

In the U.S. District Court
Northern District of Texas
Fort Worth Division

FILED
U.S. DISTRICT COURT
NORTHERN DISTRICT OF TX
FT. WORTH DIVISION
20 JAN 5 PM 1:52
CLERK U. COURT

U.S. DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FILED
JAN - 5 2014
CLERK, U.S. DISTRICT COURT
By Richard M. Simkanin Deputy

No. 4:03-CR-188-A
Filed
1/5/14
2:37 PM

U.S.
Richard M.
Simkanin

Stipulation to Government's Summary Exhibit Showing Sufficient Income to File a Return

Now Comes the Defendant and stipulates to the Government's Summary Exhibit and would show as follows: 98 28 ~~A2~~

- ① This exhibit shows sufficient income under the IRE to file a return.
- ② There is no need under Rule 403 to prove up cash withdrawals.
- ③ And that the gross income is as stated in Agreed: Govt exhibit 176, respectfully Submitted, attached.

DAVID JARVIS
AUSA

Richard Simkanin
Richard Simkanin


[Signature]
Attorney For Defendant

Approved by Court
This stipulation is accepted by the Court

Judge John McBryde

Certificate of Service

I hereby confirm that I have
hand delivered a copy to D. JARVIS
and have been unable to confer
with him on Jan 5, 2004.


A. McEl

**Exhibit 176 Summary Sheet Computation of Gross Income Paid by
Arrow Custom Plastics to Richard Simkanin for:**

Exhibit	Exhibit 127	Exhibit 128	Exhibit 129	Exhibit 130
Year	1998	1999	2000	2001
Payments to Richard Simkanin	\$117,301.16	\$124,014	\$379,500	\$231,000
Less Loan Repayment	\$31,100.00			
Subtotal:	\$86,201.16	\$124,014	\$379,500	\$231,000
Less Community Property Split	X.5	X.5	X.5	X.5
Gross Income for Richard Simkanin	\$43,100.58	\$62,007	\$189,750	\$115,500
Filing Requirements Using Married				
Filing Jointly Status Avenue As Per				
Publication 501	\$12,500	\$12,700	\$12,950	\$13,400

**GOVERNMENT
EXHIBIT**

4:03-CR-188-A

176



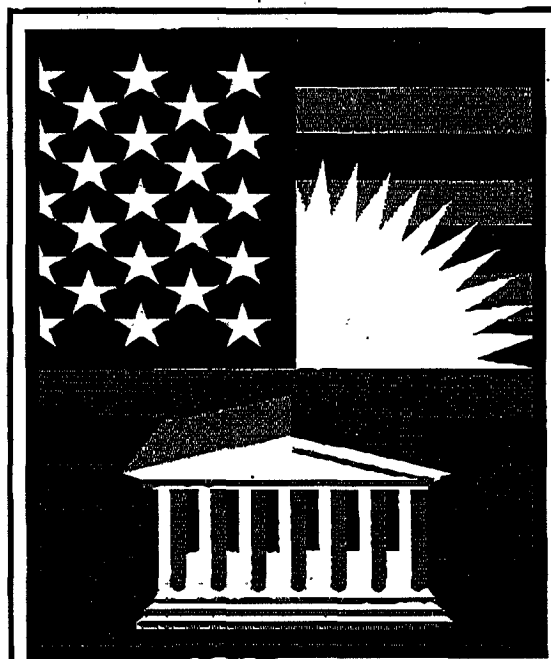
Department of the Treasury

Internal Revenue Service

Publication 501
Cat. No. 15000U

Exemptions, Standard Deduction, and Filing Information

For use in preparing
1998 Returns



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See *How To Get More Information* in this publication.

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Important Changes

Who must file? Generally, the amount of income you can receive before you must file a return has increased. Table 1 shows the filing requirements for most taxpayers.

Social security numbers—protecting your privacy. If you received your tax package in the mail, the peel-off label that came with the package no longer has your SSN(s) printed on it. Therefore, be sure to enter your SSN(s) in the space provided on your tax form.

