

Chapter 3: IRS Update

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Please note. Corrections for all of the chapters are available at www.TaxSchool.illinois.edu. For clarification about acronyms used throughout this chapter, see the Acronym Glossary at the end of the Index.

For your convenience, in-text website links are also provided as short URLs. Anywhere you see **uofi.tax/xxx**, the link points to the address immediately following in brackets.

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Other chapter contributors and reviewers are listed at the front of this volume.

NEW FORM 1040 AND OTHER SCHEDULES¹

The IRS introduced a shorter and simpler Form 1040, *U.S. Individual Income Tax Return*. The new form is expected to be finalized in the latter part of 2018 and ready for the 2019 filing season. The revised Form 1040 is half the size of the old form. It serves to consolidate Form 1040, Form 1040A, *U.S. Individual Income Tax Return*, and Form 1040-EZ, *Income Tax Return for Single and Joint Filers With No Dependents*. The expectation is that all 150 million individual taxpayers will use the same form.

Form 1040	Department of the Treasury—Internal Revenue Service (99)	2018	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
Filing status: <input type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately <input type="checkbox"/> Head of household <input type="checkbox"/> Qualifying widow(er)				
Your first name and initial		Last name		Your social security number
Your standard deduction: <input type="checkbox"/> Someone can claim you as a dependent <input type="checkbox"/> You were born before January 2, 1954 <input type="checkbox"/> You are blind				
If joint return, spouse's first name and initial		Last name		Spouse's social security number
Spouse standard deduction: <input type="checkbox"/> Someone can claim your spouse as a dependent <input type="checkbox"/> Spouse was born before January 2, 1954 <input type="checkbox"/> Full-year health care coverage or exempt (see inst.)				
<input type="checkbox"/> Spouse is blind <input type="checkbox"/> Spouse itemizes on a separate return or you were dual-status alien				
Home address (number and street). If you have a P.O. box, see instructions.			Apt. no.	Presidential Election Campaign (see inst.) <input type="checkbox"/> You <input type="checkbox"/> Spouse
City, town or post office, state, and ZIP code. If you have a foreign address, attach Schedule 6.				If more than four dependents, see inst. and ✓ here <input type="checkbox"/>
Dependents (see instructions):		(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see inst.):
(1) First name	Last name			Child tax credit
				Credit for other dependents
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.				
Your signature		Date	Your occupation	
Spouse's signature. If a joint return, both must sign.		Date	Spouse's occupation	
			If the IRS sent you an Identity Protection PIN, enter it here (see inst.)	
			If the IRS sent you an Identity Protection PIN, enter it here (see inst.)	
Paid Preparer Use Only		Preparer's name	Preparer's signature	PTIN
		Firm's name ▶	Phone no.	Firm's EIN
		Firm's address ▶	Check if: <input type="checkbox"/> 3rd Party Designee <input type="checkbox"/> Self-employed	

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11320B

Form **1040** (2018)

¹ IRS News Rel. IR-2018-146 (Jun. 29, 2018).

		1	Wages, salaries, tips, etc. Attach Form(s) W-2	1			
Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.	2a	Tax-exempt interest	2a		b Taxable interest		
	3a	Qualified dividends	3a		b Ordinary dividends		
	4a	IRAs, pensions, and annuities	4a		b Taxable amount		
	5a	Social security benefits	5a		b Taxable amount		
	6	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22				6	
		7	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6	7			
Standard Deduction for— • Single or married filing separately, \$12,000 • Married filing jointly or Qualifying widow(er), \$24,000 • Head of household, \$18,000 • If you checked any box under Standard deduction, see instructions.	8	Standard deduction or itemized deductions (from Schedule A)				8	
	9	Qualified business income deduction (see instructions)				9	
	10	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-				10	
	11	a Tax (see inst.) (check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/>)				11	
			b Add any amount from Schedule 2 and check here <input type="checkbox"/>				11
			a Child tax credit/credit for other dependents		b Add any amount from Schedule 3 and check here <input type="checkbox"/>		
	12	Subtract line 12 from line 11. If zero or less, enter -0-				12	
	13	Other taxes. Attach Schedule 4				13	
	14	Total tax. Add lines 13 and 14				14	
	15	Federal income tax withheld from Forms W-2 and 1099				15	
	16	Refundable credits: a EIC (see inst.) b Sch 8812 c Form 8863				16	
			Add any amount from Schedule 5				17
			Add lines 16 and 17. These are your total payments				18
			18 Add lines 16 and 17. These are your total payments				18
			19 If line 18 is more than line 15, subtract line 15 from line 18. This is the amount you overpaid				19
		20a Amount of line 19 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>				20a	
Direct deposit? See instructions.	b	Routing number	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings				
	d	Account number					
		21	Amount of line 19 you want applied to your 2019 estimated tax	21			
		22	Amount you owe. Subtract line 18 from line 15. For details on how to pay, see instructions		22		
		23	Estimated tax penalty (see instructions)		23		

