How Do I Adjust My Tax Withholding?

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Reminder

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Introduction

The federal income tax is a pay-as-you-go tax. This means you must pay the tax as you earn or receive income during the year.

As a wage earner, you pay federal income tax by having it withheld from your pay during the year. This is your “withholding.” Your withholding is based on the number of
allowances you claim when you file Form W-4, Employee’s
Withholding Allowance Certificate, with your employer.

Comments and suggestions. We welcome your com-
ments about this publication and your suggestions for
future editions.

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Purpose of This Publication

The purpose of this publication is to help you check your
withholding and, if necessary, prepare Form W-4 to adjust
your withholding. When you first begin a job, you must
complete a Form W-4 and give it to your employer to
establish your initial withholding. You can adjust your with-
holding by filing a new Form W-4 with your employer at any
time.

Note. You do not have to file Form W-4 each year unless
you need to adjust your withholding.

Checking Your Withholding

This section explains why, when, and how to check your
withholding to see if you will have enough, but not too
much, tax withheld for 2006.

Why Should I Check My Withholding?

You should try to have your withholding match your actual
tax liability. If not enough tax is withheld, you owe tax at
the end of the year and may have to pay interest and a
penalty. If too much tax is withheld, you will lose the use of
that money until you get your refund.

You should check your withholding if there are personal
or financial changes in your life or changes in the law that
might change your tax liability. See Figure 1.

Figure 1. Personal and Financial Factors

You may want to check your withholding after
changes in your life that are likely to affect your tax
liability. Examples are listed below.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifestyle change</td>
<td>Marriage, Divorce, Birth or adoption of child, Loss of an exemption, Purchase of a new home, Retirement</td>
</tr>
<tr>
<td>Wage income</td>
<td>You or your spouse start or stop working, or start or stop a second job</td>
</tr>
<tr>
<td>Increased or decreased income not subject to withholding</td>
<td>Interest income, Dividends, Capital gains, Self-employment income, IRA (including Roth IRA) distributions</td>
</tr>
<tr>
<td>Increased or decreased adjustments to income</td>
<td>IRA deduction, Student loan interest deduction, Alimony expense</td>
</tr>
<tr>
<td>Increased or decreased itemized deductions or tax credits</td>
<td>Medical expenses, Taxes, Interest expense, Gifts to charity, Job expenses, Education credit</td>
</tr>
</tbody>
</table>

When Should I Check My Withholding?

The earlier in the year you check your withholding, the
easier it is to get the right amount of tax withheld.

You may want to check your withholding when any of
the following situations occur.

1. You receive a paycheck stub (statement) covering a
full pay period in 2006, showing tax withheld based
on 2006 tax rates.

2. You prepare your 2005 tax return and get a:
   a. Big refund, or
   b. Balance due that is:
      i. More than you can comfortably pay, or
      ii. Subject to a penalty.

3. There are changes in your life or financial situation
   that affect your tax liability. See Figure 1.

4. There are changes in the tax law that affect your tax
   liability. See Tax Law Changes, below.
You must give your employer a new Form W-4 to adjust your withholding within 10 days of any event that decreases the number of withholding allowances you can claim, such as your divorce if you are claiming married status.

Tax Law Changes
If there are tax law changes that increase your tax for 2006 and you do not increase your withholding, you may have to pay tax when you file your return. If there are changes that decrease your tax for 2006 and you do not decrease your withholding, you may get a larger refund. You can get this money back earlier by reducing your withholding. For information about changes in the law for 2005 and 2006, get Publication 553, Highlights of 2005 Tax Changes, or visit the IRS website at www.irs.gov.

How Do I Check My Withholding?
You can use the worksheets and tables in this publication to see if you are having the right amount of tax withheld. Follow these steps.

1. Fill out Worksheet 1 (see page 9) to project your total federal income tax liability for 2006.
2. Fill out Worksheet 2 (see page 12) to project your total federal withholding for 2006 and to compare your projected tax to your projected withholding.
   - If you are not having enough tax withheld, Worksheet 2 will show you how much more to have withheld each payday.
   - If you are having more tax withheld than you need to have withheld, Worksheet 2 will refer you to How Do I Decrease My Withholding.

What If Not Enough Tax Is Being Withheld?
If not enough tax will be withheld, you should give your employer a Form W-4 showing either a reduced number of withholding allowances or an additional amount to be withheld from your pay. See How Do I Increase My Withholding, later.
   - There is a good chance you are not having enough tax withheld if:
     - You have more than one job at a time,
     - Your spouse also works,
     - You have income not subject to withholding, such as capital gains, rental income, interest, dividends, or
     - You owe other taxes such as self-employment tax or household employment taxes.

If your employer cannot withhold enough additional tax from your pay, you may need to make estimated tax payments. This might be the case if your pay is low and you have substantial nonwage income, such as interest, dividends, capital gains, or earnings from self-employment. For more information on estimated tax, get Publication 505, Tax Withholding and Estimated Tax.

What If Too Much Tax Is Being Withheld?
If too much tax is withheld, you may receive a large refund when you file your return. If you would prefer to receive the money during the year, you may be able to decrease your withholding by giving your employer a new Form W-4.
   - There is a good chance you are having too much tax withheld if:
     - You got a big refund for 2005 and your income, adjustments, deductions, and credits will remain about the same this year,
     - Your income will remain about the same as last year, but your adjustments, deductions, or credits will increase significantly, or
     - You got a refund last year; your income, adjustments, and deductions will remain about the same as last year; but you will qualify for one or more tax credits this year that you did not qualify for last year.

How to request an additional amount to be withheld.
You can request that an additional amount be withheld from each paycheck by following these steps.

1. Complete Worksheets 1 and 2.

Adjusting Your Withholding
This section explains how to adjust your withholding.
   - If you are not having enough tax withheld or you are having too much tax withheld, you should either increase or decrease your withholding.

How Do I Adjust My Withholding?
You increase or decrease your withholding by filling out a new Form W-4 and giving it to your employer. You can use the worksheets and information in this publication to help you complete Form W-4. You can complete the Form W-4 on pages 6 and 7 and give it to your employer.

How Do I Increase My Withholding?
There are two ways to increase your withholding. You can:
   - Decrease the number of allowances you claim on Form W-4, line 5, or
   - Enter an additional amount that you want withheld from each paycheck on Form W-4, line 6.

How to request an additional amount to be withheld.
You can request that an additional amount be withheld from each paycheck by following these steps.

1. Complete Worksheets 1 and 2.
2. Complete a new Form W-4 if the amount on Worksheet 2, line 5, is more than you want to have to pay or would cause you to pay a penalty when you file your tax return for 2006.

3. Enter on the new Form W-4, line 5, the same number of withholding allowances your employer now uses for your withholding. This is the number of allowances you entered on the last Form W-4 you gave your employer.

4. Enter on the new Form W-4, line 6, the amount from Worksheet 2, line 6.

5. Give your newly completed Form W-4 to your employer.

If you have this additional amount withheld from your pay each payday, you should avoid owing a large amount at the end of the year.

