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Publication 590 Draft Worksheets

These draft worksheets from Publication 590, Individual Retirement Arrangements (IRAs), for tax year 2008, are only available on the Internet. Since they are drafts, they are subject to change. If a worksheet is revised, it will be reposted only if there is a change in the computation. When the final version of Publication 590 becomes available, these drafts will be removed.

Worksheet 1-2, Figuring Your Reduced IRA Deduction for 2008.

You use this worksheet to figure your reduced IRA deduction for 2008 if you or your spouse is covered by an employer plan and you did not receive any social security benefits.

On the page following Worksheet 1-2 are additional instructions for completing lines 4 and 6 of Worksheet 1-2 and Worksheet 2 in Appendix B, if you qualify to make catch-up contributions due to certain employer bankruptcies.

Worksheet 1-5, Figuring the Taxable Part of Your IRA Distribution.

You use this worksheet only if you made contributions to a traditional IRA for 2008 and have to figure the taxable part of your 2008 distributions to determine your modified AGI.

Appendix B, Worksheet 1, Computation of Modified AGI.

You use this worksheet to compute your Modified AGI if you receive social security benefits, have taxable compensation, contribute to your traditional IRA, and you or your spouse is covered by an employer plan.

Appendix B, Worksheet 2, Computation of Traditional IRA Deduction for 2008.

You use this worksheet to compute your traditional IRA deduction if you receive social security benefits, have taxable compensation, contribute to your traditional IRA, and you or your spouse is covered by an employer plan.

Appendix B, Worksheet 3, Computation of Taxable Social Security Benefits.

You use this worksheet to compute your taxable social security benefits if you receive social security benefits, have taxable compensation, contribute to your traditional IRA, and you or your spouse is covered by an employer plan.

Comments and suggestions. We welcome your comments about these worksheets.

You can write to us at the following address:

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You can email us at **taxforms@irs.gov*. (The asterisk must be included in the address.) Please put "Publications Comment" on the subject line. Although we cannot respond individually to each email, we do appreciate your feedback and will consider your comments as we revise our tax products.

Worksheet 1-2. Figuring Your Reduced IRA Deduction for 2008

(Use only if you or your spouse is covered by an employer plan and your modified AGI falls between the two amounts shown below for your coverage situation and filing status.)

Note. If you were married and both you and your spouse contributed to IRAs, figure your deduction and your spouse's deduction separately.

Certain employer bankruptcies. See *Catch-up contributions in certain employer bankruptcies* earlier, for instructions to complete lines 4 and 6 of this worksheet.

IF you ...	AND your filing status is ...	AND your modified AGI is over ...	THEN enter on line 1 below ...
are covered by an employer plan	single or head of household	\$53,000	\$63,000
	married filing jointly or qualifying widow(er)	\$85,000	\$105,000
	married filing separately	\$0	\$10,000
are not covered by an employer plan, but your spouse is covered	married filing jointly	\$159,000	\$169,000
	married filing separately	\$0	\$10,000

1. Enter applicable amount from table above **1.** _____
 2. Enter your **modified AGI** (that of both spouses, if married filing jointly) **2.** _____
- Note.** If line 2 is equal to or more than the amount on line 1, **stop here.**
Your IRA contributions are not deductible. See *Nondeductible Contributions*.
3. Subtract line 2 from line 1. **If line 3 is \$10,000 or more (\$20,000 or more if married filing jointly or qualifying widow(er) and you are covered by an employer plan), stop here.** You can take a full IRA deduction for contributions of up to \$5,000 (\$6,000 if you are age 50 or older) or 100% of your (and if married filing jointly, your spouse's) compensation, whichever is less . . . **3.** _____
 4. Multiply line 3 by the percentage below that applies to you. If the result is not a multiple of \$10, round it to the next highest multiple of \$10. (For example, \$611.40 is rounded to \$620.) However, if the result is less than \$200, enter \$200.
 - Married filing jointly or qualifying widow(er) **and** you are covered by an employer plan, multiply line 3 by 25% (.25) (by 30% (.30) if you are age 50 or older).
 - All others, multiply line 3 by 50% (.50) (by 60% (.60) if you are age 50 or older).
 } **4.** _____
 5. Enter your compensation minus any deductions on Form 1040, line 27 (one-half of self-employment tax) and line 28 (self-employed SEP, SIMPLE, and qualified plans); or on Form 1040NR, line 27 (self-employed SEP, SIMPLE, and qualified plans). If you are filing a joint return and your compensation is less than your spouse's, include your spouse's compensation reduced by his or her traditional IRA and Roth IRA contributions for this year. If you file Form 1040 or Form 1040NR, do not reduce your compensation by any losses from self-employment **5.** _____
 6. Enter contributions made, or to be made, to your IRA for 2008 but **do not** enter more than \$5,000 (\$6,000 if you are age 50 or older). If contributions are more than \$5,000 (\$6,000 if you are age 50 or older), see *Excess Contributions*, later. **6.** _____
 7. **IRA deduction.** Compare lines 4, 5, and 6. Enter the smallest amount (or a smaller amount if you choose) here and on the Form 1040, 1040A, or 1040NR line for your IRA, whichever applies. If line 6 is more than line 7 and you want to make a nondeductible contribution, go to line 8. **7.** _____
 8. **Nondeductible contribution.** Subtract line 7 from line 5 or 6, whichever is smaller. Enter the result here and on line 1 of your Form 8606 **8.** _____