If you filed a joint return last year and are filing a joint return this year with the same spouse, be sure to enter your names and SSNs in the same order as on your last year's return.

Exemption amount. The amount you can deduct for each exemption has increased from \$2,650 in 1997 to \$2,700 in 1998.

Exemption phaseout. You will lose all or part of the benefit of your exemptions if your adjusted gross income is above a certain amount. The amount at which this phaseout begins depends on your filing status. For 1998, the phaseout begins at \$93,400 for married persons filing separately; \$124,500 for unmarried individuals; \$155,650 for heads of household; and at \$186,800 for married persons filing jointly. See *Phaseout of Exemptions*, later.

Standard deduction. The standard deduction for taxpayers who do not itemize deductions on Schedule A of Form 1040 is higher in 1998 than it was in 1997. The amount depends upon your filing status. The *1998 Standard Deduction Tables* are shown later as Tables 7, 8, and 9.

Standard deduction for dependents. The minimum standard deduction for dependents has increased from \$650 for 1997 to \$700 for 1998. Also, the standard deduction for many dependents with earned income has increased. Table 9 is used to figure this deduction.

Itemized deductions. The amount you can deduct for itemized deductions is limited if your adjusted gross income is more than \$124,500 (\$62,250 if you are married filing separately). See *Who Should Itemize*, later.

Innocent spouse relief. Recent legislation changed the innocent spouse relief rules and provided two other ways to obtain relief from joint liability. For details see *Joint responsibility under Married Filing Jointly*.

Important Reminders

Social security number for dependents. You must list either the social security number (SSN), individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN) of every person for whom you claim an exemption.

If you do not list the dependents SSN, ITIN, or ATIN, the exemption may be disallowed. See *Social Security Numbers for Dependents*, later.

Election to claim child's unearned income on parent's return. You may be able to include your child's interest and dividend income on your tax return by using Form 8814, *Parent's Election To Report Child's Interest and Dividends*. If you choose to do this, your child will not file a return.

Introduction

This publication discusses some tax rules that affect every person who may have to file a federal income tax return. It answers some basic questions: Who must file; who should file; what filing status to use; how many exemptions to claim; and the amount of the standard deduction.

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The second section is about who should file a return. Reading this section will help you decide if you should file a return, even if you are not required to do so.

The third section helps you determine which filing status to use. Filing status is important in determining whether you must file a return, your standard deduction, and your tax rate. It also helps determine what credits you may be entitled to.

The fourth section discusses exemptions, which reduce your taxable income. The discussions include the social security number requirement for dependents, the rules for multiple support agreements, and the rules for divorced or separated parents.

The fifth section gives the rules and dollar amounts for the standard deduction — a benefit for taxpayers who do not itemize their deductions. This section also discusses the standard deduction for taxpayers who are blind or age 65 or older, and special rules for dependents. In addition, this section should help you decide whether you would be better off taking the standard deduction or itemizing your deductions.

The last section explains how to get help from the IRS.

This publication is for U.S. citizens and resident aliens only. If you are a resident alien for the entire year, you must follow the same tax rules that apply to U.S. citizens. The rules to determine if you are a resident or nonresident alien are discussed in chapter 1 of Publication 519, *U.S. Tax Guide for Aliens*.

Page 2

Nonresident aliens. If you were a nonresident alien at any time during the year, the rules and tax forms that apply to you may be different from those that apply to U.S. citizens. See Publication 519.

Useful Items

You may want to see:

Publication

- 559 Survivors, Executors, and Administrators
- 929 Tax Rules for Children and Dependents

Form (and instructions)

- 1040X Amended U.S. Individual Income Tax Return
- 2848 Power of Attorney and Declaration of Representative
- 8332 Release of Claim to Exemption for Child of Divorced or Separated Parents
- 8814 Parents' Election To Report Child's Interest and Dividends

wilfully fail to file a return, you may be subject to criminal prosecution.

For information on what form to use — Form 1040EZ, Form 1040A, or Form 1040 — see the instructions in your tax package.

