, 687
- Form 8880, 195, 506
- Form 8881, 687, 690
- Form 8882, 687
- Form 8885, 510, 511
- Form 8886, 765
- Form 8888, 750
- Form 8889, 56, 59, 696, 697
- Form 8896, 687

Index

- Form 8898, 632
- Form 8899, 338
- Form 8900, 687
- Form 8903, 686
- Form 8906, 687
- Form 8907, 687
- Form 8908, 687
- Form 8910, 512, 687
- Form 8911, 687
- Form 8917, 313, 599
- Form 8923, 687
- Form 8932, 687
- Form 8936, 512, 513, 687
- Form 8938, 765, 766
- Form 8939, 125
- Form 8941, 687, 698
- Form 8949, 78, 101, 103, 105, 106, 108, 109–117, 119, 120–144, 134, 276, 536, 540, 547, 563, 573, 581, 583, 584
- Form 8958, 15
- Form 8959, 528, 529
- Form 8960, 530, 530–532
- Form 8962, 507
- Form 8971, 125, 126
- Form 9465, 752
- Form 12203, 768
- Form 14039, 752
- Former employees, 59
- Former spouses (ex-spouses)
 - basis of property received from, 122
 - lump-sum distributions from retirement plans to, 164
 - retirement income distributions for, 174–175
 - separate liability relief for, 18–21
 - tax-free exchanges of property between, 154–156
 - transfer of installment notes to, 138
- Form I-9, 644
- Form RRB-1099, 607
- Forms 1099, 762
- Form SS-4, 645, 646
- Form SS-5, 26
- Form SSA-1099, 607, 608
- Form TD F 90-22.56, 667
- Form W-2, 516, 518, 645
 - 409A plan deferrals on, 42
 - active participation status on, 204
 - adoption benefits on, 61
 - Archer MSA contributions on, 56
 - automobile benefits on, 63
 - combat pay on, 621
 - and death in combat zone, 622
 - dependent care assistance on, 61
 - disability coverage premiums on, 54
 - domestic production activities deduction and, 686
 - employee achievement awards, 287
 - employer reimbursements for dependent care on, 499
 - FICA taxes on, 644
 - filing returns, 749
 - foreign earned income on, 631
 - Form 1099 and, 35
 - FSA contributions on, 71
 - gain or loss from residence sales on, 544
 - grants on, 589
 - health insurance premiums on, 303
 - for household employees, 646
 - life insurance premiums on, 59
 - lodging on, 68
 - name and SSN on, 644
 - non-accountable plans reimbursements on, 458
 - nonstatutory stock options on, 50
 - payroll deduction contributions on, 345, 346
 - per diem allowance on, 457
 - retirement plan box on, 200
 - salary or wage income (compensation) on, 38
 - salary-reduction contributions on, 228
 - SEP contributions on, 227
 - of statutory employees, 668
 - transcripts of, 748
 - Understanding Your Form W-2 for 2016 Wages and Tips, 36–51
- Form W-2G, 289–290, 518
- Form W-2P, 208
- Form W-3, 646
- Form W-4, 26, 497, 514, 516, 517, 645
- Form W-4P, 519
- Form W-4S, 45, 515
- Form W-4V, 517, 607
- Form W-7, 504
- Form W-7A, 504
- Form W-9, 82
- Form W-10, 497
- Fortune tellers, 406
- Foster care payments, 308
- Foundations, 44, 329, 337
- Founder's fee, 379
- Fractional interest, 341, 342
- Fractional Rate Worksheet for Self-Employed, 691
- Fractional shares, 78
- Fractional Worksheet for Self-Employed, 693
- Franchises, 713
- Fraternal organizations, 330, 446
- Fraud, 404–406, 502, 761, 765
- Freelance work, 738
- Free use of property, 331
- Fringe benefits, 52–73
- adoption benefits, 61–62
- cafeteria plans, 70–71
- company services at no cost, 73
- de minimus, 65
- dependent care assistance, 61
- discounts on products or services, 73
- education assistance programs, 62
- employee achievement awards, 66
- employer-furnished meals and lodging, 66–69
- employer-provided retirement advice, 66
- excluded from taxable wages, 645
- flexible spending arrangements, 71–73
- foreign earned income from, 626
- on Form W-2, 37
- group-term life insurance premiums, 59–60
- health and accident plans, 54, 55, 56, 57, 58
- minister's housing or housing allowance, 69–70
- transportation benefits, 62–64
- working condition, 64–65
- Frivolous court action, 768, 770
- Frivolous tax returns, 766
- Frozen accounts, 82
- FSAs. *See* Flexible spending arrangements
- Fuel cell vehicles, 512
- Fuel-related tax credits, 687
- Fullbright awards, 589, 633
- Full reporting method, 134
- Fully-tax free exchanges of property, 569
- Furniture, depreciation of, 243
- Futures contracts, 559

G

- Gain (or Loss), Exclusion, and Taxable Gain, 549
- Gain(s). *See also* Capital gains
 - character of, 576
 - deadlines for realizing, 551
 - on foreclosures, 573
 - on futures contracts, 559
 - on ISOs, 48
 - nonqualified use of residences and, 539–540
 - on property sales, 108–109, 120, 124, 548
 - recognized, 789
 - on repossessions, 573, 576
 - on residence sales, 536, 544–545
 - on short sales of real estate, 573
 - on stock, 108–109, 554
 - traders' reporting of, 563
 - unrecaptured Section 1250, 790
- Gambling winnings, 287–290, 518
- Gasoline taxes, 371

Gas percentage depletion, 256–257
 Gas wells, 275
 GDS. *See* General Depreciation System
 General business credit, 687
 General Depreciation System (GDS), 707
 Generally related test, 447
 General sales taxes, 371–372
 Generation-skipping transfer (GST) tax, 657
 Gift loans, 97
 Gifts
 annual exclusion on, 651
 of appreciated value, 651
 as income, 290
 basis for property received as, 651
 of depreciable business property, 732–733
 from employers, 39
 of income interests in trust, 344
 of installment notes, 138
 losses on residence sales acquired
 as, 548–549
 mutual fund shares as, 585
 of passive interests, 279
 sponsorship, 614
 strike benefits as, 41
 taxable, 651
 unadjusted basis of property received
 as, 123–124
 U.S. savings bonds as, 93
 Gift tax, 123, 591, 651, 652–653, 653–654,
 787
 Going-concern value, 713
 Golden parachute arrangements, 39
 Goodwill, 148, 713
 Goodwill entertainment, 448
 Government employees, 184–185, 313, 626
 Government payments, withholdings
 on, 517
 Government services, assessments for, 373
 Grace period, for FSA fund use, 71
 Graduate assistants, 589
 Graduated payment mortgages, 360
 Grantor trusts, 654, 787
 Green card, 29
 Groceries, employer-furnished, 68
 Gross income, 3, 312–315, 464, 787
 Gross profit, 131, 133
 Gross receipts, 668–672, 787
 Ground rents, 360
 Group-term life insurance, 36, 43, 59–60,
 787
 GST tax. *See* Generation-skipping transfer
 tax
 Guam, 632
 Guaranteed salaries, 301
 Guardians, returns by, 28
 Gulf Opportunity Zone, 560

H

Half-year convention (MACRS
 depreciation), 704, 706, 722–725
 Hardest Hit Fund, 353, 372
 Hardship distributions, 182, 184
 Hardship waiver, of penalty, 523, 649
 HCTC. *See* Health coverage tax credit
 HDHPs. *See* High deductible health plans
 Head of household, 24–25, 324, 787
 Health and accident plans, 54, 55, 56, 57, 59
 Health care premium tax credit, 314,
 507–510
 Health coverage tax credit (HCTC), 510–
 511
 Health flexible spending arrangements
 (HFSAs), 71, 623
 Health Insurance Marketplace, 510
 Health insurance premiums, 301, 314, 378,
 386, 668
 Health problems, residence sales due to, 542
 Health reimbursement arrangements
 (HRAs), 54, 57, 787
 Health savings accounts (HSAs), 55,
 695–696, 787
 deductible contributions to, 313, 696
 distributions from, 59, 697
 employer contributions to, 37
 Heavy trucks, depreciation on, 721. *See*
also Car and truck expenses
 Heirs, reporting property values to, 655
 Herbal supplements, 378
 HFSAs. *See* Health flexible spending
 arrangements
 High-deductible health plans (HDHPs), 55,
 787
 Higher education expenses, 214
 Higher-income taxpayers
 additional Medicare taxes for, 736
 deductions for, 326
 Highly compensated employees, 73
 Historic structures, 343, 572, 572–573
 Hobbies, 429, 674–675
 Hobby losses, 255, 787
 Holding periods, 101, 103–106, 118–119,
 239–240, 557, 583, 787
 Holidays, business-vacation trips over, 444–
 445
 Holocaust restitution payments, 296
 Home. *See also* Tax home; *See*
also Vacation homes
 adjusted basis for, 545–546
 converting, to rental property, 247,
 547–548
 distributions for acquisition of, 178
 donation of, 332
 gain on sale of, 530
 maintenance of home test, 24–25
 remainder interest in, 342
 support of students in, 334
 Home acquisition loans, 354–357
 Home construction loans, 357–359
 Home entertaining, 448
 Home equity debt, 357, 787
 Home improvement loans, 359
 Home improvements, 390–391
 Home mortgage interest, 788. *See*
also Mortgage interest deduction
 for condominiums, 363
 for cooperative apartments, 363
 as expense, 251
 home acquisition loans, 354–357
 home construction loans, 357–359
 home equity loans, 357
 home improvement loans, 359
 interest on refinanced loans, 360–361
 payment rules, 359–360
 records of, 748
 from retirement plan loans, 179–180
 Home office
 allocation of expenses, 680
 business income and, 680–681
 deduction for, 434, 676–678
 depreciation of, 682
 incidental personal use of, 676
 of investors, 429
 job expenses for, 427
 in principal residence, 546
 sideline business, 681–682
 Homeowner's association, 373
 Hospitalization, 621
 Household employees, 643–644, 645
 Household employment taxes, 643
 Household income, 648
 Household items, casualty loss of, 410
 Household requirement (EIC), 502
 Housekeepers, 497–498, 498
 Housing allowance, minister's, 69–70
 Housing costs, foreign earned income
 and, 628–629
 HRAs. *See* Health reimbursement
 arrangements
 HSAs. *See* Health savings accounts
 HUD-1 (Uniform Settlement Statement)
 form, 374
 Hunting trips, 448

I

Identity Protection Personal Identification
 Number (IP PIN), 752
 Identity theft, 752–753
 Identity Theft Affidavit. *See* Form 14039
 Illnesses, job-related, 46

