

Label

Use the IRS label. Otherwise, please print or type.

For the year Jan. 1, Dec. 31, 2006, or other tax year beginning 2006, ending 20 OMB No. 1545-0074

TODD PALIN
SARAH PALIN
WASILLA, AK 99654

Your social security number
Spouse's social security number

▲ You MUST enter your SSN(s) above. ▲
Checking a box below will not change your tax or refund.

Presidential Election Campaign

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16) You Spouse

Filing Status

1 Single
2 Married filing jointly (even if only one had income)
3 Married filing separately. Enter spouse's SSN above & full name below.
4 Head of household (with qualifying person). (See page 17.)
5 Qualifying widow(er) with dependent child (see page 17)

Exemptions

6a Yourself. If someone can claim you as a dependent, do not check box 6a
b Spouse

c Dependents:

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to YOU	(4) <input checked="" type="checkbox"/> if qual. child for child tax cr.	No. of children on 6c who:
TRACK PALIN			SON		lived with you 4
BRISTOL PALIN			DAUGHTER	<input checked="" type="checkbox"/>	did not live with you due to divorce or separation
WILLOW PALIN			DAUGHTER	<input checked="" type="checkbox"/>	Dependents on 6c not entered above
PIPER PALIN			DAUGHTER	<input checked="" type="checkbox"/>	

d Total number of exemptions claimed

Income

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	106,622.
8a	Taxable interest. Attach Schedule B if required	8a	595.
8b	Tax-exempt interest. Do not include on line 8a	8b	
9a	Ordinary dividends. Attach Schedule B if required	9a	234.
9b	Qualified dividends (see page 23)	9b	234.
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 24)	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	10,164.
13	Capital gain/(loss). Attach Sch D. If not required check here <input type="checkbox"/>	13	8,176.
14	Other gains or (losses). Attach Form 4797	14	
15a	IRA distributions	15a	
15b	Taxable amt	15b	
16a	Pensions and annuities	16a	
16b	Taxable amt	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits	20a	
20b	Taxable amt	20b	
21	Other income. List type and amount (see page 29) ALASKA PERM DIV 2,214.	21	2,214.
22	Add the amounts in the far right column for lines 7 through 21. This is your total income	22	128,005.

Adjusted Gross Income

23	Archer MSA deduction. Attach Form 8853	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25	Health savings account deduction. Attach Form 8889	25	
26	Moving expenses. Attach Form 3903	26	
27	One-half of self-employment tax. Attach Schedule SE	27	136.
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction (see page 29)	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN	31a	
32	IRA deduction (see page 31)	32	
33	Student loan interest deduction (see page 33)	33	
34	Jury duty pay you gave to your employer	34	
35	Domestic production activities deduction. Attach Form 8903	35	
36	Add lines 23 through 31a and 32 through 35	36	136.
37	Subtract line 36 from line 22. This is your adjusted gross income	37	127,869.

Tax and Credits

Standard Deduction for -

• People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 34.

• All others:

Single or Married filing separately, \$5,150

Married filing jointly or Qualifying widow(er), \$10,300

Head of household, \$7,550

38	Amount from line 37 (adjusted gross income)	38	127,869.
39a	Check <input type="checkbox"/> You were born before January 2, 1942, <input type="checkbox"/> Blind. <input type="checkbox"/> Total boxes checked <input type="checkbox"/> 39a		
	If: <input type="checkbox"/> Spouse was born before January 2, 1942, <input type="checkbox"/> Blind. <input type="checkbox"/> checked <input type="checkbox"/> 39b		
b	If your spouse itemizes on a separate return or you were a dual-status alien, see pg 34 & check here <input type="checkbox"/> 39b		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	22,162.
41	Subtract line 40 from line 38	41	105,707.
42	If line 38 is over \$112,875, or you provided housing to a person displaced by Hurricane Katrina, see page 36. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d	42	19,800.
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	85,907.
44	Tax. Check if any tax is from: a <input checked="" type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	44	13,772.
45	Alternative minimum tax (see page 39). Attach Form 6251	45	
46	Add lines 44 and 45	46	13,772.
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule R	49	
50	Education credits. Attach Form 8863	50	
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Residential energy credits. Attach Form 5695	52	
53	Child tax credit (see page 42). Attach Form 8901 if required	53	2,100.
54	Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8839 c <input type="checkbox"/> Form 8859	54	
55	Other credits: a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Form	55	
56	Add lines 47 through 55. These are your total credits	56	2,100.
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	11,672.

Other Taxes

58	Self-employment tax. Attach Schedule SE	58	272.
59	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 9	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57 through 62. This is your total tax	63	11,944.

Payments

If you have a qualifying child, attach Schedule EIC.