Example. Using Worksheets 1 and 2, Steve figures that his 2006 tax liability will be $5,000, and that his withholding for the year will be $4,700. Steve’s tax will be underwithheld by $300 ($5,000 − $4,700). He will have to pay this amount when he files his 2006 tax return or he can increase his withholding. Steve gets a new Form W-4 from his employer, who tells him that there are 50 paydays remaining in the year. Steve completes the form as before, and enters the same number of withholding allowances as before, then enters $6 ($300 ÷ 50) on line 6 of the form. This is the additional amount to be withheld from his pay each payday. He gives the completed form to his employer.

What if I have more than one job or my spouse also has a job? You are likely to need to increase your withholding if you have more than one job (or if you are married filing jointly and your spouse also works). If this is the case, you can increase your withholding for one or more of the jobs.

You can apply the amount on Worksheet 2, line 5, to only one job or divide it between the jobs any way you wish. For each job, determine the extra amount that you want to apply to that job and divide that amount by the number of paydays remaining in 2006 for that job. This will give you the additional amount to enter on the Form W-4, line 6, you will file for that job. You need to file a Form W-4 for each job for which you are changing your withholding.

Example. Meg Green works in a store. Her husband, John, works full time in manufacturing. They file a joint income tax return. When they fill out Worksheets 1 and 2, Worksheet 2, line 5, shows that they will not have enough tax withheld. They can divide the amount on Worksheet 2, line 6, any way they want. They can enter an additional amount on either of their Forms W-4, or divide it between them. They decide to have all of the additional amount from line 6 withheld from John’s wages, so they enter on his Form W-4, line 6, the number from their completed Worksheet 2, line 6. Both claim the same number of allowances as before.

How Do I Decrease My Withholding?

If you expect to have more tax withheld than your projected tax liability for 2006, you may be able to decrease your withholding by increasing the number of allowances that you claim on Form W-4.

You can claim only the number of allowances to which you are entitled. To see if you can decrease your withholding by increasing your allowances, see the Form W-4 instructions and the rest of this publication.

How do I increase the number of allowances I can claim? You figure and increase the number of withholding allowances you are entitled to claim as follows.

1. Complete Worksheets 1 and 2.

2. If your projected withholding is significantly more than your projected tax, get a new Form W-4 (or use the one on pages 6 and 7).

3. Complete the Personal Allowances Worksheet on Form W-4.

4. Use the remainder of the worksheets in this publication, as applicable.

5. Complete the Deductions and Adjustments Worksheet on Form W-4 if you plan to itemize deductions, claim adjustments to income, or claim tax credits from Worksheet 7 (see page 16) on your 2006 return.

6. Complete the Two-Earner/Two-Job Worksheet on Form W-4 if you meet the criteria on line H of the Form W-4 Personal Allowances Worksheet.

7. Fill out Form W-4.

8. Enter the number of allowances you are entitled to claim on Form W-4, line 5.

9. If the number of allowances you are entitled to claim is different from the number you are already claiming, give the newly completed Form W-4 to your employer.

What if I can claim tax credits? Figure 2 shows tax credits you may be able to use to reduce your withholding. The Form W-4 Personal Allowances Worksheet only provides rough adjustments for the child and dependent care credit (line F) and the child tax credit (line G). Complete Worksheet 7 to figure these credits more accurately and also take other credits into account.

Include the amount from Worksheet 7, line 12, in the total on line 5 of the Deductions and Adjustments Worksheet. Then complete the Deductions and Adjustments Worksheet and the rest of Form W-4.

Example. Brett and Alyssa are married and expect to file a joint return for 2006. Their combined estimated
wages are $68,000. Their projected tax credits include a child and dependent care credit of $960 and a mortgage interest credit of $1,700. They use Worksheet 7 to see whether they can convert their tax credits into additional allowances.

1. They enter their expected child and dependent care credit, $960, on Worksheet 7, line 1.
2. They enter their expected mortgage interest credit, $1,700, on Worksheet 7, line 8.
3. They add these credits and enter the total, $2,660, on line 10.
4. Because they are married filing a joint return, they use the table for married filing jointly or qualifying widow(er).
5. They see that their combined estimated wages, $68,000, falls between $36,001 and $82,000, and that the number to the right of this range is 6.7.
6. They enter 6.7 on line 11.
7. They multiply line 10 by line 11 and enter the result, $17,822, on line 12.

8. They take the result on line 12 and add it to their other adjustments on line 5 of the Form W-4 Deductions and Adjustments Worksheet.
9. They finish filling out the Deductions and Adjustments Worksheet.
10. Because they chose to account for their child and dependent care credit this way, they enter -0- on line F of the Personal Allowances Worksheet.

### When Will My New Form W-4 Go Into Effect?

If the change is for the current year, your employer must put your new Form W-4 into effect no later than the start of the first payroll period ending on or after the 30th day after the day on which you give your employer your revised Form W-4.

If the change is for next year, your new Form W-4 will not take effect until next year.

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**Figure 2. Tax Credits**

<table>
<thead>
<tr>
<th>For more information about the ...</th>
<th>See ...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption credit</td>
<td>Form 8839 Instructions</td>
</tr>
<tr>
<td>Alternative fuel vehicle refueling property credit</td>
<td>Form 8911 Instructions</td>
</tr>
<tr>
<td>Alternative motor vehicle credit</td>
<td>Form 8910 Instructions</td>
</tr>
<tr>
<td>Child and dependent care expenses, credit for</td>
<td>Publication 503, Child and Dependent Care Expenses</td>
</tr>
<tr>
<td>Child tax credit (including additional child tax credit)</td>
<td>Instructions for Form 1040 or Form 1040A</td>
</tr>
<tr>
<td>Clean renewable energy bond credit</td>
<td>Form 8912 Instructions</td>
</tr>
<tr>
<td>District of Columbia first-time homebuyer credit carryforward</td>
<td>Form 8859 Instructions</td>
</tr>
<tr>
<td>Earned income credit (unless you requested advance payment of the credit)</td>
<td>Publication 596, Earned Income Credit</td>
</tr>
<tr>
<td>Education credits</td>
<td>Publication 970, Tax Benefits for Education</td>
</tr>
<tr>
<td>Elderly or the disabled, credit for the</td>
<td>Publication 524, Credit for the Elderly or the Disabled</td>
</tr>
<tr>
<td>Foreign tax credit (except any credit that applies to wages not subject to U.S. income tax withholding because they are subject to income tax withholding by a foreign country)</td>
<td>Publication 514, Foreign Tax Credit for Individuals</td>
</tr>
<tr>
<td>General business credit</td>
<td>Form 3800, General Business Credit</td>
</tr>
<tr>
<td>Health coverage tax credit</td>
<td>Publication 502, Medical and Dental Expenses</td>
</tr>
<tr>
<td>Mortgage interest credit</td>
<td>Publication 530, Tax Information for First-Time Homeowners</td>
</tr>
<tr>
<td>Prior year minimum tax, credit for (if you paid alternative minimum tax in an earlier year)</td>
<td>Form 8801 Instructions</td>
</tr>
<tr>
<td>Qualified electric vehicle credit</td>
<td>Form 8834 Instructions</td>
</tr>
<tr>
<td>Qualified zone academy bond credit</td>
<td>Form 8860 Instructions</td>
</tr>
<tr>
<td>Residential energy credits</td>
<td>Publication 553, Highlights of 2005 Tax Changes</td>
</tr>
<tr>
<td>Retirement savings contributions credit</td>
<td>Publication 590, Individual Retirement Arrangements (IRAs)</td>
</tr>
</tbody>
</table>
Form W-4 (2006)

Purpose. Complete Form W-4 so your employer can withhold the correct federal income tax from your pay. Because your tax situation may change, you may want to refigure your withholding each year.