Index

- Impairment-related work expenses, 422
- Improvements
 - adjusted basis and, 545
 - allocation of basis and, 129
 - to business vehicles, 721
 - home improvement loans, 359
 - leasehold, 712
 - MACRS depreciation for, 710
 - to principal residence, 362
 - on real estate after 1986, 712
 - to rental property, 120
 - repair vs., 244–246
 - by tenants, 242
 - to restaurants, 712
 - to retail property, 712
- Imputed interest, 97, 787
- Imputed interest rules, 153
- Inaccurate returns, 764–766
- Incapacitated homeowners, 539
- Incarceration, wrongful, 296
- Incentive stock options (ISOs), 48, 484, 787
- Income, 286–308. *See also* specific types, e.g.: Partnership income
 - casualty/theft losses and, 413
 - debt cancellation and, 297–300, 573
 - from estates, 300, 304
 - first-year expensing and, 702
 - foster care payments, 308
 - gambling winnings and losses, 287–290
 - gifts and inheritances, 290
 - household, , 648
 - jury duty fees, 307
 - legal damages, 294–297
 - from life insurance policies, 305–306, 307
 - lottery and sweepstakes winnings, 287
 - on market discount bonds, 87–88
 - prizes and awards as, 287
 - recovered tax deductions and, 293–294
 - refunds of state and local income tax, 291–292
 - regular income tax liability and, 476
 - for S corporations, 300, 303–304
 - taxable, 790
 - from trusts, 300, 304, 654
 - tuition and fees deduction and, 599
- Income in respect of a decedent (IRD), 23, 27, 305, 787
- Income interests in trust, gifts of, 344
- Income tests (EIC), 503
- Incompetent persons, 28, 607
- Independent contractors, 666, 787
- Indian tribal government, 330
- Individual responsibility penalty, 647, 648–649
- Individual retirement accounts (IRAs), 195–240, 787. *See also* specific types, e.g.: Roth IRAs
 - combat pay and, 621
 - fees of, 196
 - records of contributions, 748
 - replacement shares and, 556
 - self-directed, 196
 - Social Security benefits and, 609
 - transfers to HSAs from, 56
 - withholdings on distributions, 520
- Individual taxpayer identification number (ITIN), 494
- Infant formula, 379
- Information base, amortizing, 714
- Inheritances
 - basis of redeemed shares, 584
 - depreciable business properties, 732–733
 - holding periods for, 119
 - HSAs in, 697
 - income from, 290
 - residences acquired as, 548–549
 - traditional IRAs as, 220–226
 - unadjusted basis of property, 125–126
- Initiation fees, union, 422
- Injuries, 46, 47, 58
- Innocent spouse rules, 14, 16, 17
- Insolvency, 23, 299
- Insolvent financial institutions, 211
- Installment payments, 131–134, 287, 292, 338, 524–525, 752
- Installment sales, 788
 - depreciable property, 733
 - dispositions of notes, 138–139
 - electing out of, 134
 - first-year expensing and, 732
 - for investors in real estate, 568
 - passive interests, 279
 - to relatives, 135–136
 - repossessions and, 139–140
 - Section 1231 assets, 734
 - tax advantage of, 130–131
- Instructors, 422
- Insurance. *See also* specific types
 - chronically/terminally ill persons use of, 393
 - excess living costs paid by, 411–412
 - premiums for, 80, 243
 - proceeds from, as rental income, 242
 - reimbursements from, 400, 411
 - tax-free exchanges of, 158–159
- Intangible assets, 700, 713–714, 785, 788
- Intangible drilling costs, 255–256
- Intangible property, 148, 275, 335
- Intellectual property, 338
- Intelligence officers, 538
- Interest. *See also* specific types
 - abatement of, 768
 - on back taxes, 623
 - on bonds, 82
 - on business tax deficiency, 671
 - on deferred payment sales, 138
 - dividends and, 75, 77–78
 - on escrow accounts, 153
 - estate tax paid on, 95
 - on frozen accounts, 82
 - for late payments, 750
 - on marital property settlements, 155
 - on penalties, 765
 - premature withdrawal and, 83–84
 - on refunds, 751
 - rental property and, 252–253
 - on savings bonds, 561
 - on seller-financed sales, 98–99
 - state and city interest on bonds, 91
 - on taxes owed by reservists, 623
 - on tax-exempt securities, 560
 - on tax returns, 81–82
 - on tax underpayments, 753
 - timing of reporting of, 98
 - on U.S. savings bonds, 93–94, 94–95
 - for U.S. savings bond tuition programs, 590
 - on vehicle loans, 717, 719
- Interest expense deductions, 352–368. *See also* Home mortgage interest; *See also* Investment interest
 - deferral of, 87
 - home construction loans, 357–359
 - limitation on, 89, 93
 - passive activity and, 272
 - “points”, 362, 363
 - prepaid interest, 368
 - for sales of subdivided land, 568
 - time period for claiming, 367
- Interest income, 82, 491–492
- Interest payment dates, 82
- Interest tax, 140–144
- Inter vivos trusts, 788
- Inventory, 344, 410, 654–655, 664, 678
- Investment
 - in collectibles, 196
 - personal property held for, 147–148
- Investment expenses, deductible, 428–429
- Investment income, 25, 94, 478, 489–490, 524, 529–532. *See also* “Kiddie tax”
- Investment interest, 363–364, 365–367, 483
- Investment in the contract, 788
- Investment losses, 401
- Investors
 - cash-basis, 89
 - computers used by, 709
 - overcoming status of, 268
- Investors in mutual funds, 579–587
- Investors in real estate, 566–578
 - abandonments, 575–576
 - cancellation of leases for, 570–571

- foreclosure on non-purchase money mortgages, 577–578
- foreclosure sales to third parties, 578
- granting of easements for, 571–572
- mortgage debt restructuring by, 574–575
- property returned to creditors by, 573–574
- sales of options for, 571
- sales of subdivided land by, 568–569
- self-employment income of, 738
- seller's repossession after buyer's default and, 576–577
- tax credits for, 572–573
- tax-free exchanges by, 569–570
- timing of real property sales by, 570
- transfers of mortgaged real estate by, 578
- types of ventures for, 567–568
- Investors in securities, 550–565, 551
- bonds, 559–560, 561–562, 562
- constructive sales of appreciated financial positions by, 558
- home office use by, 681–682
- options, 555–557
- stock, 551–552, 553–555, 555–557, 560
- tax treatment of dealers vs., 562–563
- traders, 562–563, 563–565
- Involuntary conversions, 788
- basis of property acquired with proceeds of, 123
- of business property, 733
- casualties as cause of, 418
- deferring gain from, 413
- election to defer gain for, 414
- holding periods for, 120
- qualifying types of, 413–418
- recapture for, 731
- replacement property for, 414–416, 416
- special assessments and severance damages for, 417–418
- IP PIN. *See* Identity Protection Personal Identification Number
- IRAs. *See* Individual retirement accounts
- IRD. *See* Income in respect of a decedent
- IRS
- advance valuation of art from, 341, 348
- audit extensions for, 762
- denial of earned income credit by, 502
- figuring of estimated tax penalty by, 522
- levies by, 215
- meal allowance of, 437–438
- notifying, of address changes, 753
- notifying, of related party transfers, 135
- questioning of self-certification by, 211
- regrouping of activities by, 267
- release of lien by, 770
- reporting of basis for redeemed shares to, 584
- reporting payments and receipts of self-employed persons, 666–667
- review of Form W-4 by, 517
- seizure of IRA by, 207–208
- unauthorized collection lawsuits against, 770
- waiver of estimated tax penalty by, 523
- withholding of refunds by, 758
- IRS Fact Sheet 2016-3, 753
- IRS Publication 3, 622
- IRS Publication 54, 633
- IRS Publication 78, 329
- IRS Publication 463, 722, 729
- IRS Publication 502, 379
- IRS Publication 505, 522, 524
- IRS Publication 514, 628, 633, 634
- IRS Publication 519, 28, 30, 32
- IRS Publication 534, 712
- IRS Publication 535, 314
- IRS Publication 536, 685
- IRS Publication 538, 665, 666
- IRS Publication 544, 732
- IRS Publication 550, 84, 106
- IRS Publication 570, 632
- IRS Publication 590, 216, 235, 609
- IRS Publication 901, 633
- IRS Publication 915, 608, 610
- IRS Publication 926, 646
- IRS Publication 939, 335, 189
- IRS Publication 946, 707, 708, 710
- IRS Publication 972, 495
- IRS Publication 1212, 88, 90
- IRS Publication 1546, 761
- IRS Publication 4524, 753
- IRS Publication 4681, 299
- IRS Publication 4895, 119
- IRS regulations, 764
- IRS regulation Section 15A.453-1(c), 136
- IRS Tax Table, 23
- ISOs. *See* Incentive stock options
- Itemized deductions, 27, 321–327, 482, 760, 788. *See also* specific deductions
- Itemized Deductions and the Standard Deduction for 2016, 321–327
- ITIN. *See* Individual taxpayer identification number

J

- January 1, 1936 (persons born after), 165, 165–167
- January 2, 1936 (persons born before), 167
- Job changes, 542, 603
- Job expenses
- cell phones, calculators, copiers, and fax machines, 427
- computers bought for work, 426–427

K

- Keogh plans, 788
- Key employees, life insurance for, 60
- Key Numbers for 2016, xxix–xxxi
- Kickbacks, 40, 674
- “Kiddie tax”, 25, 105, 487–492, 643
- Kidnapping ransom, 406
- Know-how, amortizing, 713

Index

L

Lactation supplies, 378
Land, 129, 536, 568–569
Landlord's expenses, 242
Last year of residence (resident aliens), 31
Late filing, 754, 756–757
Late payments, 360, 750, 754
Laundering, of work clothes/uniforms, 423
Lawsuits, 770
Leasehold improvements, 712
Leases
 computer, 710
 residential, 242, 244, 570–571
 vehicle, 717, 719, 729
Leave-sharing plans, 39
Legal costs, 243, 295, 296, 430–432, 641
Legal damages, 294–297
Legal form of business, 662
Legal guardians, returns by, 28
Legally required educational courses, 603–604
Legal representative, of decedents, 26
Legal separation, 16, 323, 384, 497, 637, 788
Lenders, interest in activities by, 284
Length of service awards, 452
License fees, automobile, 374
Liens, release of, 770
Life-care fee, 379
Life expectancy rule, 239
Life expectancy tables, 189–190
Life income plans, 344
Life insurance policies, 59–60, 787
 benefits from, 43–44, 393, 654
 charitable contribution deductions for, 344
 dividends on, 76, 80
 with family income riders, 306
 selling or surrendering, 307
 taxes on proceeds from, 305–306
Lifetime Learning credit, 592, 594, 598, 599, 602
Lifetime trusts, 788
Light trucks, depreciation on, 720. *See also* Car and truck expenses
“Like-class” test, 147
Like-kind exchanges of property, 103, 140, 146–147, 538, 788, 789. *See also* Tax-free exchanges of property
Limited entrepreneurs, 268
Limited liability, for oil or gas wells, 275
Limited partners, 266, 268, 276, 285
Line-of-credit mortgages, 356
Lines of business, companies with multiple, 73
Liquidation, 238, 735–736
Listed property, 708–710, 732

