

## What's New

This section summarizes important tax changes that took effect in 2016. Most of these changes are discussed in more detail throughout this publication.

**Future developments.** For the latest information about the tax law topics covered in this publication, such as legislation enacted after it was published, go to [IRS.gov/pub17](#).

**Due date of return.** File your tax return by April 18, 2017. The due date is April 18, instead of April 15, because of the Emancipation Day holiday in the District of Columbia—even if you do not live in the District of Columbia. See [chapter 1](#).

**Service at local IRS offices by appointment.** Many issues can be resolved conveniently on IRS.gov with no waiting. However, if you need help from an IRS Taxpayer Assistance Center (TAC), you need to call to schedule an appointment. Go to [IRS.gov/taclocator](#) to find the location and telephone number of your local TAC.

**Delayed refunds for returns claiming certain credits.** Due to changes in the law, the IRS can't issue refunds before February 15, 2017, for returns that claim the earned income credit or the additional child tax credit. This delay applies to the entire refund, not just the portion associated with these credits. Although the IRS will begin releasing refunds for returns that claim these credits on February 15, because of the time it generally takes banking or financial systems to process deposits, it is unlikely that your refund will arrive in your bank account or on a debit card before the week of February 27 (assuming your return has no processing issues and you elect direct deposit).

If you filed your return before February 15, you can check *Where's My Refund* on IRS.gov

([IRS.gov/refunds](#)) a few days after February 15 for your projected deposit date. *Where's My Refund* and the IRS2Go phone app remain the best ways to check the status of any refund.

**Delivery services.** Eight delivery services have been added to the list of designated private delivery services. For the complete list, see [chapter 1](#).

**Cash payment option.** There is a new option for taxpayers who want to pay their taxes in cash. For details, see [chapter 1](#).

**Educator expenses.** You may be able to deduct certain expenses for professional development courses you have taken related to the curriculum you teach or to the students you teach. See [chapter 19](#).

**Olympic and Paralympic medals and USOC prize money.** If you receive Olympic and Paralympic medals and United States Olympic Committee prize money, the value of the medals and the amount of the prize money may be nontaxable. See the instructions for Form 1040, line 21, for more information.

**Child tax credit and additional child tax credit may be disallowed.** If you take the child tax credit or the additional child tax credit even though you aren't eligible, you may not be able to take these credits for up to 10 years. For more information, see [chapter 34](#).

**American opportunity credit may be disallowed.** If you take the American opportunity credit even though you aren't eligible, you may not be able to take this credit for up to 10 years. For more information, see [chapter 35](#).

**Health coverage tax credit (HCTC).** The HCTC is a tax credit that pays a percentage of health insurance premiums for certain eligible taxpayers and their qualifying family members. The HCTC is a separate tax credit with different eligibility rules than the premium tax

credit. You may have received monthly advance payments of the HCTC beginning in July 2016. For information on how to report these payments or on the HCTC generally, see the Instructions for Form 8885.

**Get Transcript Online.** The Get Transcript Online tool on IRS.gov is available again to get a copy of your tax transcripts and similar documents. To guard against fraud, you will now need to go through a two-step authentication process in order to use the online tool. For more information, go to [IRS.gov/transcripts](#).

**Electronic Filing PIN.** Electronic Filing PIN, an IRS-generated PIN used to verify your signature on your self-prepared, electronic tax return, is no longer available. To validate your signature, you must use your prior-year adjusted gross income or prior-year self-select PIN. See [chapter 1](#).

**Individual taxpayer identification number (ITIN) renewal.** If you were assigned an ITIN before January 1, 2013, or if you have an ITIN that you haven't included on a tax return in the last 3 consecutive years, you may need to renew it. For more information, see [chapter 1](#) and the Instructions for Form W-7.

**Personal exemption amount increased for certain taxpayers.** Your personal exemption is increased to \$4,050. But the amount is reduced if your adjusted gross income is more than:

- \$155,650 if married filing separately,
- \$259,400 if single,
- \$285,350 if head of household, or
- \$311,300 if married filing jointly or qualifying widow(er).

See [chapter 3](#).

**Limit on itemized deductions.** You may not be able to deduct all

of your itemized deductions if your adjusted gross income is more than:

- \$155,650 if married filing separately,
- \$259,400 if single,
- \$285,350 if head of household, or
- \$311,300 if married filing jointly or qualifying widow(er).