Exemption from withholding. If you are exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2006 expires February 16. See Pub. 505, Tax Withholding and Estimated Tax.

Note. You cannot claim exemption from withholding if (a) your income exceeds $100,000, (b) more than $300 of unearned income (such as interest or dividends) you receive will be withheld because you have no withholding allowances, (c) you are a nonresident alien, or (d) another person can claim you as a dependent on their tax return.

Basic instructions. If you do not exempt, complete the Personal Allowances Worksheet below. The worksheets on page 2 adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earner/two-job situations. Complete all worksheets that apply. However, you may claim fewer (or zero) allowances.

Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See line E below.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may not be claimed using the Personal Allowances Worksheet below. See Pub. 919, How Do I Adjust My Tax Withholding, for information on converting your other credits into withholding allowances. Nominee income. If you have a large amount of nominee income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax.

Examining your withholding. Withholding and Estimated Tax. (Keep for your records.) Your employer can withhold the correct federal income tax from your pay. Because your tax situation may change, you may want to refigure your withholding each year.

Check your withholding. After your Form W-4 takes effect, see Pub. 919 to see how the dollar amount you are having withheld compares to your projected total tax for 2006. See Pub. 919, especially if your earnings exceed $130,000 (Single) or $160,000 (Married).

Recent name changes? If your name on line 4 differs from that shown on your social security card, call 1-800-772-1213 to initiate a name change and obtain a social security card showing your correct name.

Purpose. For Privacy Act and Paperwork Reduction Act Notice, see page 2.
Deductions and Adjustments Worksheet

Note. Use this worksheet only if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2006 tax return.

1. Enter an estimate of your 2006 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 2006, you may have to reduce your itemized deductions if your income is over $150,500 ($75,250 if married filing separately). See Worksheet 3 in Pub. 919 for details.)

2. Enter:
   - $10,300 if married filing jointly or qualifying widow(er)

3. Subtract line 2 from line 1. If line 2 is greater than line 1, enter "-0-".

4. Enter an estimate of your 2006 adjustments to income, including alimony, deductible IRA contributions, and student loan interest.

5. Add lines 3 and 4 and enter the total. (Include any amount for credits from Worksheet 7 in Pub. 919.)

6. Enter an estimate of your 2006 nonwage income (such as dividends or interest).

7. Subtract line 6 from line 5. Enter the result, but not less than "-0-".

8. Divide the amount on line 7 by $3,300 and enter the result here. Drop any fraction.

9. Enter the number from the Personal Allowances Worksheet, line H, page 1.

10. Add lines 8 and 9 and enter the total here. If you plan to use the Two-Earner/Two-Job Worksheet, also enter this total on line 1 below. Otherwise, skip here and enter this total on Form W-4, line 5, page 1.

Two-Earner/Two-Job Worksheet (See Two-earner/two jobs on page 1.)

Note. Use this worksheet only if the instructions under line H on page 1 direct you here.

1. Enter the number from line H, page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet).

2. Find the number in Table 1 below that applies to the LOWEST paying job and enter it here.

3. If line 1 is more than or equal to line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4, line 5, page 1. Do not use the rest of this worksheet.

4. Enter the number from line 2 of this worksheet.

5. Enter the number from line 1 of this worksheet.

6. Subtract line 5 from line 4.

7. Find the amount in Table 2 below that applies to the HIGHEST paying job and enter it here.

8. Multiply line 7 by 6 and enter the result here. This is the additional annual withholding needed.

9. Divide the result in line 8 by the number of pay periods remaining in 2006. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2005. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck.

Table 1: Two-Earner/Two-Job Worksheet

<table>
<thead>
<tr>
<th>Married Filing Jointly</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $4,200</td>
<td>$0 - $5,000</td>
</tr>
<tr>
<td>4,501 - 9,000</td>
<td>5,001 - 9,900</td>
</tr>
<tr>
<td>9,001 - 18,000</td>
<td>9,901 - 18,000</td>
</tr>
<tr>
<td>18,001 and over</td>
<td>18,901 and over</td>
</tr>
<tr>
<td>LOWEST</td>
<td>LOWEST</td>
</tr>
<tr>
<td>Enter on line H</td>
<td>Enter on line H</td>
</tr>
<tr>
<td>$40,001 and over</td>
<td>$40,001 and over</td>
</tr>
</tbody>
</table>

Table 2: Two-Earner/Two-Job Worksheet

<table>
<thead>
<tr>
<th>Married Filing Jointly</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $50,000</td>
<td>$0 - $60,000</td>
</tr>
<tr>
<td>62,001 - 115,000</td>
<td>75,001 - 145,000</td>
</tr>
<tr>
<td>115,001 - 165,000</td>
<td>145,001 - 330,000</td>
</tr>
<tr>
<td>165,001 and over</td>
<td>330,001 and over</td>
</tr>
<tr>
<td>LOWEST</td>
<td>LOWEST</td>
</tr>
<tr>
<td>Enter on line H</td>
<td>Enter on line H</td>
</tr>
<tr>
<td>$100</td>
<td>$200</td>
</tr>
</tbody>
</table>

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue Service's tax laws. The Internal Revenue Service may disclose the information you provide to the Department of Justice for civil and criminal litigation, to cities, states, and the District of Columbia for use in administering their tax laws, and using it in the National Directory of New Hires. We may also disclose this information to other countries (including the District of Columbia) under a data agreement. Your return is confidential; however, your name and address may appear in a list of returns and return information unless you request confidential treatment. You may request confidential treatment of your tax return. You can request confidential treatment if you believe your return is likely to be examined by a tax enforcement agency or if you are a tax preparer who believes your client's return will be audited. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may be pertinent in the event of an audit or legal proceeding. The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return. If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.
Figure 3. Worksheets and Tables

Use the following worksheets and tables to figure your correct withholding and adjustments.