Livestock sales due to drought, 688
Living costs, 411–412, 441–443, 605
LLC members, 276, 739
LLP members, 276
Load charges, 583
Loan Repayment Assistance program, 298
Loans. *See also* specific types
 assumptions of, 98
 to continuing care facilities, 98
 earmarking proceeds from, 365–367
 imputed interest rule and, 97, 97–99
 interest-free, 96–98
 minimum interest rules for, 95
 from retirement plans, 178–180, 209, 210
Local bonuses, for Armed Forces personnel, 619
Local lodging costs, 64, 439
Local officials, business expenses of, 313
Local taxes, 37, 291–292, 371
Local transportation costs, 425
Lockout benefits, 41
Lodging, 66–69, 387, 439, 632
Lodging as condition of employment test, 67
Long-term care insurance policies, 54, 392–393
Long-term care services, 392–393
Long-term contracts, 666
Loss deduction, 252
Losses
 deadlines for realizing, 551
 on exchanges of property, 148
 first-year expensing and, 702
 on foreclosures, 573
 on gambling, 287–290
 on like-kind exchange of property, 146
 on liquidation of Roth IRAs, 238
 in partnerships, 301–302, 302
 on QTP investment, 592–593
 on regulated futures contracts, 559
 on repossessions, 573
 on residence sales, 544–545, 547, 547–548
 on sale of ISOs, 48
 and sales of property, 120, 124
 of S corporation stockholders, 303–304
 on Section 197 intangibles, 714
 securities investors' planning for, 551
 self-employment tax and, 742
 on short sales of stock, 554, 557
 on temporary rental of residence, 253–254
 traders' reporting of, 563
 on wash sales, 106, 556
Lost deposits, 82
Lotteries, 287, 331
Low earners, 199, 231, 516
Low-income housing credit, 572

Low-income years, self-employment tax for, 742
Lump-sum distributions from retirement plans, 164, 165–167, 167–168, 172, 190, 788
Lump-sum payment election, Social Security, 610
Lunches, business, 673

M

MACRS. *See* Modified ACRS
MACRS Deduction: Half-Year Convention, 725
MACRS Deduction: Mid-Quarter Convention, 725–729
MACRS Depreciation Rates, 705–715
MAGI. *See* Modified adjusted gross income
Mailing returns, 749
Maintenance of home test, 24–25
Maintenance, on residence, 243
Malpractice insurance, 672
Management expenses, 243
Management fees, 272
Managers (sports), 440
Managing executives, business-vacation trips of, 444–445
Marginal production, 257
Marital deduction, 788
Marital property settlements, 155, 641
Marital status, 683
Market discount, 88, 92, 788
Market discount bonds, 85, 87–88
Mark-to-market election, 31, 563–565
Marriage penalty, 10
Married couples. *See also* Joint returns; *See also* Spouse(s)
 amended returns by, 756
 capital losses on property sales for, 106–107
 earned income rule for, 498
 elderly or disabled tax credit for, 612
 estimated tax payments for, 525
 itemized deductions on separate returns, 323–324
 joint returns, 12–13
 marriage penalty for, 10
 principal residence exclusion for, 540–541
 self-employment income for, 738
 tax home for couples in different cities, 441
 traditional IRA contributions by, 198–200
Married dependents, 470, 502
Material participation, 264, 268–270, 280, 788
Material participation tests, 268–270
Maturity, savings bond, 561

- Maximum Depreciation Deduction for Cars, 724
- Maximum Depreciation Deduction for Trucks and Vans, 724–729
- MBA courses, 604
- Meal allowance, 437–438
- Meal charges, 67
- Meal costs
- 50% limitation on, 449–451
 - directly related test, 447–448
 - IRS meal allowance, 437–438
 - at nursing homes, 389
 - overnight-sleep test for, 435–437
 - restrictive test for, 447
 - while traveling for medical treatment, 387
- Meal money, 65
- Meals, 66–69, 450, 632
- Medicaid, difficulty-of-care payments and, 308
- Medical care costs, allowable, 378–380
- Medical conferences, 387
- Medical exception, resident alien, 30
- Medical expense deductions, 376–393
- AGI threshold and, 377–378
 - allowable medical care costs, 378–380
 - for decedent's expenses, 385–386
 - for dependents' expenses, 384–385
 - for disabled individuals, 615
 - fees for continuing care facilities, 613
 - health insurance premiums, 386
 - home improvements as, 390–391
 - life insurance used by chronically/terminally ill persons, 393
 - long-term care premiums and services, 386, 392–393
 - and medical expenses as business expenses, 392
 - nondeductible expenses, 381
 - nurses' wages, 390
 - nursing homes, 389
 - refundable entrance fees for continuing care facilities, 614
 - reimbursements for expenses and, 381–383
 - schooling for mentally/physically disabled persons as, 388–389
 - for spouse's expenses, 383–384
 - travel costs as, 387–388
- Medical expenses
- of decedents, 27
 - and dependent care credit, 499
 - pre-age 59½ penalty and, 214
 - tax-free reimbursements of, 57
- Medical insurance, pre-age 59½ penalty and, 214. *See also* Health insurance
- Medical plans, for self-employed persons, 57–59, 690, 695–696, 696, 698
- Medical savings accounts. *See* Archer Medical Savings Accounts (MSAs)
- Medicare Part B, 614
- Medicare Part D, 614
- Medicare, premiums for, 607. *See also* Social Security and Medicare (FICA) taxes
- Medicare taxes
- on earnings, 528–529
 - on higher-income taxpayers, 736
 - and net investment income, 478
 - and net investment income tax, 529–532
- Medicine, 378
- Member-of-household test, 25
- Membership benefits, 333
- Membership dues, 65
- Merchant Marine Academy, 598
- Merchant transactions, 666
- Mergers, 88
- Mid-month convention (depreciation), 710
- Mid-quarter convention (depreciation), 706–707, 722–725
- Midwestern disaster area bonds, 560
- Mileage rate, 717–718, 790
- Mileage-tracking apps, 729
- Military action, 47
- death in, 622
- Military service, 47. *See also* Armed Forces personnel
- Minimum Interest Rate for Seller Financing, 99
- Minimum interest rules, 95
- Minimum standards for job, educational courses required for, 603
- Mining, 485
- Ministers, housing or housing allowance for, 69–70
- Minors, custodial accounts for, 82, 652–653
- Miscellaneous expenses, 419–432. *See also* Job expenses
- 2% AGI floor on, 420, 421, 422
 - contingent fees paid out of awards, 432
 - investment expenses, 428–429
 - legal costs, 430–432
 - tax preparation and audit costs, 429–430
- Miscellaneous itemized deductions, 788
- Missing status (Armed Forces personnel), 622
- Mobile offices, 678
- Model custodial account agreement. *See* Form 5305-A
- Model trust. *See* Form 5305
- Modified ACRS (MACRS) depreciation, 788
- accelerated, 719, 721
 - and AMT, 484
 - anti-churning restriction, 713
 - half-year convention, 706
 - rates for, 704–705, 721–725
 - for real estate placed in service after 1986, 710
 - recovery periods, 703–704
- Modified adjusted gross income (MAGI), 201, 231, 262–263, 529, 595, 788
- More-than-50%-business-use test, 719, 721
- Mormon missionaries, 331
- Mortgage debt, restructuring, 574–575
- Mortgaged property, 121, 155, 337, 578
- Mortgage interest credit, 483, 511
- Mortgage interest deduction, 69, 243, 353–354, 511
- Mortgage revenue bonds, 91
- Mortgages, 576–577, 577–578
- Mortgage subsidies, 511
- Moving expense deductions, 422
- 39-week test for employees, 317–318
 - 78-week test for self-employed persons and partners, 318
 - about, 315–316
 - claiming, 318
 - distance test for, 317
 - overseas, 631
- Moving expense reimbursements, 37, 319, 626
- MSAs. *See* Archer Medical Savings Accounts (MSAs)
- Multiple support agreements, 468–469
- Multi-unit residences, 246
- Municipal bond funds, 559
- Mutual funds, 75–76, 106, 121, 365, 581, 748. *See also* Investors in mutual funds
- MyRA accounts, 240, 691

N

- NAE method. *See* Non-accrual experience method
- Name, on tax returns, 470
- National Guard members, 313, 623
- National Health Services Corps Loan Repayment Program, 298
- National Health Services Corps Scholarship Program, 62, 589
- National Housing Act, 360
- National Oceanic and Atmospheric Administration, 538, 612, 619
- Naval Academy, 598
- Negative taxable income, 291
- Negligence of IRS rules/regulations, 764
- Net capital gains, 11, 364, 477–478
- Net interest income, 273
- Net investment income, 94, 478, 524, 529–532, 567