64	Federal income tax withheld from Forms W-2 and 1099	64	15,891.
65	2006 estimated tax payments and amount applied from 2005 return	65	
66a	Earned income credit (EIC)	66a	
b	Nontaxable combat pay election <input type="checkbox"/> 66b		
67	Excess social security and tier 1 RRTA tax withheld (see page 60)	67	
68	Additional child tax credit. Attach Form 8812	68	
69	Amount paid with request for extension to file (see page 60)	69	4,000.
70	Payments from: a <input type="checkbox"/> Form 2430 b <input type="checkbox"/> Form 4138 c <input type="checkbox"/> Form 8885	70	
71	Credit for federal telephone excise tax paid. Attach Form 8913 if required	71	60.
72	Add lines 64, 65, 66a, & 67 through 71. These are your total payments	72	19,951.

Refund

Direct deposit? See page 61 and fill in 74b, 74c, and 74d, or Form 8888

73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid	73	8,007.
74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	74a	8,007.
b	Routing number		
c	Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
d	Account number		
75	Amount of line 73 you want applied to your 2007 estimated tax	75	

Amount You Owe

76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 62	76	
77	Estimated tax penalty (see page 62)	77	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 63)? Yes. Complete the following. No

Designee's name **HR BLOCK** Phone no. _____ Personal ID number (PIN) _____

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
For Info Only-Do not file		OILFIELD	
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	
For Info Only-Do not file		PUBLIC SERVICE	

Paid Preparer's Use Only

Preparer's signature _____ Date **8/8/2007** Check if self-employed

Firm's name (or yours if self-employed), address, and ZIP code **H AND R BLOCK** Preparer's SSN or PTIN _____ EIN _____ Phone no. _____

SCHEDULE A
(Form 1040)

Schedule A - Itemized Deductions

OMB No. 1545-0074

06

Attachment
Sequence No. 07

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040. ▶ See Instructions for Schedule A (Form 1040).

Name(s) shown on Form 1040

Your social security number

TODD & SARAH PALIN

Medical and Dental Expenses		Caution. Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see page A-1)	1			
2	Enter amount from Form 1040, line 38	2			
3	Multiply line 2 by 7.5% (.075)	3			
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4			
Taxes You Paid					
5	State and local income taxes ST	5	740.		
6	Real estate taxes (see page A-3) PROPERTY TAXES 323.	6	5,308.		
7	Personal property taxes	7	215.		
8	Other taxes. List type and amount ▶ SUI 146.	8	146.		
9	Add lines 5 through 8	9			6,409.
Interest You Paid					
10	Home mortgage interest and points reported to you on Form 1098	10	10,873.		
11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address ▶	11			
12	Points not reported to you on Form 1098. See page A-4 for special rules.	12			
13	Investment interest. Attach Form 4952 if required. (See page A-4.)	13			
14	Add lines 10 through 13	14			10,873.
Gifts to Charity					
15	Gifts by cash or check. If you made any gift of \$250 or more, see page A-5 VARIOUS 4,250.	15	4,250.		
16	Other than by cash or check. If any gift of \$250 or more, see page A-5. You must attach Form 8283 if over \$500	16	630.		
17	Carryover from prior year	17			
18	Add lines 15 through 17	18			4,880.
Casualty and Theft Losses					
19	Casualty or theft loss(es). Attach Form 4684. (See page A-6.)	19			
Job Expenses and Certain Miscellaneous Deductions					
20	Unreimbursed employee expenses - job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-6.) ▶ UNION DUES 720.	20	720.		
21	Tax preparation fees	21	213.		
22	Other expenses - investment, safe deposit box, etc. List type and amount. ▶	22			
23	Add lines 20 through 22	23	933.		
24	Enter amount from Form 1040, line 38	24	127,869.		
25	Multiply line 24 above by 2% (.02)	25	2,557.		
26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26			0.
Other Miscellaneous Deductions					
27	Other - from list on page A-7. List type and amount ▶	27			
Total Itemized Deductions					
28	Is Form 1040, line 38, over \$150,500 (over \$75,250 if married filing separately)? <input checked="" type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 40. <input type="checkbox"/> Yes. Your deduction may be limited. See page A-7 for the amount to enter.	28			22,162.
29	If you elect to itemize deductions even though they are less than your standard deduction, check here	29			

**SCHEDULE C
(Form 1040)**

Profit or Loss From Business

(Sole Proprietorship)

OMB No. 1545-0074

06

Department of the Treasury
Internal Revenue Service (999)

Partnerships, joint ventures, etc., must file Form 1065 or 1065-B.

Attach to Form 1040, 1040NR, or 1041. See Instructions for Schedule C (Form 1040).