<table>
<thead>
<tr>
<th>Use ...</th>
<th>To ...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worksheet 1. Projected Tax for 2006</td>
<td>Project the taxable income you will have for 2006 and figure the amount of tax you will have to pay on that income.</td>
</tr>
<tr>
<td>Worksheets 1a, 1b, 1c, and 1d. Tax Rate Schedule Worksheets for 2006</td>
<td>Figure the amount of tax on your projected taxable income.</td>
</tr>
<tr>
<td>Worksheet 2. Projected Withholding for 2006</td>
<td>Project the amount of federal income tax that you will have withheld in 2006, compare your projected withholding with your projected tax, and determine whether the amount withheld each payday should be adjusted.</td>
</tr>
<tr>
<td>Worksheet 3. Itemized Deductions Limit</td>
<td>Figure the reduced amount of your projected itemized deductions on Schedule A (Form 1040) if they are limited because your projected adjusted gross income is more than $150,500 ($75,250 if married filing separately).</td>
</tr>
<tr>
<td>Worksheet 4. Reduction of Exemption Amount</td>
<td>Figure the reduced value of your projected exemptions if your exemptions are limited because your projected adjusted gross income for your projected filing status is more than: $150,500 if single; $225,750 if married filing jointly or qualifying widow(er); $112,875 if married filing separately; or $188,150 if head of household.</td>
</tr>
<tr>
<td>Worksheet 5. Figuring Tax If You Expect To Have Capital Gains or Qualified Dividends</td>
<td>Figure the amount of tax when your projected 2006 taxable income includes capital gains or qualified dividends.</td>
</tr>
<tr>
<td>Worksheet 6. Self-Employment Tax</td>
<td>Figure your projected self-employment tax for 2006 if you and/or your spouse are self-employed in 2006 and your own wages and self-employment income for 2006 will be more than $94,200, or your spouse’s wages and self-employment income will be more than $94,200.</td>
</tr>
<tr>
<td>Worksheet 7. Converting Credits to Withholding Allowances</td>
<td>Figure how much of an adjustment to make to line 5 of the Deductions and Adjustments Worksheet on Form W-4 to account for your projected tax credits that are not otherwise taken into consideration.</td>
</tr>
<tr>
<td>Tables 1, 2, and 3. 2006 Standard Deduction Tables</td>
<td>Determine your projected standard deduction for 2006. Do not use these tables if you plan to itemize your deductions.</td>
</tr>
</tbody>
</table>
Worksheet 1.  **Projected Tax for 2006**

Use this worksheet to figure the amount of your projected tax for 2006.

**Note.** Enter combined amounts if married filing jointly.

1. Enter amount of adjusted gross income (AGI) you expect in 2006. (To determine this, you may want to start with the AGI on your last year’s return, and add or subtract your expected changes.)

2. If you:
   - Do not plan to itemize deductions on Schedule A (Form 1040), enter the standard deduction you expect from Table 1, 2, or 3.
   - Plan to itemize deductions, and the amount on line 1 is:
     - Not more than $150,500 ($75,250 if married filing separately), enter the total itemized deductions you expect after applying any limits (such as the 7.5% limit on medical expenses);
     - More than $150,500 ($75,250 if married filing separately), use Worksheet 3 to figure the amount to enter here.

3. Subtract line 2 from line 1 (if zero or less, enter -0-) .

4. If the amount on line 1 is:
   - Not more than the amount shown below for your 2006 filing status, multiply the number of exemptions you plan to claim on your 2006 tax return by $3,300 and enter the result here.
   - More than the amount shown below for your 2006 filing status, use Worksheet 4 to figure the amount to enter here.

   - **Single** — $150,500
   - **Married filing jointly or Qualifying widow(er)** — $225,750
   - **Married filing separately** — $112,875
   - **Head of household** — $188,150

5. Subtract line 4 from line 3 (if zero or less, enter -0-) .

6. If the amount on line 1:
   - Does not include capital gains or qualified dividends, use Worksheet 1a, 1b, 1c, or 1d, as appropriate, to figure the tax to enter here.
   - Includes capital gains or qualified dividends, use Worksheet 5 to figure the tax to enter here.

7. Enter any expected additional taxes from an election to report your child’s interest and dividends (Form 8814), and from lump-sum distributions (Form 4972).

8. Add lines 6 and 7.

9. Enter the amount of any expected tax credits. See Figure 2, earlier.

10. Subtract line 9 from line 8 (if zero or less, enter -0-).

11. Self-employment tax. If you expect to file a joint return, figure the self-employment tax for each of you separately and enter the total on line 11. If the projected total of your net self-employment income multiplied by 92.35% (.9235), plus your wage income, is:
    - $400 or more, but no more than $94,200, multiply your expected net self-employment income by 92.35% (.9235), multiply that result by 15.3% (.153), and enter here.
    - More than $94,200, use Worksheet 6 to figure the amount to enter here.

12. Enter any other expected taxes (such as tax on early distributions from an IRA, alternative minimum tax, etc.).

13. Add lines 10 through 12. This is your **projected tax for 2006**. Enter it here and on Worksheet 2, line 1.
Worksheets 1a, 1b, 1c, and 1d—Tax Rate Schedule Worksheets for 2006

Worksheet 1a. **For Single Filing Status**

If you expect your filing status for 2006 to be **single**, use this worksheet to figure the amount to enter:
- On Worksheet 1, line 6, if there are no capital gains or qualified dividends included in the total on Worksheet 1, line 1, or
- On Worksheet 5, lines 28 and 30, if there are capital gains or qualified dividends included on Worksheet 1, line 1.

1. Enter the amount from Worksheet 1, line 5, or if figuring the amount to enter on Worksheet 5, lines 28 and 30, enter the amount from Worksheet 5, line 1 or 14, as appropriate ........................................ 1

2. Enter whichever of the amounts in column A below is closer to, but not more than, the amount you entered on line 1 above ................................................ 2

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0</td>
<td>10% (.10)</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>7,550</td>
<td>15% (.15)</td>
<td>755.00</td>
</tr>
<tr>
<td>30,650</td>
<td>25% (.25)</td>
<td>4,220.00</td>
</tr>
<tr>
<td>74,200</td>
<td>28% (.28)</td>
<td>15,107.50</td>
</tr>
<tr>
<td>154,800</td>
<td>33% (.33)</td>
<td>37,675.00</td>
</tr>
<tr>
<td>336,550</td>
<td>35% (.35)</td>
<td>97,653.00</td>
</tr>
</tbody>
</table>

3. Subtract line 2 from line 1 .................................................................................................. 3

4. Enter the percentage from column B above that corresponds to the amount from column A that you entered on line 2 ...................................................................................... 4

5. Multiply line 3 by line 4 ....................................................................................................... 5

6. Enter the amount from column C above that corresponds to the amount from column A that you entered on line 2 ...................................................................................... 6

7. Add lines 5 and 6 and enter the result here and on Worksheet 1, line 6, or on Worksheet 5, line 28 or 30, whichever is appropriate ................................................................. 7

Worksheet 1b. **For Head of Household Filing Status**

If you expect your filing status for 2006 to be **head of household**, use this worksheet to figure the amount to enter:
- On Worksheet 1, line 6, if there are no capital gains or qualified dividends included in the total on Worksheet 1, line 1, or
- On Worksheet 5, lines 28 and 30, if there are capital gains or qualified dividends included on Worksheet 1, line 1.