Worksheet 1-2 and Worksheet 2 in Appendix B. If you qualify to make the catch-up contributions described above due to certain employer bankruptcies, you must use the additional instructions below when completing Worksheet 1-2 or Worksheet 2 in Appendix B, shown later.

On line 4 of the worksheet, use the percentage below that applies to you.

- Married filing jointly or qualifying widow(er) and you are covered by an employer plan, multiply line 3 by 40% (.40).

- All others, multiply line 3 by 80% (.80).

On line 6 of the worksheet, enter contributions made, or to be made for 2008, but do not enter more than \$8,000.

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Worksheet 1-5. Figuring the Taxable Part of Your IRA Distribution

Use only if you made contributions to a traditional IRA for 2008 and have to figure the taxable part of your 2008 distributions to determine your modified AGI. See *Limit if Covered by Employer Plan*. Form 8606 and the related instructions will be needed when using this worksheet.

Note. When used in this worksheet, the term **outstanding rollover** refers to an amount distributed from a traditional IRA as part of a rollover that, as of December 31, 2008, had not yet been reinvested in another traditional IRA, but was still eligible to be rolled over tax free.

1. Enter the basis in your traditional IRAs as of December 31, 2007	1.	_____
2. Enter the total of all contributions made to your traditional IRAs during 2008 and all contributions made during 2009 that were for 2008, whether or not deductible . Do not include rollover contributions properly rolled over into IRAs. Also, do not include certain returned contributions described in the instructions for line 7, Part I, of Form 8606.	2.	_____
3. Add lines 1 and 2	3.	_____
4. Enter the value of all your traditional IRAs as of December 31, 2008 (include any outstanding rollovers from traditional IRAs to other traditional IRAs)	4.	_____
5. Enter the total distributions from traditional IRAs (including amounts converted to Roth IRAs that will be shown on line 16 of Form 8606) received in 2008. (Do not include outstanding rollovers included on line 4 or any rollovers between traditional IRAs completed by December 31, 2008. Also, do not include certain returned contributions described in the instructions for line 7, Part I, of Form 8606.)	5.	_____
6. Add lines 4 and 5	6.	_____
7. Divide line 3 by line 6. Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000	7.	_____
8. Nontaxable portion of the distribution. Multiply line 5 by line 7. Enter the result here and on lines 13 and 17 of Form 8606 . . .	8.	_____
9. Taxable portion of the distribution (before adjustment for conversions). Subtract line 8 from line 5. Enter the result here and if there are no amounts converted to Roth IRAs, stop here and enter the result on line 15 of Form 8606	9.	_____
10. Enter the amount included on line 9 that is allocable to amounts converted to Roth IRAs by December 31, 2008. (See <i>Note</i> at the end of this worksheet.) Enter here and on line 18 of Form 8606	10.	_____
11. Taxable portion of the distribution (after adjustments for conversions). Subtract line 10 from line 9. Enter the result here and on line 15 of Form 8606	11.	_____

Note. If the amount on line 5 of this worksheet includes an amount converted to a Roth IRA by December 31, 2008, you must determine the percentage of the distribution allocable to the conversion. To figure the percentage, divide the amount converted (from line 16 of Form 8606) by the total distributions shown on line 5. To figure the amounts to include on line 10 of this worksheet and on line 18, Part II of Form 8606, multiply line 9 of the worksheet by the percentage you figured.