Index

- Net investment income tax (NIIT), 478, 524, 529–532, 536
- Net operating losses (NOLs), 788
about, 682–683
and AMT, 483
carryback of, 685
carryover of, 685
farm-related, 688
losses and deductions in, 684–685
and real estate allowance, 263
recapture of, 734
reporting, 684–685
for self-employed persons, 662, 739
- New York Liberty bonds, 560
- NIIT. *See* Net investment income tax
- NOLs. *See* Net operating losses
- Nominee distributions, 76, 87
- Nominees, dividends received by, 79
- Non-accountable plans, 458
- Non-accrual experience (NAE) method, 666
- Nonbusiness bad debts, 142–143
- Nonbusiness energy property credit, 511
- Noncare services, child and dependent credit and, 500
- Noncitizen spouses, 657
- Nondepreciable assets, 700
- Nonfarm optional method (self-employment tax), 742
- Nongift loans, 97
- Nonpassive income, 271, 273–275
- Nonperiodic distributions, 788
- Nonperiodic payments, retirement plan, 520
- Nonprofit organizations, 329, 330
- Nonqualified deferred compensation, 41–42, 155
- Nonqualified plan distributions, 36
- Nonqualified use of residence, 539–540, 546
- Nonqualifying rental activities, 265
- Nonrecourse financing, 283, 298, 573, 788
- Nonrefundable tax credits, 497, 595
- Nonresident aliens, 15, 28, 31, 502, 608, 612
- Nonspouse beneficiaries, 172, 176, 220
- Nonstatutory stock options, 37, 50, 155
- Nontaxable distributed stock rights, 553
- Nontaxable pensions, 612
- Nonworking spouses, 200, 231
- Northern Mariana Islands, 632
- Notes, 90, 92, 138–139
- Notice 797, 645
- Notice 2007-34, 44
- Notice 2010-33, 766
- Notice 2014-7, 308
- Notice 2014-54, 169
- Notice 2015-77, 353, 372
- Notice of Deficiency, 768
- Nursery schools, 498
- Nurses, wages of, 390
- Nursing homes, 389
- Nutritional supplements, 378
- ### O
- Obligations, 90, 91, 92, 338
- Offers in compromise (OIC), 752, 768–769.
See also Form 656
- Officers, in combat zones, 620
- Offshore Voluntary Disclosure Program (OVDP), 766
- OIC. *See* Offers in compromise
- OID. *See* Original issue discount
- Oil percentage depletion, 256–257
- Oil wells, working interests in, 275
- Once-a-year rollover rule, 212
- One-person 401(k) plans, 690
- Operating expenses, traders', 668
- Options, 555–557, 571
- Ordering rules, Roth IRA distribution, 237
- Ordinary and necessary requirement, 788
- Ordinary income, 11, 731–732, 788
- Ordinary income property, donation of, 335
- Ordinary losses, 560, 734, 788
- Organizational costs, 675
- Original issue discount (OID), 85, 86–87, 88, 92, 788
- Overnight-sleep test, 435–437
- Overnight travel, 623
- Overseas, moving, 316, 631
- Overtime work, 65
- Overvaluation of donated property, 348
- Owners. *See also* Co-owners
casualty loss deductions for, 401
depreciation of cooperative apartments by, 682
IRA, 217, 224–226
- Ownership, 15. *See also* Joint ownership
- Ownership tests, 537–540
- ### P
- Paid-up life insurance, 191
- Parents, 25, 26, 331, 469, 469–470, 491–492
- Parking, 62–64
- Partial blindness, 324
- Partial disposition of passive interests, 277, 278
- Partially rented homes, 548
- Partially tax-free distributions, 208–209
- Partially-tax free exchanges of property, 570
- Partial payments, 88
- Partners
78-week test for, 318
as at-risk, 283
distributions from partnerships to, 733
first-year expensing for, 702
meals and lodging for, 69
passive activities for, 276
reporting of income and losses by, 302
self-employment tax for, 739
- Partnership income, 27
reporting of partnership profit and loss, 301–302
tax audits for, 302–303
- Partnerships, 789
debt cancellation, 300
disposition of, 281
distributions to partners from, 733
dividends from, 77
domestic production activities deduction for, 686
elections made by, 301, 414
foreign earned income from, 626
grouping of business activities by, 268
holding periods for property of, 119
like-kind exchanges of interests, 147
loss limitations for, 302
organizational costs for, 675
and partners' income and loss, 302
profit and loss of, 301–302
rental real estate interests held by, 265
retirement plans, 181
on Schedule K-1, 300
tax audits for, 302–303
transfers of interest, 301–302
- Part-year employees, 499, 516
- Passenger cars, depreciation on, 720. *See also* Car and truck expenses
- Passive activities
aggregate vs. separate treatment of, 266–268
for closely-held corporations, 280–281
on Form 8582, 276–277
interest expense and, 363
for LLC and LLP members, 276
material participation tests for
businesses, 268–270
net operating losses and, 683
for partners, 276
passive loss restrictions and, 266
for personal service corporations, 280–281
and property loss reimbursements, 411
rental activities, 259–261, 261–263, 264–266
sales of property and business interests, 281–282
sales of subdivided land and, 568–569
suspended losses on business interest and, 277–279
tax credits and, 270, 279–280
tax-shelter farm activities, 485
working interests in oil/gas wells and, 275
- Passive activity deductions, 304

- Passive equity-financed lending, 273
- Passive income, 254, 271–272, 273–275
- Passive interests, 279
- Passive losses, 266, 272, 280, 282, 485, 662, 789
- Patents, 255, 338
- PATH Act. *See* Protecting Americans from Tax Hikes Act of 2015
- Patronage dividends, 789
- Pay. *See also* Salary or wage income (compensation)
- assignment of, 38
 - of government employees in foreign countries, 626
 - of Armed Forces personnel, 618, 619, 620–621
 - property received as, 39–40
- Payment period, 136, 522, 640
- Payments. *See also* specific types
- over \$10,000, 666
 - of clients' expenses, 672
 - donations as, 345
 - from health and accident plans, 58
 - home mortgage interest and, 359–360
 - for independent contractors, 666
 - for insurance premiums, 59, 344
 - for itemized expenses, 326
 - for prior installment sales, 130
 - for reservists, 623
 - self-employed persons' reporting of, 666–667
 - taxable part of, 131–134
 - to third parties, 638
- PayNearMe option, 751
- PBGC. *See* Pension Benefit Guaranty Corporation
- Peace Corps workers, 69, 538
- Penalty(-ies)
- for 2016 payments, 522–523
 - for late filing and late payments, 750, 754 deductible, 673
 - for excess IRA contributions, 206
 - for excessive refund claims, 751, 758, 766
 - for failure to report tips, 518
 - for beneficiaries, 126
 - for understating tax on inherited property, 126
 - for frivolous court action, 768, 770
 - for frivolous tax returns, 766
 - interest on, 765
 - for IRA withdrawals, 213–216
 - for late filing and late payments, 667
 - marriage, 10
 - for not reporting foreign financial accounts, 766–767
 - for reportable transactions, 765
 - single, 10
- for substantial overvaluation of donated property, 348
- Pension Benefit Guaranty Corporation (PBGC), 510
- Pension plans, 38. *See also* Simplified employee pension (SEP) plans
- Pensions
- disability, 46–47, 191
 - nontaxable, 612
 - self-employed income and, 667
- Percentage depletion, 256, 789
- Per diem travel allowance, 456–457
- Performing artists, 313, 422
- Periodic interest, 87
- Periodic payments, retirement plan, 519
- Permanent life insurance, 60
- Permanently and totally disabled person, 502, 614
- Permits, departure (sailing), 31
- Personal creative works, donating, 340
- Personal exemptions, 459–472
- citizen and resident tests for dependents, 470
 - and joint returns by dependents, 479
 - number of, 460–461
 - phaseout of, 471–472
 - qualifying children, 461–463, 469–470
 - qualifying relatives, 463–465, 465–468, 468–469
 - and Social Security numbers of dependents, 471
 - spouse, 461, 470
- Personal injury settlements, 381–387, 431. *See also* Legal damages
- Personal interest, 789
- Personal property, 147–148, 261, 731
- Personal rollovers (retirement plan), 170–171
- Personal service corporations, 280–281
- Personal tax credits, 493–513
- adoption credit, 504–505
 - child and dependent care credit, 496–498
 - child tax credit, 495–496
 - earned income credit, 501–503
 - for fuel cell and plug-in electric vehicles, 512
 - health coverage credit, 510–511
 - mortgage interest credit, 511
 - overview, 494
 - for permanently disabled, 614
 - premium tax credit, 507–510
 - residential energy credits, 511–512
 - saver's credit, 505–506
- Personal use
- with business use, 546–547
 - capital losses on assets with, 101
 - losses on, 547
 - vehicles with, 718, 728
- Personal-use days for residence, 250–251
- Personal-use property
- and imputed interest rule, 98
 - with business use, 702, 734–735
 - losses on, 407–408, 410
 - rental of, 146, 249–250, 250–251, 251–253, 261
 - with business use, 723
- Personal-use test for residence, 249–250
- Phaseout Range for Deduction Limit on 2016 Returns, 202
- Phaseout rules. *See* Deduction phaseout rules
- Phaseout threshold, 201
- Physical presence test, 630
- Pilots, 440–441
- Placed in service (term), 789
- Pledge rule, 134
- Plug-in electric vehicles, 512, 687
- “Points”, 362, 363, 544, 789
- Ponzi schemes, 405
- Portability election (estate tax), 655–656
- Portfolio income, 271
- Postmarks, for returns, 749
- Pre-1936 buildings, 572
- Pre-1974 participation in retirement plans, 165–167
- Premature distributions, 789
- Premium tax credit, 314, 507–510
- Prepaid expenses, 326, 593
- Prepaid interest, 368
- Prepaid mortgage insurance premiums, 359
- Pre-tax retirement contributions, direct rollover of, 169
- Primary purpose determination, educational program, 44
- Principal residence, 362, 372, 546, 789
- Principal residence exclusion, 536–537, 537–540, 540–541, 541–544
- Principal residence indebtedness, 298
- Principals (school), 422
- Prior law deferral rules, 122
- Prior law rollover rules, 545
- Private activity bonds, 91, 484
- Private letter ruling, 789
- Private non-operating foundations, 337
- Private schools, 389
- Prizes, as income, 287
- Probate estate, 789
- Production activities, 686
- Production costs, 255
- Products, discounts on, 73
- Product testing, 65
- Professional gamblers, 288
- Professionals, deductions for, 672–673
- Professional sports players, 440
- Profit presumption, 675

Index

- Profits. *See also* Gross profit
dividends of, 77–78
in partnerships, 301–302
of property sales, 107–108, 548
from sole proprietorships and
partnerships, 626
- Profit-sharing plans, 59, 789
- Promissory notes, 129
- Property. *See also* specific types, e.g.:
Community property; *See also* Tax-
free exchanges of property
adjusted basis of, 129–130
alimony and transfer of, 636
basis of, 121
cost of, 121
for depreciation deductions, 700–701
dividends paid as, 78–79
free use of, 331
listed, 708–710
overvaluing, 765
ownership of separate, 15
pay received as, 39–40
pledges of other, as at-risk investment, 283
repossession of, 576–577
returns of, to creditors, 573–574
- Property management, 428
- Property sales, 100–144. *See also* Business
property sales; *See also* Residence
sales
adjusted basis of property, 129–130
amount realized for, 121
and escrow, 137
boot for like-kind exchanges of
property, 140
capital losses on, 106, 107–108
carryovers, 106
classification and taxation of, 101–103
contingent payment sales, 136–137
cost of property, 121
deferred payment sales, 138
Form 8949 and Schedule D entries
for, 109–117
gains on, 103–106, 108–109, 120
general rules, 101
holding periods, 103–106, 118–119
of inherited property, 125–126
installment sales, 130–131, 131–134,
135–136, 138–139, 139–140
losses on, 120
over \$150,000 plus \$5 million in
debt, 140–144
as passive activities, 271, 281–282
real estate sales, 373–374
of real property, 570
restricted, 51
and rollovers of retirement plans, 172
of subdivided land, 568–569
to third parties, 578
unadjusted basis of property, 121–123,
123–124, 126–128, 128–129
- Proprietorships, 626, 733
- Protecting Americans from Tax Hikes Act of
2015 (PATH Act), 63, 207, 229, 296,
371, 496, 501
- Proving a Casualty Loss, 404–418
- Provisional income, 789
- PTPs. *See* Publicly traded partnerships
- Public Health Service, 538, 612, 619
- Public Health Service Act, 298
- Publicly traded partnerships (PTPs), 275
- Publicly traded securities, 109, 130
- Public safety employees, 47
- Puerto Rico, 330, 632, 738
- Punitive damages, 296
- Purchased stock rights, 553
- Purchase money mortgages, 577–578
- Purchase price adjustment, 300
- Puts, 558
- ## Q
- QCD. *See* Qualified charitable distribution
- QDRO. *See* Qualified domestic relations
order
- QEAs. *See* Qualified exchange
accommodation arrangements
- QJV. *See* Qualified joint venture
- QSB stock. *See* Qualified small business
stock
- QTPs. *See* Qualified tuition programs
- Qualified charitable distribution
(QCD), 206, 207
- Qualified charitable organizations, 789
- Qualified conservation contributions, 342
- Qualified disability expenses, 615
- Qualified disclaimer, 222
- Qualified distributions, IRA, 237
- Qualified dividends, 477–478, 580, 789
- Qualified Dividends and Capital Gain Tax
Worksheet, 11, 101, 103, 104, 105,
110, 582
- Qualified domestic relations orders
(QDROs), 164, 171, 174–175, 213,
789
- Qualified education expenses, 593, 597, 600
- Qualified employer retirement plans, 520
- Qualified exchange accommodation
arrangements (QEAs), 153–154
- Qualified intermediary, default by, 152
- Qualified joint interest rule, 126, 128
- Qualified joint venture (QJV), 242, 738
- Qualified longevity annuity contracts
(QLACs), 217
- Qualified plan (term), 789. *See*
also Qualified retirement plans
- Qualified retirement plans
choosing, 690–698
deductible contributions, 691–694
distributions, 615, 695
- Qualified small business (QSB) stock, 108
- Qualified tuition programs (QTPs), 591–
593, 600, 651, 789
- Qualifying children, 461–463, 469–470,
502–503
- Qualifying relatives (personal
exemptions), 463–465, 465–468,
468–469
- Qualifying tests
for adoption credit, 504
for Armed Forces personnel in combat
zones, 620
for child and dependent care credit, 496–
498
and care of qualifying persons, 497–498
for EIC, 501–503
for head of household, 24–25
for innocent spouse relief, 17
for reduced maximum exclusion, 542
for resident aliens, 29
for U.S. savings bond tuition
programs, 590
for work-related costs of education, 603–
604
- Qualifying widows or widowers, 23, 789
- ## R
- Rabbi trusts, 42
- Railroad Retirement benefits, 519, 607, 612
- Railroad Retirement Tax Act (RRTA), 519
- Ransom, 406
- Rate Table for Self-Employed, 691, 693
- Real estate
business, 300, 574
charitable donations of, 342–343
donation limit for, 349
exchanges of U.S. and foreign
country's, 147
fair market value deduction for, 335
holding periods for, 119
losses, 573
recapture of depreciation for, 731–732
Section 1250 gain on, 106
in service after 1986, 710
in service between 1980 and 1987, 712
tax credits for real estate activities, 270
types of ventures, 567–568
- Real estate investment trusts (REITs), 77,
567, 789
capital gains from, 581