1. Enter the amount from Worksheet 1, line 5, or if figuring the amount to enter on Worksheet 5, lines 28 and 30, enter the amount from Worksheet 5, line 1 or 14, as appropriate ........................................ 1

2. Enter whichever of the amounts in column A below is closer to, but not more than, the amount you entered on line 1 above ................................................ 2

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0</td>
<td>10% (.10)</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>10,750</td>
<td>15% (.15)</td>
<td>1,075.00</td>
</tr>
<tr>
<td>41,050</td>
<td>25% (.25)</td>
<td>5,620.00</td>
</tr>
<tr>
<td>106,000</td>
<td>28% (.28)</td>
<td>15,107.50</td>
</tr>
<tr>
<td>171,650</td>
<td>33% (.33)</td>
<td>40,239.50</td>
</tr>
<tr>
<td>336,550</td>
<td>35% (.35)</td>
<td>94,656.50</td>
</tr>
</tbody>
</table>

3. Subtract line 2 from line 1 .................................................................................................. 3

4. Enter the percentage from column B above that corresponds to the amount from column A that you entered on line 2 ...................................................................................... 4

5. Multiply line 3 by line 4 ....................................................................................................... 5

6. Enter the amount from column C above that corresponds to the amount from column A that you entered on line 2 ...................................................................................... 6

7. Add lines 5 and 6 and enter the result here and on Worksheet 1, line 6, or on Worksheet 5, line 28 or 30, whichever is appropriate ................................................................. 7
Worksheet 1c.  **For Married Filing Jointly or Qualifying Widow(er) Filing Status**

If you expect your filing status for 2006 to be *married filing jointly* or *qualifying widow(er)*, use this worksheet to figure the amount to enter:
- On Worksheet 1, line 6, if there are no capital gains or qualified dividends included in the total on Worksheet 1, line 1, or
- On Worksheet 5, lines 28 and 30, if there are capital gains or qualified dividends included on Worksheet 1, line 1.

1. Enter the amount from Worksheet 1, line 5, or if figuring the amount to enter on Worksheet 5, lines 28 and 30, enter the amount from Worksheet 5, line 1 or 14, as appropriate .......... 1
2. Enter whichever of the amounts in column A below is closer to, but not more than, the amount you entered on line 1 above ................................................ 2

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0</td>
<td>10% (.10)</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>15,100</td>
<td>15% (.15)</td>
<td>1,510.00</td>
</tr>
<tr>
<td>61,300</td>
<td>25% (.25)</td>
<td>8,440.00</td>
</tr>
<tr>
<td>123,700</td>
<td>28% (.28)</td>
<td>24,040.00</td>
</tr>
<tr>
<td>188,450</td>
<td>33% (.33)</td>
<td>42,170.00</td>
</tr>
<tr>
<td>336,550</td>
<td>35% (.35)</td>
<td>91,043.00</td>
</tr>
</tbody>
</table>

3. Subtract line 2 from line 1 .................................................. 3
4. Enter the percentage from column B above that corresponds to the amount from column A that you entered on line 2 ...................................................... 4
5. Multiply line 3 by line 4 .................................................... 5
6. Enter the amount from column C above that corresponds to the amount from column A that you entered on line 2 ........................................................ 6
7. Add lines 5 and 6 and enter the result here and on Worksheet 1, line 6, or on Worksheet 5, line 28 or 30, whichever is appropriate ............................................ 7

Worksheet 1d.  **For Married Filing Separately Filing Status**

If you expect your filing status for 2006 to be *married filing separately*, use this worksheet to figure the amount to enter:
- On Worksheet 1, line 6, if there are no capital gains or qualified dividends included in the total on Worksheet 1, line 1, or
- On Worksheet 5, lines 28 and 30, if there are capital gains or qualified dividends included on Worksheet 1, line 1.

1. Enter the amount from Worksheet 1, line 5, or if figuring the amount to enter on Worksheet 5, lines 28 and 30, enter the amount from Worksheet 5, line 1 or 14, as appropriate .......... 1
2. Enter whichever of the amounts in column A below is closer to, but not more than, the amount you entered on line 1 above ................................................ 2

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0</td>
<td>10% (.10)</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>7,550</td>
<td>15% (.15)</td>
<td>755.00</td>
</tr>
<tr>
<td>30,650</td>
<td>25% (.25)</td>
<td>4,220.00</td>
</tr>
<tr>
<td>61,850</td>
<td>28% (.28)</td>
<td>12,020.00</td>
</tr>
<tr>
<td>94,225</td>
<td>33% (.33)</td>
<td>21,085.00</td>
</tr>
<tr>
<td>168,275</td>
<td>35% (.35)</td>
<td>45,521.50</td>
</tr>
</tbody>
</table>

3. Subtract line 2 from line 1 .................................................. 3
4. Enter the percentage from column B above that corresponds to the amount from column A that you entered on line 2 ...................................................... 4
5. Multiply line 3 by line 4 .................................................... 5
6. Enter the amount from column C above that corresponds to the amount from column A that you entered on line 2 ........................................................ 6
7. Add lines 5 and 6 and enter the result here and on Worksheet 1, line 6, or on Worksheet 5, line 28 or 30, whichever is appropriate ............................................ 7
Worksheet 2.  **Projected Withholding for 2006**

Use this worksheet to figure the amount of your projected withholding for 2006, compare it to your projected tax for 2006, and figure an additional amount to have withheld each payday, if necessary.

**Note.** Enter combined amounts if married filing jointly.

1. Enter your **projected tax for 2006** from Worksheet 1, line 13 ........................... 1

2. Enter your total federal income tax withheld to date in 2006 from all sources of income. (For wages, you should be able to find the withholding-to-date on your last pay slip or statement.) 2

3. Enter the federal tax withholding you expect for the rest of 2006:
   a. For each source of wages, multiply the amount of federal income tax now being withheld each payday by the number of paydays remaining in the year and enter the combined amount for all jobs ................................. 3a
   b. For all other sources of recurring taxable income, multiply the withholding amount by the remaining number of times the income is expected. For example, if you have federal income tax withheld from your monthly pension and you will receive nine more payments this year, multiply your monthly withholding amount by 9 ................................. 3b

4. Add lines 2 and 3. This is your **projected withholding for 2006** .......................... 4

5. Compare the amounts on lines 1 and 4. If:
   • Line 1 is more than line 4, subtract line 4 from line 1. Enter the result here and go to line 6.
   • Line 4 is more than line 1, stop here and see How Do I Decrease My Withholding? ......... 5

6. Divide line 5 by the number of paydays (or other withholding events) remaining in 2006 and enter the result. **This is the additional amount you should have withheld from each remaining payment.** Enter this amount on Form W-4, line 6 ................................. 6
Worksheet 3. **Itemized Deductions Limit**