Attachment
Sequence No. 09

Name of proprietor
TODD PALIN

Social security number (SSN)

A Principal business or profession, including product or service (see page C-2 of the instructions)
FISHING : FISH

B Enter code from pages C-8, 9, & 10
114110

C Business name. If no separate business name, leave blank.
TODD M PALIN

D Employer ID number (EIN), if any

E Business address (including suite or room no.)
City, town or post office, state, and ZIP code
WASILLA, AK 99654

F Accounting method: (1) Cash (2) Accrual (3) Other (specify)

G Did you "materially participate" in the operation of this business during 2006? If "No," see page C-3 for limit on losses Yes No

H If you started or acquired this business during 2006, check here

Part I Income	
1	Gross receipts or sales. Caution: If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-3 and check here. <input type="checkbox"/>
2	Returns and allowances
3	Subtract line 2 from line 1
4	Cost of goods sold (from line 42 on page 2)
5	Gross profit. Subtract line 4 from line 3
6	Other income, including federal and state gasoline or fuel tax credit or refund (see page C-3)
7	Gross income. Add lines 5 and 6

Part II Expenses. Enter expenses for business use of your home only on line 30.			
8	Advertising	18	Office expense
9	Car and truck expenses (see page C-4)	19	Pension and profit-sharing plans
10	Commissions and fees	20	Rent or lease (see page C-5):
11	Contract labor (see page C-4)	20a	a Vehicles, machinery, and equipment
12	Depletion	20b	b Other business property
13	Depreciation and section 179 expense deduction (not included in Part III) (see page C-4)	21	Repairs and maintenance
14	Employee benefit programs (other than on line 19)	22	Supplies (not included in Part III)
15	Insurance (other than health)	23	Taxes and licenses
16	Interest:	24	Travel, meals, and entertainment:
16a	a Mortgage (paid to banks, etc.)	24a	a Travel
16b	b Other	24b	b Deductible meals and entertainment (see page C-6)
17	Legal and professional services	25	Utilities
26	Wages (less employment credits)	26	Other expenses (from line 48 on page 2)
27	Other expenses (from line 48 on page 2)	27	
28	Total expenses before expenses for business use of home. Add lines 8 through 27 in columns	28	
29	Tentative profit (loss). Subtract line 28 from line 7.	29	
30	Expenses for business use of your home. Attach Form 8829	30	
31	Net profit or (loss). Subtract line 30 from line 29.	31	
32	If you have a loss, check the box that describes your investment in this activity (see page C-6).	32a	<input type="checkbox"/> All investment is at risk.
	• If you checked 32a, enter the loss on both Form 1040, line 12, and Schedule SE, line 2 or on Form 1040NR, line 13 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.	32b	<input type="checkbox"/> Some investment is not at risk.
	• If you checked 32b, you must attach Form 6198. Your loss may be limited.		

KBA For Paperwork Reduction Act Notice, see page C-8 of the instructions.

Schedule C (Form 1040) 2006

**SCHEDULE C
(Form 1040)**

**Profit or Loss From Business
(Sole Proprietorship)**

OMB No. 1545-0074

2006

Attachment
Sequence No. **09**

Department of the Treasury
Internal Revenue Service (991)

Partnerships, joint ventures, etc., must file Form 1065 or 1065-B.
Attach to Form 1040, 1040NR, or 1041. See instructions for Schedule C (Form 1040).

Name of proprietor TODD PALIN		Social security number (SSN)
A Principal business or profession, including product or service (see page C-2 of the instructions) RACING : SNOW MACHINE RACING		B Enter code from pages C-8, 9, & 10 999999
C Business name. If no separate business name, leave blank. TODD M PALIN		D Employer ID number (EIN), if any
E Business address (including suite or room no.) City, town or post office, state, and ZIP code WASILLA, AK 99654		
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify)		
G Did you "materially participate" in the operation of this business during 2006? If "No," see page C-3 for limit on losses <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
H If you started or acquired this business during 2006, check here <input type="checkbox"/>		

Part I Income

1 Gross receipts or sales. Caution: If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-3 and check here <input type="checkbox"/>	1	16,516.
2 Returns and allowances	2	
3 Subtract line 2 from line 1	3	16,516.
4 Cost of goods sold (from line 42 on page 2)	4	
5 Gross profit. Subtract line 4 from line 3	5	16,516.
6 Other income, including federal and state gasoline or fuel tax credit or refund (see page C-3)	6	
7 Gross income. Add lines 5 and 6	7	16,516.

Part II Expenses. Enter expenses for business use of your home only on line 30.