- Real estate losses. *See also* Losses, on residence sales
- Real estate mortgage investment companies (REMICs), 87, 567–568
- Real estate professionals, 264–266, 789
- Real estate taxes, 243, 251, 372, 373–374
- Real property, 261, 789
 timing of, 570
- Reasonable cause exception, 348
- Recapture
 of American Opportunity credit, 594
 of business vehicle deductions, 728–729
 for computers/listed property, 709
 of deduction for appreciated tangible personal property, 336
 of deductions for fractional interests, 342
 of depreciation, 131, 146, 731–732, 786
 for drops in alimony, 640–641
 for exchanges/involuntary conversions, 731
 of federal subsidies, 537
 first-year expensing and, 131, 703, 732
 of Lifetime Learning credit, 594
 of MACRS depreciation, 720
 of mortgage subsidies, 511
 of net ordinary losses, 734
 of tuition and fees deduction, 600
- Receipts, 666–667, 668–672. *See also* Constructive receipts; *See also* Gross receipts
- Recertification, for EIC, 501
- Recharacterizations, of IRAs, 212, 233–234, 235–236
- Recklessness, denial of EIC due to, 502
- Recognized gain, 789
- Recognized loss, 789
- Record date, dividend, 79
- Recording, of audit examination, 764
- Recordkeeping
 on adjusted basis for property, 546
 of business use for business vehicles, 729
 of deductible losses, 411
 on fair market value of property, 578
 for filing returns, 748
 for substantiating contributions, 345–346
 of rental property improvements, 120
 for Section 1244 stock, 560
 on self-employed income, 662
 standard mileage rate and, 717
 for T&E expense deductions, 452
- Recourse debt, 573–574
- Recovered tax deductions, 293–294
- Recovery, of tax dispute costs, 769–770
- Recovery period
 for cars, trucks, and vans after, 727
 for home office, 679
 MACRS, 703–704, 722
 straight-line depreciation over, 707
- Recovery property, 789
- Recreational purposes, travel for, 334
- Recreational vehicles, 678
- Red Cross personnel, 621
- Redeemed shares (mutual fund), 583–585
- Redemptions, interest received from, 83
- Reduced Maximum Exclusion, 544
- Reduced principal residence exclusion, 541–544
- Reduced Roth IRA Contribution Limit for 2016 Worksheet, 231–233
- Reemployment trade adjustment assistance (RTAA) program, 510
- REEP credit. *See* Residential energy efficient property credit
- Refinanced loans, 360–361
- Refinanced mortgages, 361
- Refiners, oil/gas percentage depletion, 257
- Reforestation expenses, 315
- Refundable entrance fees, continuing care facility, 614
- Refundable tax credits, 495–496, 789
- Refund claims
 interest paid on, 757
 penalty for excessive, 751, 752
 quick, 757
 stating reasons for, 757
 time limits for, 615, 756–757
 withholding of refunds by IRS, 758
- Refunds
 delinquent child support and, 639
 disaster losses and, 399
 estimated tax and, 371, 524
 filing to obtain, 4
 on final returns, 27
 getting, 750–751
 income and, 291–292
 military disability determination and, 47
- Registration, U.S. savings bond, 95
- Regular business employees, of self-employed persons, 645
- Regular income tax liability. *See* Tax liability
- Regular tax, 486
- Regulated futures contracts, 559
- Rehabilitation of buildings, 572, 712
- Reimbursements
 for casualty/theft losses, 411
 dependent care credit and, 73, 499
 foreign earned income as, 626
 from health and accident plans, 57
 medical expense deductions and, 381–383
 moving expense deductions and, 319
 of moving expenses, 626
 standard mileage rate and, 717
 for T&E expenses, 449, 454–455, 455–456, 456–457, 457–458
 wellness program, 70
- Reinvestment plans, 580
- REITs. *See* Real estate investment trusts
- Related businesses, daily exemption rate for, 257
- Related parties
 acquisitions from, 703
 business expenses owed to, 665
 capital losses on sales to, 107
 resale of property by, 107–108
 tax-free exchanges of property between, 154
- Relationship test, 462, 463–465
- Relatives. *See also* specific types, e.g.:
 Children
 capital losses on sales of property to, 107–108
 and daily exemption rate, 257
 installment sales of property to, 135–136
 renting residences to, 248
- Religious beliefs, 471
- Remainder interest, 342, 536
- REMICs. *See* Real estate mortgage investment companies
- Rental activities
 about, 259–261
 grouped with business activities, 267
 loss allowance for, 261–263
 nonqualifying, and rental loss allowance, 265
 for real estate professionals, 264–266
- Rental days (for residence), 250–251, 251–253
- Rental losses, 242, 271–272
- Rental property
 14-day/10% test, 249
 depreciation on, 243, 247
 home office in, 678
 improvements to, 120
 with insubstantial depreciable basis, 274
 personal use of, 249–250, 250–251, 251–253, 261
 as rental income, 242
 residence converted to, 247, 261, 547–548
 safe harbor for like-kind exchange of, 146
 short-term vacation home rentals, 259
- Rental real estate income, 567, 626
 deductions for, 243–244, 428
 depreciation on rental property and, 247
 from multi-unit residences, 246
 personal use and rental of residence, 249–250, 250–251, 251–253
 renting residences to relatives, 248
 repair vs. improvements and, 244–246
 reporting expenses and, 242
- Rental use of property, 536, 546, 547
- Rent, below fair market, 243

Index

- Rented rooms, 246
- Reorganizations, 83, 88
- Repairs, 244–246, 411, 545
- Repayments, 41, 198, 513
- Replacement property, identifying, 151
- Replacement shares, 556
- Reportable transactions, 764
- Reporting Mutual Fund Distributions for 2016, 582–587
- Repossession, 139–140, 297, 573, 576–577
- Request for Appeals Review. *See* Form 12203
- Request for Taxpayer Advocate Service Assistance. *See* Form 911
- Required minimum distributions (RMDs), 217–220, 224–226, 234, 789
- Resale of property, 107–108, 548, 666
- Research and experimentation costs, 715
- Research assistants, 589
- Reservists, 198, 215, 619, 623
- Residence interest, 788, 789
- Residence(s). *See also* Home; *See also* Principal residence
 - converting, to rental property, 247, 547–548
 - depreciation on rented, 247
 - domiciles vs., 629
 - insurance proceeds for damaged/
 - destroyed, 400
 - personal use of, 249–250, 250–251, 251–253, 261, 546–547, 547
 - rental of, 251, 259, 261
 - reporting changes to, 632
 - vacant, 247
- Residence sales, 535–549
 - adjusted basis for home, 545–546
 - gains on, 544–545
 - losses on, 544–545, 547, 547–548
 - loss on temporary rental before, 253–254
 - personal use of home, 546–547, 547
 - principal residence exclusion, 536–537, 537–540, 540–541, 541–544
- Residence test, 462
- Residency, 29, 30, 31
- Resident aliens, 29–31
- Residential energy efficient property (REEP) credits, 511–512
- Residential rental property, 789
- Residents (U.S.), 15, 29–31, 504
- Resident tests, 470
- Restaurants, 518, 712
- Restitution for wrongful incarceration, 296
- Restricted stock, 50–51
- Restrictive covenants, release of, 572
- Restrictive test, 447, 449
- Restructuring of mortgage debt, 574–575
- Retailers, oil/gas percentage depletion for, 257
- Retail property, improvements to, 712
- Retirees, 59, 270, 275, 316
- Retirement
 - of bonds, 90
 - waiver of estimated tax penalty due to, 523
- Retirement advice, 66
- Retirement benefits, 155, 610–611, 654. *See also* Social Security benefits
- Retirement communities, 379
- Retirement income
 - 401(k) plans, 180–181, 181, 181–182
 - 403(b) plans, 183–184
 - before annuity starting date, 194
 - disability pay, 619
 - distribution of employer stock/
 - securities, 172–174
 - distributions before age 59½, 176–178
 - on Form 1099-R, 162–163
 - government and exempt organization
 - deferred pay plans, 184–185
 - lump-sum distributions, 164, 165–167, 167–168
 - from partnerships, 739
 - payouts to beneficiaries of, 175–176
 - QDRO distributions of, 174–175
 - required beginning date for, 175
 - restrictions on loans from company
 - plans, 178–180
 - rollovers of retirement plans, 168–169, 169–170, 171–172
 - survivor annuities for spouses, 174
 - withholdings on, 519–520
- Retirement plan rollovers
 - by beneficiaries, 171–172
 - direct rollover, 169–170
 - from employer plan to Roth IRA, 234
 - by nonspouse beneficiaries, 220
 - once-a-year rollover rule, 212
 - personal rollover, 170–171
 - proceeds from sale of property and, 172
 - by surviving spouses, 226
 - tax-free rollover, 168–169
 - and transfers between traditional IRAs, 210–212
- Retirement plans, 180. *See also* specific types
 - distributions from, 519–520, 619
 - elective deferrals to, 36
 - for self-employed persons, 667
 - loans from, 178–180
 - qualified, 690–691, 691–694, 695, 789
 - rollovers of, 168–169, 169–170, 171–172
 - for self-employed persons, 690–691, 691–694, 695
 - withdrawals from, before annuity starting date, 194, 623
 - withholdings for, 38
- Retirement savers credit. *See* Saver's credit
- Retroactive military disability determination, 47
- Returned wages, 43
- Return of capital, 789
- Return of property to creditors, 573–574
- Revenue Procedure 99-17, 564, 565
- Revenue Procedure 2001-10, 664
- Revenue Procedure 2002-28, 664
- Revenue Procedure 2007-12, 536
- Revenue Procedure 2009-20, 405
- Revenue Procedure 2011-38, 159
- Revenue Procedure 2011-41, 119
- Revenue Procedure 2012-29, 51
- Revenue Procedure 2015-32, 667
- Revenue rulings, 789
- Reverse exchanges, 151, 153–154
- Reverse mortgage loans, 360
- Reversionary interest, 342
- Revocable grantor trusts, 304
- Revocable trusts, 653, 789
- Revocation, 625
- Riots, 406
- Risk of forfeiture, 50
- RMDs. *See* Required minimum distributions
- Robert T. Stafford Disaster Relief and Emergency Assistance Act, 399
- Rollovers, 789. *See also* Retirement plan rollovers
 - of Coverdell ESAs, 598–599
 - of gain from QSP, 108
 - of gain on residence sales, 545
 - Section 529 plan, 592, 593
 - to SSBCs, 109
- Roth IRAs, 182–183, 789
 - advantages of, 229
 - as alternative to traditional IRAs, 205
 - annual contributions to, 230–233
 - contributions to, after age 70½, 198
 - contributions to traditional and, 231
 - converting traditional IRAs and, 162, 234–235
 - deductible IRA vs., 203
 - direct rollover to, 169
 - distributions to beneficiaries from, 239–240
 - myRA accounts, 240
 - and once-a-year rollover rule, 212
 - penalty for excess contributions to, 206
 - qualified distributions from, 237–239
 - recharacterizations, 233–234, 235–236
 - rollovers from 403(b) plan to, 183
- Royalty income, 254, 255, 256, 256–257, 428, 626
- RRTA. *See* Railroad Retirement Tax Act
- RTAA program. *See* Reemployment trade adjustment assistance program
- Rural Housing Service, 359