See [chapter 29](#).

**Standard mileage rates.** The 2016 rate for business use of your vehicle is 54 cents a mile. The 2016 rate for use of your vehicle to get medical care or to move is 19 cents a mile.

**Adoption credit.** The adoption credit and the exclusion for employer-provided adoption benefits have both increased to \$13,460 per eligible child in 2016. The amount begins to phase out if you have modified adjusted gross income (MAGI) in excess of \$201,920 and is completely phased out if your MAGI is \$241,920 or more.

**Exemption amount for alternative minimum tax (AMT).** The exemption amount for the AMT has increased to \$53,900 (\$83,800 if married filing jointly or qualifying widow(er); \$41,900 if married filing separately).

**Standard deduction for head of household filing status.** For 2016, the standard deduction for head of household filing status has increased to \$9,300. The other standard deduction amounts are unchanged.

**Secure access.** To combat identity fraud, the IRS has upgraded its identity verification process for certain self-help tools on IRS.gov. To find out what types of information new users will need, go to [IRS.gov/secureaccess](#).

## Reminders

Listed below are important reminders and other items that may help you file your 2016 tax return. Many of these items are explained in more detail later in this publication.

**Enter your social security number (SSN).** Enter your SSN in the space provided on your tax form. If you filed a joint return for 2015 and are filing a joint return for 2016 with the same spouse, enter your

names and SSNs in the same order as on your 2015 return. See [chapter 1](#).

**Secure your tax records from identity theft.** Identity theft occurs when someone uses your personal information, such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

For more information about identity theft and how to reduce your risk from it, see [Identity Theft](#) in chapter 1.

**Taxpayer identification numbers.** You must provide the taxpayer identification number for each person for whom you claim certain tax benefits. This applies even if the person was born in 2016. Generally, this number is the person's social security number (SSN). See [chapter 1](#).

**Foreign source income.** If you are a U.S. citizen with income from sources outside the United States (foreign income), you must report all such income on your tax return unless it is exempt by law or a tax treaty. This is true whether you live inside or outside the United States and whether or not you receive a Form W-2 or Form 1099 from the foreign payer. This applies to earned income (such as wages and tips) as well as unearned

income (such as interest, dividends, capital gains, pensions, rents, and royalties).

If you live outside the United States, you may be able to exclude part or all of your foreign earned income. For details, see Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad.

**Foreign financial assets.** If you had foreign financial assets in 2016, you may have to file Form 8938 with your return. Check Form 8938 and its instructions or [IRS.gov/form8938](https://www.irs.gov/form8938) for details.

**Automatic 6-month extension to file tax return.** You can get an automatic 6-month extension of time to file your tax return. See [chapter 1](#).

**Include your phone number on your return.** To promptly resolve any questions we have in processing your tax return, we would like to be able to call you. Please enter your daytime telephone number on your tax form next to your signature and occupation. If you are filing a joint return, you can enter either

your or your spouse's daytime phone number.

**Payment of taxes.** You can pay your taxes online, by phone, or by check or money order. You can make a direct transfer from your bank account or use a credit or debit card. See [chapter 1](#).

**Faster ways to file your return.** The IRS offers fast, accurate ways to file your tax return information without filing a paper tax return. You can use IRS *e-file* (electronic filing). See [chapter 1](#).

**Free electronic filing.** You may be able to file your 2016 taxes online for free. See [chapter 1](#).

**Change of address.** If you change your address, notify the IRS. See [Change of Address](#) in chapter 1.

**Refund on a late filed return.** If you were due a refund but you did not file a return, you generally must file your return within 3 years from the date the return was due (including extensions) to get that refund. See [chapter 1](#).

**Frivolous tax returns.** The IRS has published a list of positions

that are identified as frivolous. The penalty for filing a frivolous tax return is \$5,000. See [chapter 1](#).

**Filing erroneous claim for refund or credit.** You may have to pay a penalty if you file an erroneous claim for refund or credit. See [chapter 1](#).

**Privacy Act and paperwork reduction information.** The IRS Restructuring and Reform Act of 1998, the Privacy Act of 1974, and the Paperwork Reduction Act of 1980 require that when we ask you for information we must first tell you what our legal right is to ask for the information, why we are asking for it, how it will be used, what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory under the law. A complete statement on this subject can be found in your tax form instructions.