Appendix B. Worksheets for Social Security Recipients Who Contribute to a Traditional IRA

If you receive social security benefits, have taxable compensation, contribute to your traditional IRA, and you or your spouse is covered by an employer retirement plan, complete the following worksheets. (See *Are You Covered by an Employer Plan?* in chapter 1.)

Use Worksheet 1 to figure your modified adjusted gross income. This amount is needed in the computation of your IRA deduction, if any, which is figured using Worksheet 2.

The IRA deduction figured using Worksheet 2 is entered on your tax return.

Worksheet 1

Computation of Modified AGI

(For use only by taxpayers who receive social security benefits)

Filing Status — Check only one box:

- A.** Married filing jointly
- B.** Single, Head of Household, Qualifying Widow(er), or Married filing separately and **lived apart** from your spouse during the **entire year**
- C.** Married filing separately and **lived with** your spouse at **any time** during the year

1. Adjusted gross income (AGI) from Form 1040 or Form 1040A (not taking into account any social security benefits from Form SSA-1099 or RRB-1099, any deduction for contributions to a traditional IRA, any student loan interest deduction, any domestic production activities deduction, or any exclusion of interest from savings bonds to be reported on Form 8815)	1.	_____
2. Enter the amount in box 5 of all Forms SSA-1099 and Forms RRB-1099	2.	_____
3. Enter one-half of line 2	3.	_____
4. Enter the amount of any foreign earned income exclusion, foreign housing exclusion, U.S. possessions income exclusion, exclusion of income from Puerto Rico you claimed as a bona fide resident of Puerto Rico, or exclusion of employer-provided adoption benefits	4.	_____
5. Enter the amount of any tax-exempt interest reported on line 8b of Form 1040 or 1040A	5.	_____
6. Add lines 1, 3, 4, and 5	6.	_____
7. Enter the amount listed below for your filing status.		
• \$32,000 if you checked box A above.		
• \$25,000 if you checked box B above.		
• \$0 if you checked box C above.	7.	_____
8. Subtract line 7 from line 6. If zero or less, enter 0 on this line	8.	_____
9. If line 8 is zero, stop here . None of your social security benefits are taxable. If line 8 is more than 0, enter the amount listed below for your filing status.		
• \$12,000 if you checked box A above.		
• \$9,000 if you checked box B above.		
• \$0 if you checked box C above	9.	_____
10. Subtract line 9 from line 8. If zero or less, enter 0	10.	_____
11. Enter the smaller of line 8 or line 9	11.	_____
12. Enter one-half of line 11	12.	_____
13. Enter the smaller of line 3 or line 12	13.	_____
14. Multiply line 10 by .85. If line 10 is zero, enter 0	14.	_____
15. Add lines 13 and 14	15.	_____
16. Multiply line 2 by .85	16.	_____
17. Taxable benefits to be included in modified AGI for traditional IRA deduction purposes. Enter the smaller of line 15 or line 16	17.	_____
18. Enter the amount of any employer-provided adoption benefits exclusion and any foreign earned income exclusion and foreign housing exclusion or deduction that you claimed	18.	_____
19. Modified AGI for determining your reduced traditional IRA deduction — add lines 1, 17, and 18. Enter here and on line 2 of Worksheet 2, next	19.	_____

Appendix B. (Continued)

Worksheet 2
Computation of Traditional IRA Deduction For 2008
(For use only by taxpayers who receive social security benefits)

IF your filing status is ...	AND your modified AGI is over ...	THEN enter on line 1 below ...
married filing jointly or qualifying widow(er)	\$85,000*	\$105,000
married filing jointly (you are not covered by an employer plan but your spouse is)	\$159,000*	\$169,000
single, or head of household	\$53,000*	\$63,000
married filing separately**	\$0*	\$10,000

*If your modified AGI is **not** over this amount, you can take an IRA deduction for your contributions of up to the lesser of \$5,000 (\$6,000 if you are age 50 or older or \$8,000 for certain employer bankruptcies) or your taxable compensation. Skip this worksheet, proceed to Worksheet 3, and enter your IRA deduction on line 2 of Worksheet 3.

If you did **not live with your spouse **at any time** during the year, consider your filing status as single. **Note.** If you were married and you or your spouse worked and you both contributed to IRAs, figure the deduction for each of you separately.

Certain employer bankruptcies. See *Catch-up contributions in certain employer bankruptcies* in chapter 1 for instructions to complete lines 4 and 6 of this worksheet.