Gross income. Gross income is all income you receive in the form of money, goods, property, and services that is not exempt from tax. If you are married and live with your spouse in a community property state, half of any income defined by state law as community income may be considered yours. For a list of community property states, see *Community property states under Separate Returns*, later.

Self-employed persons. If you are self-employed in a business that provides services (where products are not a factor), gross income is gross receipts from that business. If you are self-employed in a business involving manufacturing, merchandising, or mining, gross income is total sales from that business minus the cost of goods sold. To this figure, you add any income from investments and from incidental or outside operations or sources.



TIP You must file Form 1040 if you owe any self-employment tax.

Who Must File?

If you are a U.S. citizen or resident, whether you must file a federal income tax return depends upon your gross income, your filing status, your age, and whether you are a dependent. You must also file if one of the situations described under *Other Situations* applies. The filing requirements apply even if you owe no tax.

You may have to pay a penalty if you are required to file a return but fail to. If you

Filing status. Your filing status generally depends on whether you are single or married. In some cases, it depends on other factors as well. Whether you are single or married is determined as of the last day of your tax year, which is December 31 for most taxpayers. Filing status is discussed in detail later in this publication.

Age. Age is a factor in determining if you must file a return only if you are 65 or older at the end of your tax year. You are consid-

Table 1. 1998 Filing Requirements Chart for Most Taxpayers

If your Filing Status is:	And at the end of 1998 you were*	Then file a return if your Gross income was at least**
Single	under 65	\$6,950
	65 or older	\$8,000
Head of household	under 65	\$8,950
	65 or older	\$10,000
Married, filing jointly***	under 65 (both spouses)	\$12,600
	65 or older (one spouse)	\$13,350
	65 or older (both spouses)	\$14,200
Married, filing separately	any age	\$2,700
Qualifying widow(er) with dependent child	under 65	\$9,800
	65 or older	\$10,650

* If you turned age 65 on January 1, 1999, you are considered to be age 65 at the end of 1998.

** Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States (even if you may exclude part or all of it). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 1998.

*** If you didn't live with your spouse at the end of 1998 (or on the date your spouse died) and your gross income was at least \$2,700, you must file a return regardless of your age.



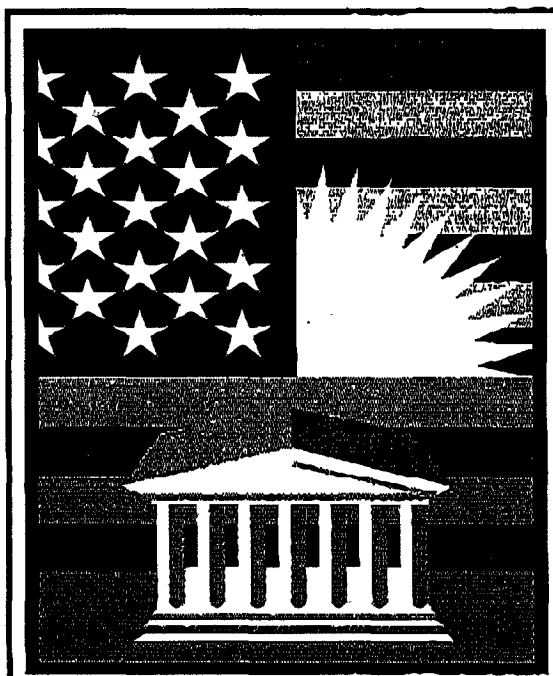
Department
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Important Changes

Who must file. Generally, the amount of income you can receive before you must file a return has increased. *Table 1* shows the filing requirements for most taxpayers.

Exemption amount. The amount you can deduct for each exemption has increased from \$2,700 in 1998 to \$2,750 in 1999.

Exemption phaseout. You will lose all or part of the benefit of your exemptions if your adjusted gross income is above a certain amount. The amount at which this phaseout begins depends on your filing status. For 1999, the phaseout begins at \$94,975 for married persons filing separately; \$126,600 for unmarried individuals; \$158,300 for heads of household; and at \$189,850 for married persons filing jointly. See *Phaseout of Exemptions*, later.