8 Advertising	8		18 Office expense	18	
9 Car and truck expenses (see page C-4)	9		19 Pension and profit-sharing plans	19	
10 Commissions and fees	10		20 Rent or lease (see page C-5):	20	
11 Contract labor (see page C-4)	11		a Vehicles, machinery, and equipment	20a	
12 Depletion	12		b Other business property	20b	
13 Depreciation and section 179 expense deduction (not included in Part III) (see page C-4)	13	3,277.	21 Repairs and maintenance	21	
14 Employee benefit programs (other than on line 19)	14		22 Supplies (not included in Part III)	22	
15 Insurance (other than health)	15		23 Taxes and licenses	23	
16 Interest:	16		24 Travel, meals, and entertainment:	24	
a Mortgage (paid to banks, etc.)	16a		a Travel	24a	135.
b Other	16b		b Deductible meals and entertainment (see page C-6)	24b	602.
17 Legal and professional services	17	200.	25 Utilities	25	
28 Total expenses before expenses for business use of home. Add lines 8 through 27 in columns	28		26 Wages (less employment credits)	26	
29 Tentative profit (loss). Subtract line 28 from line 7.	29		27 Other expenses (from line 48 on page 2)	27	9,828.
30 Expenses for business use of your home. Attach Form 8829	30			28	
31 Net profit or (loss). Subtract line 30 from line 29.	31			28	14,042.
• If a profit, enter on Form 1040, line 12, and Schedule SE, line 2 or on Form 1040NR, line 13 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.				29	2,474.
• If a loss, you must go to line 32.				30	
32 If you have a loss, check the box that describes your investment in this activity (see page C-6).				31	2,474.
• If you checked 32a, enter the loss on both Form 1040, line 12, and Schedule SE, line 2 or on Form 1040NR, line 13 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.					
• If you checked 32b, you must attach Form 6198. Your loss may be limited.					

32a All investment is at risk.
32b Some investment is not at risk.

KBA For Paperwork Reduction Act Notice, see page C-8 of the instructions.

Schedule C (Form 1040) 2006

Part III Cost of Goods Sold (see page C-7)

33 Method(s) used to value closing inventory: a Cost b Lower of cost or market c Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation	36
36 Purchases less cost of items withdrawn for personal use	36
37 Cost of labor. Do not include any amounts paid to yourself	37
38 Materials and supplies	38
39 Other costs	39
40 Add lines 35 through 39	40
41 Inventory at end of year	41
42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4	42

Part IV Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-4 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶ _____

44 Of the total number of miles you drove your vehicle during 2006, enter the number of miles you used your vehicle for:

a Business _____ b Commuting (see Inst) _____ c Other _____

45 Do you (or your spouse) have another vehicle available for personal use? Yes No

46 Was your vehicle available for personal use during off-duty hours? Yes No

47a Do you have evidence to support your deduction? Yes No

b If "Yes," is the evidence written? Yes No

Part V Other Expenses. List below business expenses not included on lines 8-26 or line 30.

EQUIP PARTS REP MAIN	4,952.
SNOWMACHINE FUEL	1,850.
ENTRY FEES	1,830.
CELL PHONE	280.
POSTERS	200.
REGISTRATIONS	270.
PHYSICALS	58.
DECALS	266.
SHIPPING	122.
48 Total other expenses. Enter here and on page 1, line 27	9,828.

**SCHEDULE D
(Form 1040)**

Capital Gains and Losses

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040 or Form 1040NR. ▶ See Instructions for Schedule D (Form 1040).

2006

▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

Attachment
Sequence No. **12**

Name(s) shown on return

TODD & SARAH PALIN

Your social security number

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2	Enter your short-term totals, if any, from Schedule D-1, line 2.				
3	Total short-term sales price amounts. Add lines 1 and 2 in column (d).				
4	Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824.				
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1.				
6	Short-term capital loss carryover. Enter the amount, if any, from line 10 of your Capital Loss Carryover Worksheet on page D-7 of the instructions.				()
7	Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f).				

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
8					
9	Enter your long-term totals, if any, from Schedule D-1, line 9.				
10	Total long-term sales price amounts. Add lines 8 and 9 in column (d).				
11	Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824.				
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1.				
13	Capital gain distributions. See page D-2 of the instructions.				
14	Long-term capital loss carryover. Enter the amount, if any, from line 15 of your Capital Loss Carryover Worksheet on page D-7 of the instructions.				()
15	Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on page 2.				8,176.

KBA For Paperwork Reduction Act Notice, see Form 1040 or Form 1040NR instructions.

Schedule D (Form 1040) 2006

Part III Summary

16 Combine lines 7 and 15 and enter the result. If line 16 is a loss, skip lines 17 through 20, and go to line 21. If a gain, enter the gain on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below

16 8,176.

17 Are lines 15 and 16 both gains?

Yes. Go to line 18.

No. Skip lines 18 through 21, and go to line 22.

18 Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet on page D-8 of the instructions

18

19 Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet on page D-9 of the instructions

19

20 Are lines 18 and 19 both zero or blank?

Yes. Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the Qualified Dividends and Capital Gain Tax Worksheet on page 38 of the Instructions for Form 1040 (or in the Instructions for Form 1040NR). Do not complete lines 21 and 22 below.

No. Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the Schedule D Tax Worksheet on page D-10 of the instructions. Do not complete lines 21 and 22 below.

21 If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the smaller of:

- The loss on line 16 or
- (\$3,000), or if married filing separately, (\$1,500) }

21 ()

Note. When figuring which amount is smaller, treat both amounts as positive numbers.

22 Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b?

Yes. Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the Qualified Dividends and Capital Gain Tax Worksheet on page 38 of the Instructions for Form 1040 (or in the Instructions for Form 1040NR).

No. Complete the rest of Form 1040 or Form 1040NR.

Name of person with self-employment income (as shown on Form 1040)

TODD PALIN

Social security number of person with self-employment income

Section B - Long Schedule SE

Part I Self-Employment Tax

Note. If your only income subject to self-employment tax is church employee income, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is not church employee income. See page SE-1.

A If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I

1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A. Note. Skip this line if you use the farm optional method (see page SE-4)	1	
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-3 for other income to report. Note. Skip this line if you use the nonfarm optional method (see page SE-4)	2	10,164.
3	Combine lines 1 and 2	3	10,164.
4a	If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3	4a	9,386.
4b	If you elect one or both of the optional methods, enter the total of lines 15 and 17 here	4b	
4c	Combine lines 4a and 4b. If less than \$400, stop; you do not owe self-employment tax. Exception. If less than \$400 and you had church employee income, enter -0- and continue	4c	9,386.
5a	Enter your church employee income from Form W-2. See page SE-1 for definition of church employee income	5a	
5b	Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-	5b	0.
6	Net earnings from self-employment. Add lines 4c and 5b	6	9,386.
7	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2006	7	94,200.
8a	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$94,200 or more, skip lines 8b through 10, and go to line 11	8a	94,200.
8b	Unreported tips subject to social security tax (from Form 4137, line 9)	8b	
8c	Add lines 8a and 8b	8c	
9	Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11	9	
10	Multiply the smaller of line 6 or line 9 by 12.4% (.124)	10	
11	Multiply line 6 by 2.9% (.029)	11	272.
12	Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 58	12	272.
13	Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 27	13	136.

Part II Optional Methods To Figure Net Earnings (see page SE-3)

Farm Optional Method. You may use this method only if (a) your gross farm income¹ was not more than \$2,400 or (b) your net farm profits² were less than \$1,733.

14	Maximum income for optional methods	14	1,600.
15	Enter the smaller of: two-thirds (2/3) of gross farm income ¹ (not less than zero) or \$1,600. Also include this amount on line 4b above	15	

Nonfarm Optional Method. You may use this method only if (a) your net nonfarm profits³ were less than \$1,733 and also less than 72.189% of your gross nonfarm income,⁴ and (b) you had net earnings from self-employment of at least \$400 in 2 of the prior 3 years.

Caution. You may use this method no more than five times.

16	Subtract line 15 from line 14	16	
17	Enter the smaller of: two-thirds (2/3) of gross nonfarm income ⁴ (not less than zero) or the amount on line 16. Also include this amount on line 4b above	17	

¹ From Sch. F, line 11, and Sch. K-1 (Form 1065), box 14, code B.

³ From Sch. C, line 31; Sch. C-EZ, line 3; Sch. K-1 (Form 1065), box 14, code A; and Sch. K-1 (Form 1065-B), box 9, code J1.

² From Sch. F, line 36, and Sch. K-1 (Form 1065), box 14, code A.

⁴ From Sch. C, line 7; Sch. C-EZ, line 1; Sch. K-1 (Form 1065), box 14, code C; and Sch. K-1 (Form 1065-B), box 9, code J2.

Parents' Election To Report Child's Interest and Dividends

Department of the Treasury
Internal Revenue Service

See instructions.
Attach to parents' Form 1040 or Form 1040NR.

2006
Attachment
Sequence No. 40

Name(s) shown on your return: TODD & SARAH PALIN
Your social security number

Caution: The federal income tax on your child's income, including qualified dividends and capital gain distributions, may be less if you file a separate tax return for the child instead of making this election. This is because you cannot take certain tax benefits that your child could take on his or her own return. For details, see Tax benefits you cannot take on page 2.

A Child's name (first, initial, and last): PIPER PALIN
B Child's social security no.