S

- Safe harbor, 146, 152, 664, 686
 - de minimis, 245
 - for estimated tax payments, 524
 - for slot machine players, 288
 - for small taxpayers, 245
 - for Ponzi scheme investors, 405
- Safety awards, 452
- Sailing permits, 31
- Salary or wage income (compensation), 35–51
 - assignment of pay, 38
 - for children and spouse(s), 519
 - commissions, 40
 - constructive receipt rule, 39
 - deferred, 180, 181, 786
 - differential wages, 515, 618
 - disability pensions, 46–47
 - and domestic production activities deduction, 686
 - educational benefits for employees' children, 44–45
 - employee leave-sharing plans, 39
 - on Form W-2, 36–51
 - fringe benefits excluded from taxable, 645
 - gifts from employers, 39
 - golden parachute arrangements, 39
 - guaranteed salaries, 301
 - life insurance benefits, 43–44
 - nonqualified deferred compensation plans, 41–42
 - nurses' wages as medical expense, 390
 - paid by parents to children, 26
 - pay received in property, 39–40
 - for personal services, 271
 - as rental deductions, 243
 - restricted stock, 50–51
 - self-employed income and, 667
 - self-employment tax and, 741
 - sick pay, 45
 - stock appreciation rights, 47
 - stock options, 48–50
 - strike and lockout benefits, 41
 - taxable alimony as, 198
 - taxable, IRA contributions based on, 197
 - unemployment compensation, 40–41
 - and waiver of executors'/trustees' commissions, 43
 - withholdings for retirement plans, 38
 - withholdings on, 515–516, 516–517, 528–529
 - workers' compensation, 45–46
- Salary-reduction SEPs, 36, 227
- Sales. *See also* specific types of sales
 - of appreciated financial positions, 558
 - of business interests, 281–282
 - of ISOs, 48
 - of bonds, 82–83, 90
 - of life insurance policies, 307
 - of options, 571
 - on Schedule C, 668–672
 - short sales of stock, 553–555
 - of stock dividends, 552
- Sales taxes, 371–372
- Salvage value, 790
- Same-sex marriage, recognition of, 10
- Samoa, 632
- SARs. *See* Stock appreciation rights
- Saver's credit, 505–506, 789
- Savings Bond Maturity Dates, 562–565
- Savings certificates, 81, 84
- Schedule 1, 76
- Schedule A, 12, 23, 43, 69, 85, 87, 125, 126, 209, 238, 246, 250, 252, 272, 287, 297, 303, 313, 320, 322, 323, 326, 329, 335, 359, 377, 394, 401, 419, 420, 422, 428, 429, 433, 454, 455, 482, 483, 489, 581, 582, 583, 589, 592, 602, 623, 672, 674, 680, 684, 719, 720, 747
- Schedule B, 76, 79, 80, 81, 82, 83, 85, 86, 94, 303, 582, 766
- Schedule C, 39, 241, 254, 255, 288, 296, 312, 370, 375, 429, 430, 449, 450, 454, 503, 563, 602, 661, 662, 667–672, 675, 680, 690, 691, 693, 701, 716, 719, 720, 729, 730, 738
- Schedule C-EZ, 454, 661, 662, 667, 691, 716, 738
- Schedule D, 76, 78, 80, 90, 92, 101, 103, 105, 106, 109–117, 119, 120–144, 130, 146, 165–167, 276, 303, 304, 312, 401, 418, 477, 546, 547, 563, 573, 582, 583, 584, 680, 730, 734
- Schedule D Tax Worksheet, 11, 104, 105, 110, 582, 731
- Schedule E, 241, 242, 243, 246, 249, 252, 254, 258, 261, 264, 269, 272, 277, 301, 303, 304, 312, 568, 701, 738, 740
- Schedule EIC, 501
- Schedule F, 277, 429, 662, 663, 691, 693, 730, 738
- Schedule H, 645–646
- Schedule J, 478
- Schedule K-1, 77, 106, 275, 300, 303, 304, 314, 686, 690, 738
- Schedule Q, 568
- Schedule R, 612
- Schedule SE, 39, 314, 375, 503, 737, 738, 741, 742
- Scheduling, audit, 763
- Scholarships, 589
- Schools, 183–184, 388–389
- S corporations, 790
 - debt cancellation, 300
 - disposition of, 281
 - dividends from, 77
 - domestic production activities deduction for, 686
 - first-year expensing for, 702
 - grouping of business activities by, 268
 - rental real estate interests held by, 265
 - reporting stockholders' income or loss, 303–304
 - on Schedule K-1, 300
- Second homes, 547. *See also* Vacation homes
- Second lowest cost silver plan (SLCSP), 507
- Section 1.448-2T, 666
- Section 71, 636
- Section 83, 42, 51
- Section 121, 538
- Section 127 exclusion, 62
- Section 179 deduction, 701, 725, 732, 787, 790
- Section 197, 255, 713–714, 715
- Section 215, 636
- Section 263A, 666, 674
- Section 274(m)(2), 605
- Section 409A, 37, 41–42, 47, 50
- Section 444, 302
- Section 453A, 140
- Section 453 (l), 130
- Section 457 plans, 184–185, 790
- Section 460, 666
- Section 469(c)(7)(A), 265
- Section 475(f), 565
- Section 483, 98–99
- Section 529 plans, 591, 615, 653
- Section 1041, 154, 156
- Section 1045 rollover, 108
- Section 1202 exclusion, 105, 108
- Section 1231 assets, 100, 570–571, 732, 733–734, 790
- Section 1237, 568
- Section 1244 stock, 103, 560
- Section 1245 property, 282, 285, 731
- Section 1250, 11, 101, 104, 106, 546, 582, 731
- unrecaptured, 790
- Section 1274, 98–99
- Section 1341, 43
- Section 2005(d)(3), 598
- Securities. *See also* specific types
 - as deductible contributions, 329
 - donation limit for appreciated, 349
 - holding periods for, 118–119
 - purchase of, with custodial accounts, 653
 - Treasury inflation-indexed, 86
 - worthless, 140–142
 - year-end sales of, 130
- Securities Investor Protection Corporation (SIPC), 405
- Security arrangements, 137, 151–153

Index

- Security deposits, 242
- Self-certification, for 60-day IRA waiver, 210
- Self-charged interest, 272
- Self-charged management fees, 272
- Self-created intangibles, 714
- Self-directed IRAs, 196
- Self-employed income, 661–688. *See also* Home office
 - accounting methods for, 664–666
 - business tax credits and, 687
 - deductions, 672–673, 675–676
 - defined, 738–739
 - domestic production activities deduction, 686
 - earned income credit and, 503
 - expenses, 673–674, 675–676
 - legal form of business and, 662
 - and net operating losses, 682–683
 - reporting, 662–663
 - and reporting of payments/receipts to IRS, 666–667
 - on Schedule C, 667–672
 - tax reporting year for, 666
- Self-Employed or Employee?, 743–744
- Self-employed persons, 689–698, 790
 - 78-week test for, 318
 - additional Medicare taxes, 736
 - Archer MSA premiums for, 698
 - business-vacation trips by, 444–445
 - determination of employees vs., 743–744
 - health insurance premium deduction for, 314, 386
 - housing costs of, 629
 - medical plans
 - Archer MSAs, 698
 - deductible contributions, 696
 - distributions from, 697
 - health savings accounts, 695–696
 - overview of, 690
 - small business health tax credit and, 698
 - with coverage for spouses, 57–59
 - regular business and household employees of, 645
 - reporting of payments and receipts by, 666–667
 - reporting of T&E expenses by, 453–454
 - retirement plans, 227, 690–691, 691–694, 695
- Self-employment tax, 643
 - above-the-line deduction for, 314, 375
 - definition of self-employment income, 738–739
 - determination of employees vs. self-employed persons for, 743–744
 - for low-income/loss years, 742
 - for partners, 739
 - Schedule E and, 740
 - wages and, 741
- Self-insured medical reimbursement plans, 57–59
- Self-rental rule, 273
- Self-support test, 462
- Seller-financed sales, 95, 98–99
- Seller-paid points, 544
- Sellers, repossession of property by, 576–577
- Selling expenses, 120–144
- Selling price, 131, 133, 136, 544
- Senior citizens, 606–616. *See also* Social Security benefits
 - elderly or disabled tax credit, 611–612
 - Medicare Part B and Part D premiums, 614
 - tax effects of continuing care facilities for, 613–614
 - tax rules favoring, 607
- Separated couple, 497, 788
- Separate dwelling units, rented rooms vs., 246
- Separate household rule, 25
- Separate liability relief, 18–21
- Separate liability rules, 16
- Separate residences, married couples with, 541
- Separate returns, 790
 - American Opportunity credit and, 593
 - carryovers from, 107
 - community property rules and, 15
 - first-year expensing on, 702
 - itemized deductions for married couples with, 323–324
 - joint vs., 12–13, 14
 - for married dependents, 470
 - medical expenses, 384
 - Social Security benefits on, 608
 - standard deduction restriction, 12
 - student loan interest deduction and, 601
- Separate structure, home office in, 678
- Separation. *See* Legal separation
- SEPs. *See* Simplified employee pension plans
- Series E bonds, 94, 561
- Series EE bonds, 93, 561–562, 589–590
- Series H bonds, 94
- Series HH bonds, 94, 561–562
- Series I bonds, 93, 562
- Service Academy appointees, 598
- Service income, NAE for, 666
- Services
 - discounts on, 73
 - donation of, 331
 - for no additional cost, 73
 - property obtained for, 122
 - as rental income, 242
- Services performed test, 448
- Settlement fees, 545
- Settlements, 302, 641
- Severance pay, 38
- Sex reassignment surgery, 381
- Shared-equity financing agreements, 250
- Shared responsibility tax, 643, 647
- Shares, fractional, 78
- Short sales, 553–555, 557, 573, 790
- Short tax year, 790
- Short-term gains, 554, 790
- Short-term losses, 554, 790
- Short-term obligations, 89
- Short-term vacation home rentals, 259
- Shrubs, damage to, 402–403
- Sick leave, 46
- Sickness, military service and, 47
- Sick pay, 36, 45
- Sideline businesses, 674–675, 677, 681–682, 690
- Signatures, 14–15, 23, 27
- Significant participation, 273
- SIMPLE IRAs, 168, 695
 - converting to Roth IRAs, 234
 - distributions from, 229
 - elective salary deferrals to, 36
 - eligibility for, 227–228
 - employer contributions, 229
 - rollovers to, 229
 - setting up, 197
 - withholdings for, 38
- Simplified employee pension (SEP) plans, 790
 - basics of, 227
 - claiming deductions for, 694
 - converting to Roth IRAs, 234
 - deductible contributions to, 691–694
 - elective salary deferrals to, 36
 - qualifying for, 694
 - salary-reduction, 227
 - self-employed persons, 691
- Singles penalty, 10
- Skybox rentals, 451
- Slot machine players, 288–290
- Small business health care tax credit, 687, 698
- Small business stock, 103, 105, 108–109, 484, 560
- Small cash transactions, 667
- Small employer credit for retirement plan startup, 690
- Small tools, job expenses for, 427
- Smoking cessation programs, 378
- Social Security and Medicare (FICA) taxes
 - for children, 26
 - dependent care credit and, 498
 - estimated tax payments and, 524
 - for household employees, 644–645
 - for former employees, 59
 - on Form W-2, 36