Standard deduction. The standard deduction for taxpayers who do not itemize deductions on Schedule A of Form 1040 is higher in 1999 than it was in 1998. The amount depends upon your filing status. The 1999 *Standard Deduction Tables* are shown later as Tables 7, 8, and 9.

Itemized deductions. The amount you can deduct for itemized deductions is limited if your adjusted gross income is more than \$126,600 (\$63,300 if you are married filing separately). See *Who Should Itemize*, later.

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. 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.

Important Reminders

Social security number for dependents. You must list either the social security number (SSN), individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN) of every person for whom you claim an exemption.

If you do not list the dependent's SSN, ITIN, or ATIN, the exemption may be disallowed. See *Social Security Numbers for Dependents*, later.

Election to report child's unearned income on parent's return. You may be able to include your child's interest and dividend income on your tax return by using Form 8814, *Parents' Election To Report Child's Interest and Dividends*. If you choose to do this, your child will not file a return.

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The third section helps you determine which filing status to use. Filing status is important in determining whether you must file a return, your standard deduction, and your tax rate. It also helps determine what credits you may be entitled to.

The fourth section discusses exemptions, which reduce your taxable income. The discussions include the social security number requirement for dependents, the rules for multiple support agreements, and the rules for divorced or separated parents.

The fifth section gives the rules and dollar amounts for the **standard deduction** — a benefit for taxpayers who do not itemize their deductions. This section also discusses the standard deduction for taxpayers who are blind or age 65 or older, and special rules for dependents. In addition, this section should help you decide whether you would be better off taking the standard deduction or itemizing your deductions.

The last section explains how to get help from the IRS.

This publication is for U.S. citizens and resident aliens only. If you are a resident alien for the entire year, you must follow the same tax rules that apply to U.S. citizens. The rules to determine if you are a resident or nonresident alien are discussed in chapter 1 of Publication 519, *U.S. Tax Guide for Aliens*.

Nonresident aliens. If you were a nonresident alien at any time during the year, the rules and tax forms that apply to you may be different from those that apply to U.S. citizens. See Publication 519.

Useful Items

You may want to see:

Publication

- 559 Survivors, Executors, and Administrators

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Table 1. 1999 Filing Requirements Chart for Most Taxpayers

IF your filing status is ...	AND at the end of 1999 you were ...*	THEN file a return if your gross income was at least ...**
Single	under 65	\$7,050
	65 or older	\$8,100
Head of household	under 65	\$9,100
	65 or older	\$10,150
Married, filing jointly***	under 65 (both spouses)	\$12,700
	65 or older (one spouse)	\$13,550
	65 or older (both spouses)	\$14,400
Married, filing separately	any age	\$2,750
Qualifying widow(er) with dependent child	under 65	\$9,950
	65 or older	\$10,800

* If you turned age 65 on January 1, 2000, you are considered to be age 65 at the end of 1999.
 ** Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States (even if you may exclude part or all of it). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 1999.
 *** If you didn't live with your spouse at the end of 1999 (or on the date your spouse died) and your gross income was at least \$2,750, you must file a return regardless of your age.

- 929 Tax Rules for Children and Dependents

Form (and Instructions)

- 1040X Amended U.S. Individual Income Tax Return
 2848 Power of Attorney and Declaration of Representative
 8332 Release of Claim to Exemption for Child of Divorced or Separated Parents
 8814 Parents' Election To Report Child's Interest and Dividends

community income may be considered yours. For a list of community property states, see *Community property states under Separate Returns*, later.

Self-employed persons. If you are self-employed in a business that provides services (where products are not a factor), gross income is gross receipts from that business. If you are self-employed in a business involving manufacturing, merchandising, or mining, gross income is total sales from that business minus the cost of goods sold. To this figure, you add any income from investments and from incidental or outside operations or sources.



TIP You must file Form 1040 if you owe any self-employment tax.