C If more than one Form 8814 is attached, check here

Part I Child's Interest and Dividends To Report on Your Return

1a	Enter your child's taxable interest. If this amount is different from the amounts shown on the child's Forms 1099-INT and 1099-OID, see the instructions	1a	
b	Enter your child's tax-exempt interest. Do not include this amount on line 1a	1b	
2a	Enter your child's ordinary dividends, including any Alaska Permanent Fund dividends. If your child received any ordinary dividends as a nominee, see the instructions	2a	1,107.
b	Enter your child's qualified dividends included on line 2a. See the instructions	2b	
3	Enter your child's capital gain distributions. If your child received any capital gain distributions as a nominee, see the instructions	3	
4	Add lines 1a, 2a, and 3. If the total is \$1,700 or less, skip lines 5 through 12 and go to line 13. If the total is \$8,500 or more, do not file this form. Your child must file his or her own return to report the income	4	1,107.
5	Base amount	5	1,700.
6	Subtract line 5 from line 4. If both lines 2b and 3 are zero or blank, skip lines 7 through 10, enter -0- on line 11, and go to line 12. Otherwise, go to line 7.	6	
7	Divide line 2b by line 4. Enter the result as a decimal (rounded to at least three places)	7	
8	Divide line 3 by line 4. Enter the result as a decimal (rounded to at least three places)	8	
9	Multiply line 6 by line 7. Enter the result here. See the instructions for where to report this amount on your return	9	
10	Multiply line 6 by line 8. Enter the result here. See the instructions for where to report this amount on your return	10	
11	Add lines 9 and 10.	11	
12	Subtract line 11 from line 6. Include this amount in the total on Form 1040, line 21, or Form 1040NR, line 21. In the space next to line 21, enter "Form 8814" and show the amount. If you checked the box on line C above, see the instructions. Go to line 13 below	12	

Part II Tax on the First \$1,700 of Child's Interest and Dividends

13	Amount not taxed	13	850.
14	Subtract line 13 from line 4. If the result is zero or less, enter -0-	14	257.
15	Tax. Is the amount on line 14 less than \$850? <input type="checkbox"/> No. Enter \$85 here and see the Note below. <input checked="" type="checkbox"/> Yes. Multiply line 14 by 10% (.10). Enter the result here and see the Note below.	15	26.

Note. If you checked the box on line C above, see the instructions. Otherwise, include the amount from line 15 in the tax you enter on Form 1040, line 44, or Form 1040NR, line 41. Be sure to check box a on Form 1040, line 44, or Form 1040NR, line 41.

Expenses for Business Use of Your Home

File only with Schedule C (Form 1040). Use a separate Form 8829 for each home you used for business during the year.

2006

Department of the Treasury
Internal Revenue Service (99)

See separate instructions.

Attachment
Sequence No. 66

Name(s) of proprietor(s)

TODD PALIN

Your social security number

Part I Part of Your Home Used for Business

1	Area used regularly and exclusively for business, regularly for daycare, or for storage of inventory or product samples (see instructions)	1	168
2	Total area of home	2	3,600
3	Divide line 1 by line 2. Enter the result as a percentage	3	4.67%
For daycare facilities not used exclusively for business go to Line 4. All others go to Line 7.			
4	Multiply days used for daycare during year by hours used per day	4	hr.
5	Total hours available for use during the year (365 days x 24 hours) (see instructions)	5	8,760 hr.
6	Divide line 4 by line 5. Enter the result as a decimal amount	6	
7	Business percentage. For daycare facilities not used exclusively for business, multiply line 6 by line 3 (enter the result as a percentage). All others, enter the amount from line 3	7	4.67%

Part II Figure Your Allowable Deduction

8	Enter the amount from Schedule C, line 29, plus any net gain or (loss) derived from the business use of your home and shown on Schedule D or Form 4797. If more than one place of business, see instructions. See instructions for columns (a) and (b) before completing lines 9-21.	8	10,192.
9	Casualty losses (see instructions)	9	
10	Deductible mortgage interest (see instructions)	10	11,406.
11	Real estate taxes (see instructions)	11	5,229.
12	Add lines 9, 10, and 11	12	16,635.
13	Multiply line 12, column (b) by line 7.	13	777.
14	Add line 12, column (a) and line 13	14	777.
15	Subtract line 14 from line 8. If zero or less, enter -0-	15	9,415.
16	Excess mortgage interest (see instructions)	16	
17	Insurance	17	1,300.
18	Rent	18	
19	Repairs and maintenance	19	656.
20	Utilities	20	2,700.
21	Other expenses (see instructions)	21	
22	Add lines 16 through 21	22	4,656.
23	Multiply line 22, column (b) by line 7.	23	217.
24	Carryover of operating expenses from 2005 Form 8829, line 41	24	413.
25	Add line 22 in column (a), line 23, and line 24	25	630.
26	Allowable operating expenses. Enter the smaller of line 15 or line 25	26	630.
27	Limit on excess casualty losses and depreciation. Subtract line 26 from line 15.	27	8,785.
28	Excess casualty losses (see instructions)	28	
29	Depreciation of your home from Part III below	29	368.
30	Carryover of excess casualty losses and depreciation from 2005 Form 8829, line 42	30	727.
31	Add lines 28 through 30	31	1,095.
32	Allowable excess casualty losses and depreciation. Enter the smaller of line 27 or line 31	32	1,095.
33	Add lines 14, 26, and 32	33	2,502.
34	Casualty loss portion, if any, from lines 14 and 32. Carry amount to Form 4684, Section B	34	
35	Allowable expenses for business use of your home. Subtract line 34 from line 33. Enter here and on Schedule C, line 30. If your home was used for more than one business, see instructions	35	2,502.