**Preparer e-file mandate.** Most paid preparers must *e-file* returns they prepare and file. Your preparer may make you aware of this requirement and the options available to you.

**Treasury Inspector General for Tax Administration.** If you want to confidentially report misconduct, waste, fraud, or abuse by an IRS employee, you can call 1-800-366-4484 (call 1-800-877-8339 if you are deaf, hard of hearing, or have a speech disability, and are using TTY/TDD equipment). You can remain anonymous.

**Photographs of missing children.** The Internal Revenue Service is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](https://www.nationalcenterformissingandexploitedchildren.org/). Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

## Introduction

This publication covers the general rules for filing a federal income tax return. It supplements the information contained in your tax form instructions. It explains the tax law to make sure you pay only the tax you owe and no more.

**How this publication is arranged.** This publication closely follows Form 1040, U.S. Individual Income Tax Return. It is divided into six parts which cover different sections of Form 1040. Each part is further divided into chapters which generally discuss one line of the form. Do not worry if you file Form 1040A or Form 1040EZ. Anything included on a line of either of these forms is also included on Form 1040.

The table of contents inside the front cover and the index in the back of the publication are useful tools to help you find the information you need.

**What is in this publication.** The publication begins with the rules for filing a tax return. It explains:

1. Who must file a return,
2. Which tax form to use,
3. When the return is due,
4. How to *e-file* your return, and
5. Other general information.

It will help you identify which filing status you qualify for, whether you

can claim any dependents, and whether the income you receive is taxable. The publication goes on to explain the standard deduction, the kinds of expenses you may be able to deduct, and the various kinds of credits you may be able to take to reduce your tax.

Throughout the publication are examples showing how the tax law applies in typical situations. Also throughout the publication are flowcharts and tables that present tax information in an easy-to-understand manner.

Many of the subjects discussed in this publication are discussed in greater detail in other IRS publications. References to those other publications are provided for your information.

**Icons.** Small graphic symbols, or icons, are used to draw your attention to special information. See [Table 1](#) for an explanation of each icon used in this publication.

**What is not covered in this publication.** Some material that you may find helpful is not included in this publication but can be found in your tax form instruction booklet. This includes lists of:

- Where to report certain items shown on information documents, and
- Tax Topics you can read at [IRS.gov/taxtopics](https://www.irs.gov/taxtopics).

If you operate your own business or have other self-employment income, such as from babysitting or selling crafts, see the following publications for more information.

- Pub. 334, Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ).
- Pub. 535, Business Expenses.
- Pub. 587, Business Use of Your Home (Including Use by Daycare Providers).

**Help from the IRS.** There are many ways you can get help from the IRS. These are explained under [How To Get Tax Help](#) in the back of this publication.

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

You can send us comments from [IRS.gov/forms](https://www.irs.gov/forms). Click on "More Information" and then on "Give us feedback."

Or you can write to:

Internal Revenue Service  
Tax Forms and Publications  
1111 Constitution Ave. NW,  
IR-6526  
Washington, DC 20224

We respond to many letters by telephone. Therefore, it would be helpful if you would include your daytime phone number, including the area code, in your correspondence.

Although we cannot respond individually to each comment received, we do appreciate your feedback and will consider your comments as we revise our tax products.

**Ordering forms and publications.** Visit [IRS.gov/forms](https://www.irs.gov/forms) to download forms and publications. Otherwise, you can go to [IRS.gov/orderforms](https://www.irs.gov/orderforms) to order current and prior-year forms and instructions. Your order should arrive within 10 business days.

**Tax questions.** If you have a tax question not answered by this publication, check [IRS.gov](https://www.irs.gov) and [How To Get Tax Help](#) at the end of this publication.

**IRS mission.** Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

# Part One.

## The Income Tax Return

*The four chapters in this part provide basic information on the tax system. They take you through the first steps of filling out a tax return—such as deciding what your filing status is, how many exemptions you can take, and what form to file. They also discuss recordkeeping requirements, IRS e-file (electronic filing), certain penalties, and the two methods used to pay tax during the year: withholding and estimated tax.*

### 1.

## Filing Information

### What's New

**Due date of return.** The due date to file your tax return is April 18, 2017. The due date is April 18, instead of April 15, because of the Emancipation Day holiday in the District of Columbia—even if you do not live in the District of Columbia.