Who Must File

If you are a U.S. citizen or resident, whether you must file a federal income tax return depends upon your gross income, your filing status, your age, and whether you are a dependent. For details, see Table 1 and Table 2. You must also file if one of the situations described in Table 3 applies. The filing requirements apply even if you owe no tax.

You may have to pay a penalty if you are required to file a return but fail to. If you willfully fail to file a return, you may be subject to criminal prosecution.

For information on what form to use — Form 1040EZ, Form 1040A, or Form 1040 — see the instructions in your tax package.

Gross income. Gross income is all income you receive in the form of money, goods, property, and services that is not exempt from tax. If you are married and live with your spouse in a community property state, half of any income defined by state law as com-

Filing status. Your filing status generally depends on whether you are single or married. In some cases, it depends on other factors as well. Whether you are single or married is determined as of the last day of your tax year, which is December 31 for most taxpayers. Filing status is discussed in detail later in this publication.

Age. Age is a factor in determining if you must file a return only if you are 65 or older at the end of your tax year. You are considered to be age 65 for 1999 if your 65th birthday is on or before January 1, 2000.

Filing Requirements for Most Taxpayers

You must file a return if your gross income for the year was at least the amount shown on the appropriate line in Table 1. Dependents should see Table 2 instead.



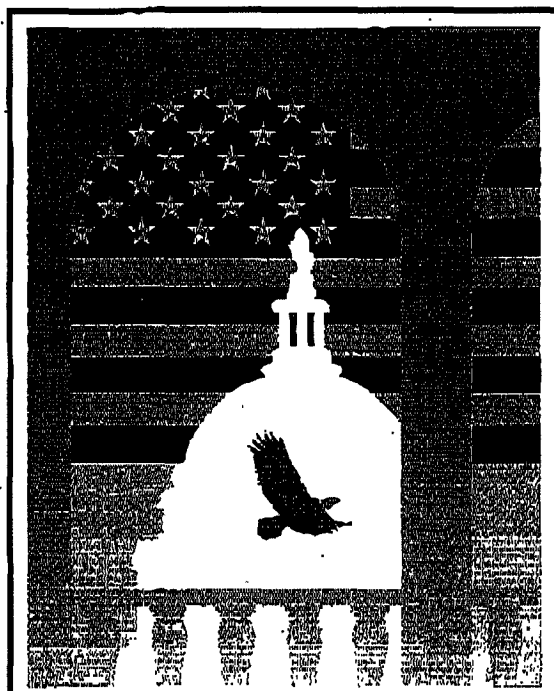
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Important Changes

Who must file. Generally, the amount of income you can receive before you must file a return has increased. *Table 1* shows the filing requirements for most taxpayers.

Exemption amount. The amount you can deduct for each exemption has increased from \$2,750 in 1999 to \$2,800 in 2000.

Exemption phaseout. You will lose all or part of the benefit of your exemptions if your adjusted gross income is above a certain amount. The amount at which this phaseout begins depends on your filing status. For 2000, the phaseout begins at \$96,700 for married persons filing separately; \$128,950 for single individuals; \$161,150 for heads of household; and at \$193,400 for married persons filing jointly. See *Phaseout of Exemptions*, later.

Standard deduction. The standard deduction for taxpayers who do not itemize deductions on Schedule A of Form 1040 is higher in 2000 than it was in 1999. The amount depends on your filing status. The *2000 Standard Deduction Tables* are shown later as *Tables 7, 8, and 9*.

Itemized deductions. The amount you can deduct for itemized deductions is limited if your adjusted gross income is more than \$126,950 (\$64,475 if you are married filing separately). See *Who Should Itemize*, later.

Paid preparer authorization. Beginning with your return for 2000, you can check a box and authorize the IRS to discuss your tax return with the paid preparer who signed it. If you check the "Yes" box in the signature area of your return, the IRS can call your paid preparer to answer any questions that may arise during the processing of your return. Also, you are authorizing your paid preparer to perform certain actions. See your income tax package for details.