Part III Depreciation of Your Home

36	Enter the smaller of your home's adjusted basis or its fair market value (see instructions)	36	357,700.
37	Value of land included on line 36	37	50,000.
38	Basis of building. Subtract line 37 from line 36	38	307,700.
39	Business basis of building. Multiply line 38 by line 7	39	14,370.
40	Depreciation percentage (see instructions)	40	2.564%
41	Depreciation allowable (see instructions). Multiply line 39 by line 40. Enter here and on line 29 above	41	368.

Part IV Carryover of Unallowed Expenses to 2007

42	Operating expenses. Subtract line 26 from line 25. If less than zero, enter -0-	42	0.
43	Excess casualty losses and depreciation. Subtract line 32 from line 31. If less than zero, enter -0-	43	0.

KBA For Paperwork Reduction Act Notice, see page 4 of separate instructions.

Depreciation and Amortization
(Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service

06

Attachment
Sequence No. **67**

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return TODD PALIN	Business or activity to which this form relates Sch C TODD M PALIN FISHING	Identifying number
--	--	--------------------

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	\$108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	\$430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6		
7 Listed property. Enter the amount from line 29	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instr.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	1,667
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

Section B - Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		3,225		5HY	200DB	645
c 7-year property		2,293		7HY	200DB	328
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C - Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20a Class life	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	1,970
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	4,610
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

KBA For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		24b If "Yes," is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use:								
See Statement			%				1,910	
27 Property used 50% or less in a qualified business use:								
COMPUTER	01/01/04	30.00%	1,000	300	5	S/L - HY	60	
							%	
							%	
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	1,970
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No										
30 Total business/investment miles driven during the year (do not include commuting miles)	1000		500		800							
31 Total commuting miles driven during the year	0		0		0							
32 Total other personal (noncommuting) miles driven	0		0		0							
33 Total miles driven during the year. Add lines 30 through 32	1000		500		800							
34 Was the vehicle available for personal use during off-duty hours?	X		X		X							
35 Was the vehicle used primarily by a more than 5% owner or related person?	X		X		X							
36 Is another vehicle available for personal use?	X		X		X							

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
43 Amortization of costs that began before your 2006 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return
TODD PALIN

Business or activity to which this form relates
SCH C TODD M PALIN RACING

Identifying number

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$108,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$430,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instr.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2006	17	1,934
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B - Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property		9,400	7HY		200DB	1,343
d 10-year property						
e 15-year property			25 yrs.		S/L	
f 20-year property			27.5 yrs.	MM	S/L	
g 25-year property			27.5 yrs.	MM	S/L	
h Residential rental property			39 yrs.	MM	S/L	
i Nonresidential real property				MM	S/L	

Section C - Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20a	Class life			S/L	
b	12-year		12 yrs.	S/L	
c	40-year		40 yrs.	MM	S/L

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	3,277
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

**Credit for Prior Year Minimum Tax-
Individuals, Estates, and Trusts**

Department of the Treasury
Internal Revenue Service (69)

▶ See separate instructions.
▶ Attach to Form 1040, 1040NR, or 1041.

Attachment
Sequence No. **74**

Name(s) shown on return

TODD & SARAH PALIN

Identifying number

Part I Net Minimum Tax on Exclusion Items

1	Combine lines 1, 6, and 10 of your 2005 Form 6251. Estates and trusts, see instructions	1	237,409.
2	Enter adjustments and preferences treated as exclusion items (see instructions)	2	12,914.
3	Minimum tax credit net operating loss deduction (see instructions)	3	()
4	Combine lines 1, 2, and 3. If zero or less, enter -0- here and on line 15 and go to Part II. If more than \$191,000 and you were married filing separately for 2005, see instructions	4	250,323.
5	Enter: \$58,000 if married filing jointly or qualifying widow(er) for 2005; \$40,250 if single or head of household for 2005; or \$29,000 if married filing separately for 2005. Estates and trusts, enter \$22,500	5	58,000.
6	Enter: \$150,000 if married filing jointly or qualifying widow(er) for 2005; \$112,500 if single or head of household for 2005; or \$75,000 if married filing separately for 2005. Estates and trusts, enter \$75,000	6	150,000.
7	Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9	7	100,323.
8	Multiply line 7 by 25% (.25)	8	25,081.
9	Subtract line 8 from line 5. If zero or less, enter -0-. If this form is for a child under age 14, see instructions	9	32,919.
10	Subtract line 9 from line 4. If zero or less, enter -0- here and on line 15 and go to Part II. Form 1040NR filers, see instructions	10	217,404.
11	<ul style="list-style-type: none"> • If for 2005 you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b (Form 1041, line 2b(2)); or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (lines 14a and 15, column (2), of Schedule D (Form 1041)), complete Part III of Form 8801 and enter the amount from line 46 here. • All others: If line 10 is \$175,000 or less (\$87,500 or less if married filing separately for 2005), multiply line 10 by 26% (.26). Otherwise, multiply line 10 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2005) from the result. 	11	40,738.
12	Minimum tax foreign tax credit on exclusion items (see instructions)	12	
13	Tentative minimum tax on exclusion items. Subtract line 12 from line 11	13	40,738.
14	Enter the amount from your 2005 Form 6251, line 34, or 2005 Form 1041, Schedule I, line 55	14	36,265.
15	Net minimum tax on exclusion items. Subtract line 14 from line 13. If zero or less, enter -0-	15	4,473.