1.	Enter the applicable amount from above	1. _____
2.	Enter your modified AGI from Worksheet 1, line 19	2. _____
	Note. If line 2 is equal to or more than the amount on line 1, stop here; your traditional IRA contributions are not deductible. Proceed to Worksheet 3.	
3.	Subtract line 2 from line 1	3. _____
4.	Multiply line 3 by the percentage below that applies to you. If the result is not a multiple of \$10, round it to the next highest multiple of \$10. (For example, \$611.40 is rounded to \$620.) However, if the result is less than \$200, enter \$200.	
	<ul style="list-style-type: none"> • Married filing jointly or qualifying widow(er) and you are covered by an employer plan, multiply line 3 by 25% (.25) (by 30% (.30) if you are age 50 or older). • All others, multiply line 3 by 50% (.50) (by 60% (.60) if you are age 50 or older). 	} 4. _____
5.	Enter your compensation minus any deductions on Form 1040, line 27 (one-half of self-employment tax) and line 28 (self-employed SEP, SIMPLE, and qualified plans). If you are the lower-income spouse, include your spouse's compensation reduced by his or her traditional IRA and Roth IRA contributions for this year	5. _____
6.	Enter contributions you made, or plan to make, to your traditional IRA for 2008, but do not enter more than \$5,000 (\$6,000 if you are age 50 or older)	6. _____
7.	Deduction. Compare lines 4, 5, and 6. Enter the smallest amount here (or a smaller amount if you choose). Enter this amount on the Form 1040 or 1040A line for your IRA. (If the amount on line 6 is more than the amount on line 7, complete line 8.) . . .	7. _____
8.	Nondeductible contributions. Subtract line 7 from line 5 or 6, whichever is smaller. Enter the result here and on line 1 of your Form 8606, <i>Nondeductible IRAs</i>	8. _____

Appendix B. (Continued)

Worksheet 3

Computation of Taxable Social Security Benefits

(For use by taxpayers who receive social security benefits and take a traditional IRA deduction)

Filing Status — Check only one box:

- A.** Married filing jointly
- B.** Single, Head of Household, Qualifying Widow(er), or Married filing separately and ***lived apart*** from your spouse during the ***entire year***
- C.** Married filing separately and ***lived with*** your spouse at ***any time*** during the year

1. Adjusted gross income (AGI) from Form 1040 or Form 1040A (not taking into account any IRA deduction, any student loan interest deduction, any domestic production activities deduction, any social security benefits from Form SSA-1099 or RRB-1099, or any exclusion of interest from savings bonds to be reported on Form 8815)	1.	_____
2. Deduction(s) from line 7 of Worksheet(s) 2	2.	_____
3. Subtract line 2 from line 1	3.	_____
4. Enter amount in box 5 of all Forms SSA-1099 and Forms RRB-1099	4.	_____
5. Enter one-half of line 4	5.	_____
6. Enter the amount of any foreign earned income exclusion, foreign housing exclusion, exclusion of income from U.S. possessions, exclusion of income from Puerto Rico you claimed as a bona fide resident of Puerto Rico, or exclusion of employer-provided adoption benefits	6.	_____
7. Enter the amount of any tax-exempt interest reported on line 8b of Form 1040 or 1040A	7.	_____
8. Add lines 3, 5, 6, and 7	8.	_____
9. Enter the amount listed below for your filing status.		
• \$32,000 if you checked box A above.		
• \$25,000 if you checked box B above.		
• \$0 if you checked box C above.	9.	_____
10. Subtract line 9 from line 8. If zero or less, enter 0 on this line.	10.	_____
11. If line 10 is zero, stop here . None of your social security benefits are taxable. If line 10 is more than 0, enter the amount listed below for your filing status.		
• \$12,000 if you checked box A above.		
• \$9,000 if you checked box B above.		
• \$0 if you checked box C above.	11.	_____
12. Subtract line 11 from line 10. If zero or less, enter 0	12.	_____
13. Enter the smaller of line 10 or line 11	13.	_____
14. Enter one-half of line 13	14.	_____
15. Enter the smaller of line 5 or line 14	15.	_____
16. Multiply line 12 by .85. If line 12 is zero, enter 0	16.	_____
17. Add lines 15 and 16	17.	_____
18. Multiply line 4 by .85	18.	_____
19. Taxable social security benefits. Enter the smaller of line 17 or line 18	19.	_____