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The fifth section gives the rules and dollar amounts for the standard deduction — a benefit for taxpayers who do not itemize their deductions. This section also discusses the standard deduction for taxpayers who are blind or age 65 or older, and special rules for dependents. In addition, this section should help you decide whether you would be better off taking the standard deduction or itemizing your deductions.

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Page 2

Table 1. 2000 Filing Requirements Chart for Most Taxpayers

IF your filing status is . . .	AND at the end of 2000 you were . . .	THEN file a return if your gross income was at least . . .
Single	under 65	\$7,200
	65 or older	\$8,300
Head of household	under 65	\$9,250
	65 or older	\$10,350
Married, filing jointly***	under 65 (both spouses)	\$12,950
	65 or older (one spouse)	\$13,800
	65 or older (both spouses)	\$14,650
Married, filing separately	any age	\$2,800
Qualifying widow(er) with dependent child	under 65	\$10,150
	65 or older	\$11,000

* If you turned age 65 on January 1, 2001, you are considered to be age 65 at the end of 2000.
 ** Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States (even if you may exclude part or all of it). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 2000.
 *** If you didn't live with your spouse at the end of 2000 (or on the date your spouse died) and your gross income was at least \$2,800, you must file a return regardless of your age.

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

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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.

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- 929 Tax Rules for Children and Dependents

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- 2848 Power of Attorney and Declaration of Representative

- 8332 Release of Claim to Exemption for Child of Divorced or Separated Parents

- 8814 Parents' Election To Report Child's Interest and Dividends

Who Must File

If you are a U.S. citizen or resident, whether you must file a federal income tax return depends upon your gross income, your filing status, your age, and whether you are a dependent. For details, see Table 1 and Table 2. You must also file if one of the situations described in Table 3 applies. The filing requirements apply even if you owe no tax.

You may have to pay a penalty if you are required to file a return but fail to. If you willfully fail to file a return, you may be subject to criminal prosecution.

For information on what form to use — Form 1040EZ, Form 1040A, or Form 1040 — see the instructions in your tax package.

Gross income. Gross income is all income you receive in the form of money, goods, property, and services that is not exempt from tax. If you are married and live with your spouse in a community property state, half of any income defined by state law as community income may be considered yours. For a list of community property states, see *Community Property States under Married Filing Separately*, later.

Self-employed persons. If you are self-employed in a business that provides services (where products are not a factor), your gross income from that business is the gross receipts. If you are self-employed in a business involving manufacturing, merchandising, or mining, your gross income from that business is the total sales minus the cost of goods sold.



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Important Changes

Who must file. Generally, the amount of income you can receive before you must file a return has increased. *Table 1* shows the filing requirements for most taxpayers.

Exemption amount. The amount you can deduct for each exemption has increased from \$2,800 in 2000 to \$2,900 in 2001.

Exemption phaseout. You lose all or part of the benefit of your exemptions if your adjusted gross income is above a certain amount. The amount at which this phaseout begins depends on your filing status. For 2001, the phaseout begins at \$99,725 for married persons filing separately; \$132,950 for single individuals; \$166,200 for heads of household; and at \$189,450 for married persons filing jointly. See *Phaseout of Exemptions*, later.

Standard deduction. The standard deduction for most taxpayers who do not itemize deductions on Schedule A of Form 1040 is higher in 2001 than it was in 2000. The amount depends on your filing status. The *2001 Standard Deduction Tables* are shown near the end of this publication as *Tables 7, 8, and 9*.

Itemized deductions. Some of your itemized deductions may be limited if your adjusted gross income is more than \$132,950 (\$66,475 if you are married filing separately). See *Who Should Itemize*, later.

Kidnapped child. A child who has been kidnapped may still qualify you for:

- Head of household or qualifying widow(er) with dependent child filing status, and
- The child's dependency exemption.

For details, see *Filing Status* and *Exemptions for Dependents*, later.