Use this worksheet to figure the amount to enter on Worksheet 1, line 2, and on the Form W-4 Deductions and Adjustments Worksheet, line 1.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Enter the total itemized deductions you expect for 2006 after applying any limits (such as the 7.5% limit on medical expenses)</td>
<td>1</td>
</tr>
<tr>
<td>2. Enter the amount included in line 1 for medical and dental expenses, investment interest, casualty and theft losses, and gambling losses</td>
<td>2</td>
</tr>
<tr>
<td>3. Subtract line 2 from line 1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Note.</strong> If the amount on line 3 is zero, stop here and enter on Worksheet 1, line 2, the larger of the amount from line 1 of this worksheet or your standard deduction from Table 1, 2, or 3.</td>
<td></td>
</tr>
<tr>
<td>4. Multiply the amount on line 3 by 80% (.80) and enter the result as a decimal</td>
<td>4</td>
</tr>
<tr>
<td>5. Enter the amount from Worksheet 1, line 1</td>
<td>5</td>
</tr>
<tr>
<td>6. Enter $150,500 ($75,250 if married filing separately)</td>
<td>6</td>
</tr>
<tr>
<td>7. Subtract line 6 from line 5</td>
<td>7</td>
</tr>
<tr>
<td><strong>Note.</strong> If the amount on line 7 is zero or less, stop here and enter on Worksheet 1, line 2, the larger of the amount from line 1 of this worksheet or your standard deduction from Table 1, 2, or 3.</td>
<td></td>
</tr>
<tr>
<td>8. Multiply the amount on line 7 by 3% (.03) and enter the result as a decimal</td>
<td>8</td>
</tr>
<tr>
<td>9. Enter the smaller of line 4 or line 8</td>
<td>9</td>
</tr>
<tr>
<td>10. Divide line 9 by 3.0 and enter the result here</td>
<td>10</td>
</tr>
<tr>
<td>11. Subtract line 10 from line 9</td>
<td>11</td>
</tr>
<tr>
<td>12. Subtract line 11 from line 1. Enter the result here, on line 2 of Worksheet 1, and on line 1 of the Form W-4 Deductions and Adjustments Worksheet</td>
<td>12</td>
</tr>
</tbody>
</table>

Worksheet 4. **Reduction of Exemption Amount**

Use this worksheet to figure the amount to enter on Worksheet 1, line 4.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Multiply $3,300 by the number of exemptions you plan to claim</td>
<td>1</td>
</tr>
<tr>
<td>2. Enter the amount from Worksheet 1, line 1</td>
<td>2</td>
</tr>
<tr>
<td>3. Enter:</td>
<td>3</td>
</tr>
<tr>
<td>$150,500 if single</td>
<td></td>
</tr>
<tr>
<td>$225,750 if married filing jointly or qualifying widow(er)</td>
<td></td>
</tr>
<tr>
<td>$112,875 if married filing separately</td>
<td></td>
</tr>
<tr>
<td>$188,150 if head of household</td>
<td></td>
</tr>
<tr>
<td>4. Subtract line 3 from line 2 and enter here</td>
<td>4</td>
</tr>
<tr>
<td>5. Is line 4 more than $122,500 (more than $61,250 if married filing separately)?</td>
<td>5</td>
</tr>
<tr>
<td><strong>Yes.</strong> Multiply $1,100 by the number of exemptions you plan to claim and enter the result here and on Worksheet 1, line 4. Do not complete the rest of this worksheet.</td>
<td></td>
</tr>
<tr>
<td><strong>No.</strong> Divide line 4 by $2,500 ($1,250 if married filing separately). If the result is not a whole number, increase it to the next whole number.</td>
<td></td>
</tr>
<tr>
<td>6. Multiply line 5 by 2% (.02). Enter the result as a decimal, but not more than 1.0</td>
<td>6</td>
</tr>
<tr>
<td>7. Multiply line 1 by the decimal on line 6</td>
<td>7</td>
</tr>
<tr>
<td>8. Divide line 7 by 1.5</td>
<td>8</td>
</tr>
<tr>
<td>9. Subtract line 8 from line 1. Enter the result here and on Worksheet 1, line 4</td>
<td>9</td>
</tr>
</tbody>
</table>
Worksheet 5.  **Figuring Tax If You Expect To Have Capital Gains or Qualified Dividends**

Use this worksheet to figure the amount to enter on Worksheet 1, line 6, only if the amount on line 1 of that worksheet includes capital gains or qualified dividends.

<table>
<thead>
<tr>
<th>Step</th>
<th>Formula</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Enter the amount from Worksheet 1, line 5</td>
<td>( )</td>
</tr>
<tr>
<td>2.</td>
<td>Enter your expected qualified dividends for 2006</td>
<td>( )</td>
</tr>
<tr>
<td>3.</td>
<td>Enter the net capital gain expected for 2006</td>
<td>( )</td>
</tr>
<tr>
<td>4.</td>
<td>Add lines 2 and 3</td>
<td>( )</td>
</tr>
<tr>
<td>5.</td>
<td>Enter your 28% rate gain or loss expected for 2006</td>
<td>( )</td>
</tr>
<tr>
<td>6.</td>
<td>Enter the unrecaptured section 1250 gain expected for 2006</td>
<td>( )</td>
</tr>
<tr>
<td>7.</td>
<td>Add lines 5 and 6</td>
<td>( )</td>
</tr>
<tr>
<td>8.</td>
<td>Enter the smaller of line 3 or line 7</td>
<td>( )</td>
</tr>
<tr>
<td>9.</td>
<td>Enter the unrecaptured section 1250 gain expected for 2006</td>
<td>( )</td>
</tr>
<tr>
<td>10.</td>
<td>Subtract line 9 from line 1. If zero or less, enter -0-</td>
<td>( )</td>
</tr>
<tr>
<td>11.</td>
<td>Enter the smaller of line 1 or $61,300 ($30,650 if single or married filing separately; $41,050 if head of household)</td>
<td>( )</td>
</tr>
<tr>
<td>12.</td>
<td>Enter the smaller of line 10 or line 11</td>
<td>( )</td>
</tr>
<tr>
<td>13.</td>
<td>Subtract line 4 from line 1. If zero or less, enter -0-</td>
<td>( )</td>
</tr>
<tr>
<td>14.</td>
<td>Enter the larger of line 12 or line 13. If line 11 and line 12 are the same, skip lines 15 and 16 and go on to line 17</td>
<td>( )</td>
</tr>
<tr>
<td>15.</td>
<td>Subtract line 12 from line 11</td>
<td>( )</td>
</tr>
<tr>
<td>16.</td>
<td>Multiply line 15 by 5% (.05). If lines 1 and 11 are the same, skip lines 17–27 and go to line 28</td>
<td>( )</td>
</tr>
<tr>
<td>17.</td>
<td>Enter the smaller of line 1 or line 9</td>
<td>( )</td>
</tr>
<tr>
<td>18.</td>
<td>Subtract line 15 from line 17. If zero or less, enter -0-</td>
<td>( )</td>
</tr>
<tr>
<td>19.</td>
<td>Multiply line 18 by 15% (.15). If line 6 is zero or blank, skip lines 20–24 and go to line 25</td>
<td>( )</td>
</tr>
<tr>
<td>20.</td>
<td>Enter the smaller of line 3 or line 6</td>
<td>( )</td>
</tr>
<tr>
<td>21.</td>
<td>Add lines 4 and 14</td>
<td>( )</td>
</tr>
<tr>
<td>22.</td>
<td>Subtract line 1 from line 21. If zero or less, enter -0-</td>
<td>( )</td>
</tr>
<tr>
<td>23.</td>
<td>Subtract line 22 from line 20. If zero or less, enter -0-</td>
<td>( )</td>
</tr>
<tr>
<td>24.</td>
<td>Multiply line 23 by 25% (.25). If line 5 is zero or blank, skip lines 25–27 and go to line 28</td>
<td>( )</td>
</tr>
<tr>
<td>25.</td>
<td>Add lines 14, 15, 18, and 23</td>
<td>( )</td>
</tr>
<tr>
<td>26.</td>
<td>Subtract line 25 from line 1</td>
<td>( )</td>
</tr>
<tr>
<td>27.</td>
<td>Multiply line 26 by 28% (.28)</td>
<td>( )</td>
</tr>
<tr>
<td>28.</td>
<td>Tax on the amount on line 14 from the 2006 Tax Rate Schedules</td>
<td>( )</td>
</tr>
<tr>
<td>29.</td>
<td>Add lines 16, 19, 24, 27, and 28</td>
<td>( )</td>
</tr>
<tr>
<td>30.</td>
<td>Tax on the amount on line 1 from the 2006 Tax Rate Schedules</td>
<td>( )</td>
</tr>
<tr>
<td>31.</td>
<td><strong>Tax</strong>: Enter the smaller of line 29 or line 30 here and on Worksheet 1, line 6</td>
<td>( )</td>
</tr>
</tbody>
</table>
Worksheet 6. **Self-Employment Tax**

Use this worksheet to figure the amount to enter on Worksheet 1, line 11. If you are married filing a joint return and you are both self-employed, complete this worksheet separately for each spouse, and combine the amounts on Worksheet 1, line 11.