Go to www.irs.gov/Form1040 for instructions and the latest information.

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When needed, additional schedules will supplement the shorter form. No additional schedules are necessary for taxpayers with straightforward tax situations. The following draft schedules were posted as of September 6, 2018.² These schedules contain the various lines found on the 2017 Form 1040.

Note. There is a 30-day comment period for the draft forms. Although this period will have passed by the time this workbook is published, practitioners are encouraged to submit comments to the IRS regarding subsequent drafts of Form 1040 and related schedules. This is done by emailing the IRS at **WI.1040.Comments@IRS.gov**.

² Draft Tax Forms. IRS. [apps.irs.gov/app/picklist/list/draftTaxForms.html] Accessed on Sep. 6, 2018.

Schedule 1, *Additional Income and Adjustments to Income.*

SCHEDULE 1
(Form 1040)

Additional Income and Adjustments to Income

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

2018
Attachment
Sequence No. **01**

Name(s) shown on Form 1040		Your social security number	
Additional Income	<p>1-9b Reserved</p> <p>10 Taxable refunds, credits, or offsets of state and local income taxes</p> <p>11 Alimony received</p> <p>12 Business income or (loss). Attach Schedule C or C-EZ</p> <p>13 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/></p> <p>14 Other gains or (losses). Attach Form 4797</p> <p>15a Reserved</p> <p>16a Reserved</p> <p>17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E</p> <p>18 Farm income or (loss). Attach Schedule F</p> <p>19 Unemployment compensation</p> <p>20a Reserved</p> <p>21 Other income. List type and amount ▶</p> <p>22 Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23</p>	<p>1-9b</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15b</p> <p>16b</p> <p>17</p> <p>18</p> <p>19</p> <p>20b</p> <p>21</p> <p>22</p>	
Adjustments to Income	<p>23 Educator expenses</p> <p>24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106</p> <p>25 Health savings account deduction. Attach Form 8889</p> <p>26 Moving expenses for members of the Armed Forces. Attach Form 3903</p> <p>27 Deductible part of self-employment tax. Attach Schedule SE</p> <p>28 Self-employed SEP, SIMPLE, and qualified plans</p> <p>29 Self-employed health insurance deduction</p> <p>30 Penalty on early withdrawal of savings</p> <p>31a Alimony paid b Recipient's SSN ▶</p> <p>32 IRA deduction</p> <p>33 Student loan interest deduction</p> <p>34 Reserved</p> <p>35 Reserved</p> <p>36 Add lines 23 through 35</p>	<p>23</p> <p>24</p> <p>25</p> <p>26</p> <p>27</p> <p>28</p> <p>29</p> <p>30</p> <p>31a</p> <p>32</p> <p>33</p> <p>34</p> <p>35</p>	
		36	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71479F Schedule 1 (Form 1040) 2018

Schedule 2, *Tax.*

SCHEDULE 2
(Form 1040)

Tax

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

2018
Attachment
Sequence No. **02**

Name(s) shown on Form 1040		Your social security number	
Tax	<p>38-44 Reserved</p> <p>45 Alternative minimum tax. Attach Form 6251</p> <p>46 Excess advance premium tax credit repayment. Attach Form 8962</p> <p>47 Add the amounts in the far right column. Enter here and include on Form 1040, line 11</p>	<p>38-44</p> <p>45</p> <p>46</p> <p>47</p>	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71478U Schedule 2 (Form 1040) 2018