- for S corporation stockholders, 303
- for household employees, 497
- for low income earners, 516
- self-employment tax and, 741
- on tips, 37, 38, 517, 518
- withholdings for, 36
- withholdings on, 519
- Social Security benefits
 - computing taxable portion of, 608–609
 - disability, 47, 614
 - earnings and tax on, 611
 - and IRA deductions, 203
 - legal costs for claiming, 431
 - lump-sum payment election, 610
 - net, 608
 - retirement benefits, 610–611
 - taxable types, 607–608
 - workers' compensation and, 46
- Social Security numbers (SSNs)
 - for child's tax return, 25
 - of dependents, 460, 471
 - of employees, 644
 - for educational tax benefits, 595
 - for personal tax credits, 494, 501
 - of spouse, 461, 470
- Software, computer, 709, 714
- Sole beneficiary(-ies), 226
- Source income, expatriation tax on, 32
- Special allocations, 301
- Special foods, 379
- Special needs adoption, 505
- Special needs beneficiaries, 597
- Specific identification method, 586
- Split-dollar insurance arrangements, 44, 344
- Sponsorship gifts, 614
- Sports managers, 440
- Sports players, 440
- Spouse(s). *See also* Former spouses (ex-spouses)
 - as active plan participant, 200
 - allocating tax liability between, 20
 - Archer MSA contributions for, 698
 - of Armed Forces personnel, 621
 - as students, 498
 - basis of property received from, 122
 - in combat zone, 14
 - death of, 16, 22–23, 126, 128, 540, 638–639
 - disabled, 498
 - elderly or disabled tax credit for, 612–613
 - failure to file by, 14
 - gifts to, 651
 - health plan coverage for, 57–59
 - innocent spouse rules, 14, 15, 17
 - IRAs for, 198
 - legal fees of, 641
 - and lump-sum averaging, 165, 167
 - lump-sum retirement distributions
 - for, 164
 - medical expenses of, 383–384
 - noncitizen, 657
 - nonresident alien spouse election, 15
 - nonworking or low-earning, 199, 231
 - personal exemptions for, 461, 470
 - QJV filed by, 242
 - and RMD, 218
 - Social Security numbers for, 461
 - surviving, 23, 174, 226, 316, 631
 - suspicious tax reporting by, 12
 - tax-free exchanges of property
 - between, 154–156
 - T&E expenses of, 446, 449, 455
 - transfer of U.S. savings bonds to, 95
 - transfers of IRAs to, 213
 - withholdings on wages paid to, 519
- SSBIC, rollover to, 109
- Standard deduction, 790
 - and state tax refunds, 291
 - basic, 322
 - for blind persons, 324
 - claiming, 322–323
 - for dependents, 325
 - if over age 65 or blind, 322
 - itemized deduction vs., 320
 - for persons over 65, 324
 - rules and limitations, 321–327
 - on separate returns, 12
- Standard Deduction for Dependents in 2016, 325–327
- Standard Deduction of 65 or Older or Blind, 324–327
- Standard mileage rate, 717–718, 790
- Startup costs, 675, 690
- State bonuses, for Armed Forces personnel, 619
- State government, donations to, 330
- State Housing Finance Agency (State HFA), 353, 372
- State law, treatment of home mortgage debt as nonrecourse financing under, 298
- Statement of Person Claiming Refund Due a Deceased Taxpayer. *See* Form 1310
- State officials, expenses of, 313
- State public safety officers, fallen, 45
- State short-term disability payments, 46
- State taxes
 - for Armed Forces personnel, 618
 - deductions for, 371
 - on Form W-2, 37
 - income and refunds of, 291–292
 - refund offset for, 758
 - unemployment, 646
- State unemployment tax, 646
- Statute of limitations
 - for additional taxes, 761
 - for disability determinations, 619
 - for gift valuation, 652
- Statutory employees, 37, 668, 739, 790
- Stock. *See also* specific types
 - devaluation due to corporate misconduct, 405
 - divorce-related redemptions of, 155
 - donation of, 337
 - earmarking of stock lots, 551–552
 - held by broker in street name, 79
 - redemption of, 103
 - sales of stock dividends, 552
 - short sales, 553–555
 - stock rights of investors, 552–553
 - stripped coupon bonds and, 89–90
 - tax-free exchanges of, 157
 - theft losses, 404–406
 - wash sales for, 555–557
 - worthless securities, 140–142
- Stock appreciation rights (SARs), 47
- Stock dividends, 78, 79, 552, 790
- Stockholders, 303–304, 702
- Stock lots, 118, 551–552
- Stock options, 48–50, 557, 787, 790. *See also* Incentive stock options (ISOs)
- Stock rights, 78, 118, 552–553
- Stock splits, 78
- Stock subscriptions, holding period for, 118
- Storage of inventory, in home, 678
- Straddle losses, 559
- Straddles, 790
- Straight-line depreciation
 - of cars, trucks, and vans, 725–726
 - deductions for, 707–708
 - and MACRS rate, 722
 - for real estate, 712
- Straight-line depreciation method, 790
- Straight-Line Half-Year Convention, 725
- Straight-Line Mid-Quarter Convention, 726–729
- Streamlined determinations of equitable relief, 22
- Strike benefits, 41
- Stripped coupon bonds, 87, 89–90
- Stripped coupons, reporting OID for, 87
- Stripped tax-exempt obligations, 92
- Student loan cancellation, 298
- Student loan interest, 600–602
- Students, 29, 465, 498
- Student test, 462
- Subdivided land, 129, 568–569
- Subscriptions, 65, 422
- Substantially equal payments, 177
- “Substantially identical” securities, 556
- Substantial risk of forfeiture, 50
- Sudden event test, 395–397

Index

Supplemental unemployment benefits, 41, 43
Supplements, nutritional, 378
Supplier-based intangibles, 713
Support, 331, 334, 385, 638
Support personnel (Armed Forces), 621
Support test for qualifying relatives, 465–468
Surrender, of life insurance policies, 307
Surviving spouses, 23, 126, 171, 174, 176, 316, 631
Surviving tenants, 126–128
Survivor annuities for spouses, 174
Suspended losses, 277–279, 281
Suspended tax credits, 270, 279–280
SUVs, depreciation on, 720–721. *See also* Car and truck expenses
Sweepstakes winnings, 287
Swimming pools, 391