1. Enter expected self-employment income for 2006 ........................................... 1
2. Multiply the amount on line 1 by 92.35% (.9235) .................................................. 2
3. Multiply the amount on line 2 by 2.9% (.029) ....................................................... 3
4. Social security tax maximum income ................................................................. 4 $94,200
5. Enter estimated wages for 2006 ................................................................. 5
6. Subtract line 5 from line 4 ........................................................................ 6
   **Note.** If line 6 is zero or less, **stop here** and enter the amount from line 3 on Worksheet 1, line 11.
7. Enter the smaller of line 2 or line 6 ............................................................... 7
8. Multiply the amount on line 7 by 12.4% (.124) .................................................. 8
9. Add line 3 and line 8. Enter the result here and on Worksheet 1, line 11. If you expect to file a joint return, combine the result with your spouse’s expected self-employment tax and enter the total on Worksheet 1, line 11. ......................................................... 9
Worksheet 7.  Converting Credits to Withholding Allowances

Use this worksheet to figure an additional amount to enter on the Form W-4 Deductions and Allowances Worksheet, line 5. For more information on these credits, see What if I can claim tax credits, earlier.

For lines 1 through 9, enter your projections for each of the credits.

1. Credit for child and dependent care expenses. (See Caution below.) .................................................. 1
2. Credit for the elderly or the disabled .................................................. 2
3. Child tax credit (including additional child tax credit). (See Caution below.) .................................................. 3
4. Education credits .................................................................................. 4
5. Adoption credit .............................................................................. 5
6. Foreign tax credit .................................................................................. 6
7. Retirement savings contributions credit .................................................. 7
8. Other credits (including mortgage interest credit, credit for prior year minimum tax if you paid alternative minimum tax in a prior year, qualified electric vehicle credit, and general business credit) .................................................. 8
9. Earned income credit (unless you requested advance payment) .................................................. 9
10. Add lines 1 through 9. This is your total estimated tax credits .................................................. 10

11. Enter the appropriate number from one of the following credit tables. Use the table that matches your filing status. Find the line in the table that matches your total income. Then, enter here the amount shown next to your income.

<table>
<thead>
<tr>
<th></th>
<th>Married Filing Joint</th>
<th>Head of Household</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Returns or Qualifying Widow(er)</td>
<td>Multiply credits by:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>If combined income from all sources</td>
<td>10.0</td>
<td>If combined income from all sources</td>
</tr>
<tr>
<td>$0 - $36,000</td>
<td>$0 - $25,000</td>
<td>6.7</td>
<td>$25,001 - $55,000</td>
</tr>
<tr>
<td>36,001 - $82,000</td>
<td>25,001 - $55,000</td>
<td>4.0</td>
<td>125,001 - $190,000</td>
</tr>
<tr>
<td>82,001 - $150,000</td>
<td>125,001 - $190,000</td>
<td>3.6</td>
<td>190,001 - $355,000</td>
</tr>
<tr>
<td>150,001 - $220,000</td>
<td>190,001 - $355,000</td>
<td>3.0</td>
<td>355,001 and over —</td>
</tr>
<tr>
<td>220,001 - $360,000</td>
<td>355,001 and over —</td>
<td>2.8</td>
<td></td>
</tr>
<tr>
<td>360,001 and over —</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Single</th>
<th>Married Filing Separately</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If combined income from all sources</td>
<td>Multiply credits by:</td>
<td>If combined income from all sources</td>
</tr>
<tr>
<td>$0 - $16,000</td>
<td>$0 - $18,000</td>
<td>10.0</td>
<td>$0 - $18,000</td>
</tr>
<tr>
<td>16,001 - $39,000</td>
<td>18,001 - $41,000</td>
<td>6.7</td>
<td>18,001 - $41,000</td>
</tr>
<tr>
<td>39,001 - $85,000</td>
<td>41,001 - $75,000</td>
<td>4.0</td>
<td>41,001 - $75,000</td>
</tr>
<tr>
<td>85,001 - $170,000</td>
<td>75,001 - $110,000</td>
<td>3.6</td>
<td>75,001 - $110,000</td>
</tr>
<tr>
<td>170,001 - $350,000</td>
<td>110,001 - $180,000</td>
<td>3.0</td>
<td>110,001 - $180,000</td>
</tr>
<tr>
<td>350,001 and over —</td>
<td>180,001 and over —</td>
<td>2.8</td>
<td>180,001 and over —</td>
</tr>
</tbody>
</table>

12. Multiply line 10 by line 11. Enter the result here and include it in the total on line 5 of the Form W-4 Deductions and Adjustments Worksheet .................................................. 12

Caution. If you entered an amount on line 1 of this worksheet, enter -0- on line F of the Form W-4 Personal Allowances Worksheet. If you entered an amount on line 3 of this worksheet, enter -0- on line G of the Form W-4 Personal Allowances Worksheet.
### Table 3. Standard Deduction Worksheet for Dependents

Use this worksheet only if someone else can claim an exemption for you (or your spouse if married filing jointly).

- If you were born before January 2, 1942, or you are blind, check the correct number of boxes below. Then go to the worksheet.
- Your spouse, if claiming spouse’s exemption before January 2, 1942, must be blind.

1. **Enter your earned income** (defined below). If none, enter 0.
2. **Additional amount**
   - If born before January 2, 1942, or if you are blind, multiply $1,250 ($1,000 if married or qualifying widow(er) with dependent child) by the number in the box above.
3. Add lines 1 and 2.
4. **Minimum standard deduction**.
5. **Enter the larger of line 3 or line 4**.
6. **Enter the amount shown below for your filing status**:
   - Single or Married filing separately — Check the correct number of boxes below. Then go to the chart.
   - Married filing jointly or Qualifying widow(er) with dependent child — Enter $7,550.
   - Head of household — $10,500.
7. **Standard deduction**.
   - Enter the smaller of line 5 or line 6.
   - If born after January 1, 1942, and not blind, stop here. This is your standard deduction. Otherwise, go on to line 7b.
   - If born before January 2, 1942, or blind, multiply $1,250 ($1,000 if married or qualifying widow(er) with dependent child) by the number in the box above.
   - Add lines 7a and 7b. This is your standard deduction for 2006.

