

## 2006 FORM 1040—REPORTING EXTENDED TAX PROVISIONS

The following is IRS guidance on how taxpayers will be instructed to enter the major extended deductions on their 2006 tax returns:

### **Educator expenses:**

- Taxpayers must file Form 1040 (or Form 1040NR) to take this deduction. It cannot be claimed on Form 1040A.
- Include the deduction on line 23 of Form 1040 (or line 24 of Form 1040NR). To the left of the entry space for that line, enter “E” for educator expenses or “B” for both the Archer MSA deduction and educator expenses. For an entry of “B,” taxpayers also must attach a statement with a breakdown of the amounts.

### **Tuition and fees deduction:**

- Taxpayers must file Form 1040 to take this deduction. It cannot be claimed on Form 1040A.
- Include the deduction on line 35 of Form 1040. To the left of the entry space for that line, enter “T” for tuition and fees or “B” for both the domestic production activities deduction and tuition and fees. For an entry of “B,” taxpayers also must attach a statement with a breakdown of the amounts.

### **State and local general sales tax deduction:**

- IRS will reissue Publication 600 for 2006 with the state and local sales tax tables, worksheets and instructions for figuring the deduction.
- On Schedule A (Form 1040), taxpayers will enter the deduction on line 5 and enter “ST” to the left of the entry space for that line.

IRS does not plan to make any changes to the existing Form 1040 or Schedule A instructions for 2006. IRS will publicize the above changes in Pub. 553, on IRS.gov and through the news media.