T

TAA benefits. *See* Trade Adjustment Assistance benefits
Table of MACRS Depreciation Rates, 706
Tangible personal property, 335, 336, 700, 790
Taxable income, 790. *See also* Salary or wage income (compensation)
Taxable Income Brackets for 2016, 11
Taxable income limit, 256, 257
Taxable interest, 91
Taxable Premiums for Group-Term Insurance Coverage Over \$50,000, 60–73
Tax advice, 671
Tax assessments, 373
Tax attributes, 790
Tax benefits, 12–13, 20
Tax brackets, 12
Tax Computation Worksheet, 11, 23, 477, 749
Tax Court
 actual knowledge test in, 18
 appeals to, 17, 21, 22
Tax credits. *See also* Personal tax credits; *See also* specific credits; *See also* specific types
 against AMT, 485–486
 erroneous, 20
 for gift tax, 652
 for investors in mutual funds, 581–583
 for investors in real estate, 572–573
 for passive activities, 270
 real estate allowance for, 263
 refundable, 789
 regular income tax liability and, 478
 from regular tax, 486
 for returned wages, 43
Tax deferral, 790
Taxes paid, allocating vehicle expenses for, 719
Tax-exempt bond funds, 581
Tax-exempt bonds, 85
Tax-exempt income, mutual fund, 365
Tax-exempt interest, 81, 91, 484
Tax-exempt obligations, debts for, 365
Tax-exempt organizations, 183–184, 559–560
Tax-free exchanges of property, 145–159
 basis of property received in, 122
 between related parties, 154
 between spouses and ex-spouses, 154–156
 boot, 148–150
 business property in, 733
 closely-held corporations and, 157–158
 exchanges of coins and bullion, 158
 exchanges of insurance policies, 158–159
 exchanges of stock in same corporation, 157
 by investors in real estate, 569–570
 joint ownership interests and, 157
 like-kind property, 146–147
 personal property held for investment, 147–148
 QEAs for reverse exchanges, 153–154
 time limits and security arrangement for deferred exchanges, 151–153
Tax-free pay, 620–621
Tax-free rollovers (retirement plan), 168–169
Tax-free rule of common stock, 78
Tax free stock rights, 118
Tax Guide for Individuals With Income From U.S. Possessions. *See* IRS Publication 570
Tax home, 29–31, 439, 440–441, 441–443, 790
Tax identification number, 460, 662, 790
Tax liability, 475–478
 allocating, between spouses, 20
 of children, 488–489
 and child tax credit, 495
 elderly or disabled tax credit and, 613
 equitable relief for, 21–22
 for farmers and fishermen, 478
 from Foreign Earned Income Tax Worksheet, 478
 from Tax Computation Worksheet, 477
 and innocent spouse rules, 14, 16
 Lifetime Learning credit and, 596
 mortgage interest credit and, 511
 with net capital gain or qualified dividends, 477–478
 saver's credit and, 506
 separate liability relief, 16, 18–21
 of surviving spouse, 23
 taxable income and, 476
 transfer of, 158
 understatement of, 764
 using Tax Table, 476
Tax matters partner (TMP), 303
Taxpayer Guide to Identity Theft, 753
Taxpayer identification number (TIN), 595
Tax payment deductions, 369–375
 and assessments, 373
 automobile license fees, 374
 buying/selling real estate and, 373–374
 deductible taxes, 370
 foreign taxes, 375
 real estate taxes, 372
 and taxes as business expenses, 375
 and tenants' payment of taxes, 373
Tax payments, 622–623, 751–752
Tax preference items, 790
Tax preparation costs, 429–430, 671
Tax rates, 11–12, 28, 76–77, 644
Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, 125
Tax return preparation costs, 243
Tax returns
 children's investment income on parents', 491–492
 copies of, 748
 corrections to prior, 700
 depreciation deductions on, 701
 filing basics, 1–8
 identifying care provider on, 497
 inaccurate, 764–766
 mailing, 749
 name and social security number of spouse on, 470
 recapture for alimony on, 640
 reporting foreign income on, 634
Tax-sheltered annuities, 790
Tax-shelter farm activity, 485
Tax Table, 11, 476, 749
Tax treaties, 30, 633
Tax year, 666, 790
Teachers, 29, 422, 603
Teaching assistants, 589
TEFRA audit rules, 302, 303
Telephones, 427, 750, 751. *See also* Cell phones
Temporary assignments, 434, 441–443
Temporary property rental, 253–254
Tenancy by the entirety, 790
Tenancy in common, 157, 790
Tenants, 126–128, 242, 373, 788
Terminally ill persons, 393
Termite damage, 396

- Terrorist attacks, 47
- Terroristic action, death in, 622
- Testamentary trusts, 790
- Theft losses
- deductible, 404–406
 - in excess of income, 413
 - floors for personal-use property losses, 407–408
 - on Form 4864, 408–410
 - insurance reimbursements for, 411
 - nondeductible, 406–407
 - for property with personal and business use, 410
 - proving, 406
 - repairs and, 411
 - and Section 1231 assets, 734
- Third homes, mortgage interest on, 353
- Third parties, 156, 578, 594, 638
- Threshold conditions for divorced/separated parents, 469
- Threshold conditions for equitable relief, 21
- Thrift Savings Plan, 184
- Tickets
- athletic, 332, 345, 450
 - benefit, 331
- Tie-breaker rules, 462–463
- Time limits, 151–153, 748
- Time test for foreign earned income, 629
- TIN. *See* Taxpayer identification number
- Tips, 36, 37, 38, 517–518
- TIPS. *See* Treasury inflation-protected securities
- Title issues/disputes, 431
- TMP. *See* Tax matters partner
- Token items, 332
- “Too good to be true” test, 765
- Total blindness, 324
- Town government, donations to, 330
- Trade Act (1974), 41
- Trade Adjustment Assistance (TAA) benefits, 510
- Trade-ins, 727–728, 735
- Trademarks, 713
- Trade names, 713
- Trade Preferences Extension Act (2015), 667
- Traders, 562–563, 563–565, 668, 739
- Traditional IRAs
- active participation in, 200–203, 203–204
 - contributions to, 197–198, 198–200, 204–205
 - contributions to Roth and, 231
 - converting Roth IRAs and, 162, 234–235
 - distributions from, 206–208, 208–209, 217–220
 - inherited, 220–226
 - penalty for withdrawals before age 59½, 213–216
 - recharacterizations, 233–234
 - starting, 196–197
 - transfers between, 210–212
- Trainees, exempt-person exception for, 29
- Training exercises, Armed Forces, 622
- Transfers
- of Coverdell ESA assets, 598–599
 - of employer plan benefits, 213
 - between IRAs, 210–212
 - of IRAs, 56
 - of mortgaged real estate, 578
 - of partnership interest, 301–302
 - of property, 636
 - Section 83, 42
 - separate liability relief and, 20
- Transfers in trust, 155
- Transfer taxes, 371
- Transit passes, 62–64
- Transportation benefits, 62–64
- Transportation costs, 425, 604–605
- Transportation industry workers, 451
- Travel
- as education expense, 605
 - to National Guard and Reserve meetings, 623
 - and payment extensions, 750
- Travel allowance, on Form W-2, 36
- Travel and entertainment expense deductions, 453–458
- 50% limit on, 447
 - business gifts, 451–452
 - for business trips, 439–440, 446
 - business-vacation trips, 443–445
 - commuting expenses, 434–435
 - for conventions, 445–446, 446–447
 - entertainment costs, 447–448, 449–451
 - meal costs, 435–437, 437–438, 447–448, 449–451
 - proving, 452–453
 - record-keeping requirements, 452
 - reimbursements for, 454–455, 455–456, 456–457, 457–458
 - reporting of, 454
 - rules for, 434
 - and tax home, 440–441, 441–443
- Travel expenses
- deductions for Armed Forces Reservists/National Guard members, 313
 - investment-related, 428
 - for job search, 424
 - medical expense deductions for, 387–388
 - for recreational purposes, 334
 - as rental deductions, 243
 - repayment of disallowed, 43
 - as work-related costs of education, 604–605
- Travel restrictions, income from countries with, 627
- Treasury bills, 92
- Treasury Department, 353
- Treasury inflation-indexed securities, 86
- Treasury inflation-protected securities (TIPS), 92
- Treasury Department, 372
- Trees, damage to, 396, 402–403
- Trustees, waiver of commissions by, 43
- Trusts, 304, 790. *See also* specific types
- additional Medicare taxes on, 532
 - basis of property received by, 122
 - charitable donations through, 344
 - deductible donations to, 329
 - dividends from, 77
 - gifts of income interests in, 344
 - gift tax and, 653–654
 - as IRA beneficiaries, 224
 - on Schedule K-1, 300
 - transfer of U.S. savings bonds to, 95
 - transfers of mortgaged property to, 155
- Tuition, 62, 178, 313, 331, 589–590, 599–600
- Two-year resale rule, 135
- Two-year rule, 154

U

- Unadjusted basis of property, 121–123, 125–126, 128–129
- Unauthorized collection lawsuits, 770
- Underpayments (tax), 522, 753
- Underpriced award items, 66
- Understanding Your Form W-2 for 2016 Wages and Tips, 36–51
- Unearned commissions, 40
- Unemployed persons, 498
- Unemployment benefits, 40–41, 43, 315
- Unemployment taxes
- dependent care credit and, 498
 - for housekeepers, 497
- Unforeseen circumstances, sales due to, 543
- Unified Estate and Gift Tax Schedule for 2016, 656–657
- Uniform Lifetime Table, 217, 220
- Uniforms, 423–424, 623
- Uniform Transfers to Minors Act, 82, 287, 653
- Union costs, 422
- Unmarried co-owners of home, 355
- Unmarried head of household, 12–13, 24
- Unmarried joint tenants, 127
- Unrecaptured Section 1250 gain, 790
- Unrecaptured Section 1250 Gain Worksheet, 106, 731
- Unreimbursed expenses, 333–334, 454
- Unused tax credits, 294

Index

Useful life, 700, 790
Use-it-or-lose-it deadline, 71
Use tests, 537–540
U.S. Military Academy, 598
U.S. savings bonds, 93–94, 94–95, 155, 338
U.S. savings bond tuition plans, 589–590
U.S. Tax Guide for Aliens. *See* IRS Publication 519

V

VA. *See* Veterans Administration
Vacant land, 536
Vacant residences, 247
Vacation homes, 249–250, 342, 547
Vacations, 443–445
Vans, depreciation on, 720–721. *See also* Car and truck expenses
Van transportation, 63
Vehicle loans, 717, 719
Vehicles
 business, 727–728, 729
 charitable donations of, 339
Vehicles, business. *See also* Automobiles;
 See also Car and truck expenses
Vesting, 51
Veterans, 329, 619, 757
Veterans Administration (VA), 47, 359, 612
Virgin Islands, 632
VISTA volunteers, 69
Vitamins, 378
Voluntary conveyances, 297, 573, 577
Voluntary interest payments, 601
Volunteers, 69, 333–334, 348

W

Wage and Tax Statement. *See* Form W-2
Wage income. *See* Salary or wage income (compensation)
Waiver of Restrictions on Assessment and Collection of Deficiency in Tax and Acceptance of Overassessment.
 See Form 870
Waivers, 523
Warrants, 556
Wash sales, 106, 119, 555–557, 564, 583, 790
Weekends, business-vacation trips on, 444–445
Weight-reduction programs, 378
Wellness programs, 70

What's New for 2016, xxv–xxvii
What You Need To Substantiate Your Donations, 347–351
Whistleblower awards, 315
Who Claims the Deduction for Real Estate Taxes?, 372–375
Widows or widowers. *See* Qualifying widows or widowers
Wills, contesting, 431
Winnings, 287, 287–290, 518
Withdrawals
 from 401(k) plans, 181–182
 of nondeductible IRA contributions, 205
 premature, 83–84
 by reservists, 623
 from Roth IRAs, penalties on, 238
 saver's credit and, 506
Withholdings, 514–520, 629, 790
 additional Medicare taxes and, 528, 529
 for Armed Forces personnel, 618
 backup, 520
 for children, 26
 and child tax credit, 495
 to cover prior tax underpayments, 522
 estimated tax and, 515
 FICA, 519
 filing for refund of, 4
 on Form W-2, 36
 on gambling winnings, 518
 on government payments, 517
 for household employees, 645
 for housekeepers, 497–498
 on late-filed original returns, 756–757
 on lump-sum distributions from retirement plans, 164
 and retirement distributions, 519–520
 for retirement plans, 38, 691
 on Social Security benefits, 607
 on tips, 517–518
 on wages, 515–516, 516–517, 618
Work camps, 632
Work clothes, 423–424
Workers abroad, 631
Workers' compensation, 45–46, 607, 614
Workforce, amortization of, 714
Working condition fringe benefits, 64–65
Working interests, in oil and gas wells, 275
“Workouts,” mortgage loan, 297
Work-related costs of education, 602, 603–604
Worthless securities, 140–142
Wrongful death actions, 431

Wrongful incarceration, restitution for, 296
Wrongful termination, 296

Y

Year-end benefits, 62
Year-end dividends, 80, 581
Year-end donations, 329
Year-end purchases, 703
Year-end sales, 119, 130
Year-end securities transactions, 551

Z

Zero coupon bond discount, 90