**Earned income** includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income.

---

**Table 2. Standard Deduction Chart for People Born Before January 2, 1942, or Who are Blind**

Check the correct number of boxes below. Then go to the chart.
- **You** — Enter the amount shown below for your filing status.
- **Your spouse, if claiming spouse’s exemption before January 2, 1942** — $7,550.

1. **Enter your earned income** (defined below). If none, enter 0.
2. **Additional amount**
   - If born before January 2, 1942, or if you are blind, multiply $1,250 ($1,000 if married or qualifying widow(er) with dependent child) by the number in the box above.
3. Add lines 1 and 2.
4. **Minimum standard deduction**.
5. **Enter the larger of line 3 or line 4**.
6. **Enter the amount shown below for your filing status**:
   - Single or Married filing separately — $5,150.
   - Married filing jointly or Qualifying widow(er) with dependent child — $10,300.
   - Head of household — $7,550.
7. **Standard deduction**.
   - Enter the smaller of line 5 or line 6.
   - If born after January 1, 1942, and not blind, stop here. This is your standard deduction. Otherwise, go on to line 7b.
   - If born before January 2, 1942, or blind, multiply $1,250 ($1,000 if married or qualifying widow(er) with dependent child) by the number in the box above.
   - Add lines 7a and 7b. This is your standard deduction for 2006.

---

**Table 1. Standard Deduction Chart for Most People**

<table>
<thead>
<tr>
<th>IF your filing status is...</th>
<th>THEN your standard deduction is...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$5,150</td>
</tr>
<tr>
<td>Married filing jointly or Qualifying widow(er) with dependent child</td>
<td>$10,300</td>
</tr>
<tr>
<td>Head of household</td>
<td>$7,550</td>
</tr>
</tbody>
</table>

---

**CAUTION**

*Do not use this chart if you were born before January 2, 1942, or you are blind, or if someone else can claim an exemption for you (or your spouse if married filing jointly). Use Table 2 or 3 instead.*
How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Contacting your Taxpayer Advocate. If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels. While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

To contact your Taxpayer Advocate:
- Call the Taxpayer Advocate toll free at 1-877-777-4778.
- Call, write, or fax the Taxpayer Advocate office in your area.
- Call 1-800-829-4059 if you are a TTY/TDD user.

For more information, see Publication 1546, How To Get Help With Unresolved Tax Problems (now available in Chinese, Korean, Russian, and Vietnamese, in addition to English and Spanish).

Free tax services. To find out what services are available, get Publication 910, IRS Guide to Free Tax Services. It contains a list of free tax publications and an index of tax topics. It also describes other free tax information services, including tax education and assistance programs and a list of TeleTax topics.

Internet. You can access the IRS website 24 hours a day, 7 days a week, at www.irs.gov to:
- E-file your return. Find out about commercial tax preparation and e-file services available free to eligible taxpayers.
- Check the status of your 2005 refund. Click on Where’s My Refund? Be sure to wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically). Have your 2005 tax return available because you will need to know your social security number, your filing status, and the exact whole dollar amount of your refund.
- Download forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications online by topic or keyword.
- View Internal Revenue Bulletins (IRBs) published in the last few years.
- Figure your withholding allowances using our Form W-4 calculator.
- Sign up to receive local and national tax news by email.
- Get information on starting and operating a small business.
- Ordering forms, instructions, and publications. Call 1-800-829-3676 to order current-year forms, instructions, and publications and prior-year forms and instructions. You should receive your order within 10 days.
- Asking tax questions. Call the IRS with your tax questions at 1-800-829-1040.
- Solving problems. You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to www.irs.gov/local-contacts or look in the phone book under United States Government, Internal Revenue Service.
- TTY/TDD equipment. If you have access to TTY/TDD equipment, call 1-800-829-4059 to ask tax questions or to order forms and publications.
- TeleTax topics. Call 1-800-829-4477 and press 2 to listen to pre-recorded messages covering various tax topics.
- Refund information. If you would like to check the status of your 2005 refund, call 1-800-829-4477 and press 1 for automated refund information or call 1-800-829-1954. Be sure to wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically). Have your 2005 tax return available because you will need to know your social security number, your filing status, and the exact whole dollar amount of your refund.

Evaluating the quality of our telephone services. To ensure that IRS representatives give accurate, courteous, and professional answers, we use several methods to evaluate the quality of our telephone services. One method is for a second IRS representative to sometimes listen in on or record telephone calls. Another is to ask some callers to complete a short survey at the end of the call.

Walk-in. Many products and services are available on a walk-in basis.
- Products. You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Some IRS offices, libraries, grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of products available to print from a CD-ROM or photocopy from...
reproducible proofs. Also, some IRS offices and libraries have the Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.

- **Services.** You can walk in to your local Taxpayer Assistance Center every business day for personal, face-to-face tax help. An employee can explain IRS letters, request adjustments to your tax account, or help you set up a payment plan. If you need to resolve a tax problem, have questions about how the tax law applies to your individual tax return, or you’re more comfortable talking with someone in person, visit your local Taxpayer Assistance Center where you can spread out your records and talk with an IRS representative face-to-face. No appointment is necessary, but if you prefer, you can call your local Center and leave a message requesting an appointment to resolve a tax account issue. A representative will call you back within 2 business days to schedule an in-person appointment at your convenience. To find the number, go to www.irs.gov/localcontacts or look in the phone book under United States Government, Internal Revenue Service.

**Mail.** You can send your order for forms, instructions, and publications to the address below and receive a response within 10 business days after your request is received.

National Distribution Center
P.O. Box 8903
Bloomington, IL 61702-8903

**CD-ROM for tax products.** You can order Publication 1796, IRS Tax Products CD-ROM, and obtain:

- A CD that is released twice so you have the latest products. The first release ships in late December and the final release ships in late February.
- Current-year forms, instructions, and publications.
- Prior-year forms, instructions, and publications.
- Tax Map: an electronic research tool and finding aid.
- Tax law frequently asked questions (FAQs).
- Tax Topics from the IRS telephone response system.
- Fill-in, print, and save features for most tax forms.
- Internal Revenue Bulletins.
- Toll-free and email technical support.

Buy the CD-ROM from National Technical Information Service (NTIS) at www.irs.gov/cdorders for $25 (no handling fee) or call 1-877-233-6767 toll free to buy the CD-ROM for $25 (plus a $5 handling fee).

**CD-ROM for small businesses.** Publication 3207, The Small Business Resource Guide CD-ROM for 2005, has a new look and enhanced navigation features. This year’s CD includes:

- Helpful information, such as how to prepare a business plan, find financing for your business, and much more.
- All the business tax forms, instructions, and publications needed to successfully manage a business.
- Tax law changes for 2005.
- IRS Tax Map to help you find forms, instructions, and publications by searching on a keyword or topic.
- Web links to various government agencies, business associations, and IRS organizations.
- “Rate the Product” survey—your opportunity to suggest changes for future editions.

An updated version of this CD is available each year in early April. You can get a free copy by calling 1-800-829-3676 or by visiting www.irs.gov/smallbiz.