**Cash payment option.** There is a new option for taxpayers whose only option is to pay their taxes in cash. For details see [Pay by cash](#) under *How To Pay*.

**Get transcript online.** The Get Transcript Online tool on IRS.gov is available again to get a copy of your tax transcript and similar documents. To guard against fraud, you will now need to go through a two-step authentication process in order to use the online tool. For more information, go to [IRS.gov/transcript](https://www.irs.gov/transcript).

**Electronic Filing PIN request.** Electronic Filing PIN request, an IRS-generated PIN used to verify your signature on your self-prepared, electronic tax return, is no longer available. To validate your signature, you must use your prior-year adjusted gross income or prior-year self-select PIN.

**Individual taxpayer identification number (ITIN) renewal.** If you were assigned an ITIN before January 1, 2013, or if you have an ITIN that you haven't included on a tax return in the last three consecutive years, you may need to renew it. For more information, see the instructions for Form W-7.

**Delivery services.** Eight delivery services have been added to the list of designated private delivery services. For the complete list, see [Private delivery services](#), later, under *When Do I Have To File*.

**Who must file.** Generally, the amount of income you can receive before you must file a return has been increased. See [Table 1-1](#), [Table 1-2](#), and [Table 1-3](#) for the specific amounts.

### Reminders

**File online.** Rather than filing a return on paper, you may be able to file electronically using IRS e-file. For more information, see [Why Should I File Electronically](#), later.

**Change of address.** If you change your address, you should notify the IRS. You can use Form 8822 to notify the IRS of the change. See [Change of Address](#), later, under *What Happens After I File*.

**Enter your social security number.** You must enter your social security number (SSN) in the spaces provided on your tax return. If you file a joint return, enter the SSNs in the same order as the names.

**Direct deposit of refund.** Instead of getting a paper check, you may be able to have your refund deposited directly into your account at a bank or other financial institution. See [Direct Deposit](#) under *Refunds*, later. If you choose direct deposit of your refund, you may be able to split the refund among two or three accounts.

**Pay online or by phone.** If you owe additional tax, you may be able to pay online or by phone. See [How To Pay](#), later.

**Installment agreement.** If you can't pay the full amount due with your return, you may ask to make monthly installment payments. See [Installment Agreement](#), later, under *Amount You Owe*. You may be able to apply online for a payment agreement if you owe federal tax, interest, and penalties.

**Automatic 6-month extension.** You can get an automatic 6-month extension to file your tax return if, no later than the date your return is due, you file Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return. See [Automatic Extension](#), later.

**Service in combat zone.** You are allowed extra time to take care of your tax matters if you are a member of the Armed Forces who served in a combat zone, or if you served in the combat zone in support of the Armed Forces. See [Individuals Serving in Combat Zone](#), later, under *When Do I Have To File*.

**Adoption taxpayer identification number.** If a child has been placed in your home for purposes of legal adoption and you won't be able to

get a social security number for the child in time to file your return, you may be able to get an adoption taxpayer identification number (ATIN). For more information, see [Social Security Number \(SSN\)](#), later.

**Taxpayer identification number for aliens.** If you or your dependent is a nonresident or resident alien who doesn't have and isn't eligible to get a social security number, file Form W-7, Application for IRS Individual Taxpayer Identification Number, with the IRS. For more information, see [Social Security Number \(SSN\)](#), later.

**Frivolous tax submissions.** The IRS has published a list of positions that are identified as frivolous. The penalty for filing a frivolous tax return is \$5,000. Also, the \$5,000 penalty will apply to other specified frivolous submissions. For more information, see [Civil Penalties](#), later.

## Introduction

This chapter discusses the following topics.

- Whether you have to file a return.
- Which form to use.
- How to file electronically.
- How to file for free.
- When, how, and where to file your return.
- What happens if you pay too little or too much tax.
- What records you should keep and how long you should keep them.
- How you can change a return you have already filed.

## Do I Have To File a Return?

You must file a federal income tax return if you are a citizen or resident of the United States or a resident of Puerto Rico and you meet the filing requirements for any of the following categories that apply to you.

1. Individuals in general. (There are special rules for surviving spouses, executors, administrators, legal representatives, U.S. citizens and residents living outside the United States, residents of Puerto Rico, and individuals with income from U.S. possessions.)
2. Dependents.
3. Certain children under age 19 or full-time students.