Table 1. 2001 Filing Requirements Chart for Most Taxpayers

IF your filing status is . . .	AND at the end of 2001 you were . . .*	THEN file a return if your gross income was at least . . .**
Single	under 65	\$7,450
	65 or older	\$8,550
Head of household	under 65	\$9,650
	65 or older	\$10,650
Married, filing jointly***	under 65 (both spouses)	\$13,400
	65 or older (one spouse)	\$14,300
	65 or older (both spouses)	\$15,200
Married, filing separately	any age	\$2,900
Qualifying widow(er) with dependant child	under 65	\$10,500
	65 or older	\$11,400

* If you turned age 65 on January 1, 2002, you are considered to be age 65 at the end of 2001.

** Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States (even if you may exclude part or all of it). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 2001.

*** If you didn't live with your spouse at the end of 2001 (or on the date your spouse died) and your gross income was at least \$2,900, you must file a return regardless of your age.

Important Reminders

Social security number for dependents. You must list either the social security number (SSN), individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN) of every person for whom you claim an exemption.

If you do not list the dependent's SSN, ITIN, or ATIN, the exemption may be disallowed. See *Social Security Numbers for Dependents*, later.

Election to report child's unearned income on parent's return. You may be able to include your child's interest and dividend income on your tax return by using Form 8314, *Parent's Election To Report Child's Interest and Dividends*. If you choose to do this, your child will not have to file a return.

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. 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 discusses some tax rules that affect every person who may have to file a federal income tax return. It answers some basic questions: who must file; who should file; what filing status to use; how many exemptions to

claim; and the amount of the standard deduction.

The first section of this publication explains who must file an income tax return. If you have little or no gross income, reading this section will help you decide if you have to file a return.

The second section is about who should file a return. Reading this section will help you decide if you should file a return, even if you are not required to do so.

The third section helps you determine which filing status to use. Filing status is important in determining whether you must file a return, your standard deduction, and your tax rate. It also helps determine what credits you may be entitled to.

The fourth section discusses exemptions, which reduce your taxable income. The discussions include the social security number requirement for dependents, the rules for multiple support agreements, and the rules for divorced or separated parents.

The fifth section gives the rules and dollar amounts for the standard deduction — a benefit for taxpayers who do not itemize their deductions. This section also discusses the standard deduction for taxpayers who are blind or age 65 or older, and special rules for dependents. In addition, this section should help you decide whether you would be better off taking the standard deduction or itemizing your deductions.

The last section explains how to get tax help from the IRS.

This publication is for U.S. citizens and resident aliens only. If you are a resident alien for the entire year, you must follow the same tax rules that apply to U.S. citizens. The rules to determine if you are a resident or nonresident alien are discussed in chapter 1 of Publication 519, *U.S. Tax Guide for Aliens*.

Nonresident aliens. If you were a nonresident alien at any time during the year, the rules and tax forms that apply to you may be different from those that apply to U.S. citizens. See Publication 519.

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

You can e-mail us while visiting our web site at www.irs.gov.

You can write to us at the following address:

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Technical Publications Branch
W:CAR:MP:FP:P
1111 Constitution Ave. NW
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.

Useful Items

You may want to see:

Publication

- 529 *Survivors, Executors, and Administrators*
- 929 *Tax Rules for Children and Dependents*

Form (and instructions)

- 1040X *Amended U.S. Individual Income Tax Return*
- 2848 *Power of Attorney and Declaration of Representative*
- 8332 *Release of Claim to Exemption for Child of Divorced or Separated Parents*
- 8814 *Parent's Election To Report Child's Interest and Dividends*

Who Must File

If you are a U.S. citizen or resident, whether you must file a federal income tax return depends upon your gross income, your filing status, your age, and whether you are a dependent. For details, see *Table 1* and *Table 2*. You must also file if one of the situations described in *Table 3* applies. The filing requirements apply even if you owe no tax.

You may have to pay a penalty if you are required to file a return but fail to. If you willfully fail to file a return, you may be subject to criminal prosecution.

For information on what form to use — Form 1040EZ, Form 1040A, or Form 1040 — see the instructions in your tax package.

Gross income. Gross income is all income you receive in the form of money, goods, property, and services that is not exempt from tax. If you are married and live with your spouse in a community property state, half of any income defined by state law as community income may be considered yours. For a list of community