Part II Minimum Tax Credit and Carryforward to 2007

16	Enter the amount from your 2005 Form 6251, line 35, or 2005 Form 1041, Schedule I, line 56	16	4,289.
17	Enter the amount from line 15 above	17	4,473.
18	Subtract line 17 from line 16. If less than zero, enter as a negative amount	18	(184.)
19	2005 minimum tax credit carryforward. Enter the amount from your 2005 Form 8801, line 26	19	
20	Enter the total of your 2005 unallowed nonconventional source fuel credit and 2005 unallowed qualified electric vehicle credit (see instructions)	20	
21	Combine lines 18, 19, and 20. If zero or less, stop here and see instructions	21	(184.)
22	Enter your 2006 regular income tax liability minus allowable credits (see instructions)	22	
23	Enter the amount from your 2006 Form 6251, line 33, or 2006 Form 1041, Schedule I, line 54	23	
24	Subtract line 23 from line 22. If zero or less, enter -0-	24	
25	Minimum tax credit. Enter the smaller of line 21 or line 24. Also enter this amount on your 2006 Form 1040, line 55; Form 1040NR, line 50; or Form 1041, Schedule G, line 2d	25	
26	Minimum tax credit carryforward to 2007. Subtract line 25 from line 21. Keep a record of this amount because you may use it in future years	26	

KBA For Paperwork Reduction Act Notice, see page 4 of the instructions.

Form 8801 (2006)

Part III Tax Computation Using Maximum Capital Gains Rates

Caution: If you did not complete the 2005 Qualified Dividends and Capital Gain Tax Worksheet, the 2005 Schedule D Tax Worksheet, or Part V of the 2005 Schedule D (Form 1041), see the instructions before completing this part.

27	Enter the amount from Form 8801, line 10	27	217,404.
28	Enter the amount from line 6 of your 2005 Qualified Dividends and Capital Gain Tax Worksheet, the amount from line 13 of your 2005 Schedule D Tax Worksheet, or the amount from line 22 of the 2005 Schedule D (Form 1041), whichever applies.*	28	143,524.
<p>If your figured your 2005 tax using the 2005 Qualified Dividends and Capital Gain Tax Worksheet, skip line 29 and enter the amount from line 28 on line 30. Otherwise, go to line 29.</p>			
29	Enter the amount from line 19 of your 2005 Schedule D (Form 1040), or line 14b, column (2), of the 2005 Schedule D (Form 1041)	29	
30	Add lines 28 and 29, and enter the smaller of that result or the amount from line 10 of your 2005 Schedule D Tax Worksheet	30	143,524.
31	Enter the smaller of line 27 or line 30	31	143,524.
32	Subtract line 31 from line 27	32	73,880.
33	If line 32 is \$175,000 or less (\$87,500 or less if married filing separately for 2005), multiply line 32 by 26% (.26). Otherwise, multiply line 32 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2005) from the result	33	19,209.
34	Enter: <ul style="list-style-type: none"> • \$59,400 if married filing jointly or qualifying widow(er) for 2005, • \$29,700 if single or married filing separately for 2005, • \$39,800 if head of household for 2005, or • \$2,000 for an estate or trust 	34	59,400.
35	Enter the amount from line 7 of your 2005 Qualified Dividends and Capital Gain Tax Worksheet, the amount from line 14 of your 2005 Schedule D Tax Worksheet, or the amount from line 23 of the 2005 Schedule D (Form 1041), whichever applies. If you did not complete either worksheet or Part V of the 2005 Schedule D (Form 1041), enter -0-	35	85,595.
36	Subtract line 35 from line 34. If zero or less, enter -0-	36	0.
37	Enter the smaller of line 27 or line 28.	37	143,524.
38	Enter the smaller of line 36 or line 37.	38	
39	Multiply line 38 by 5% (.05)	39	
40	Subtract line 38 from line 37	40	143,524.
41	Multiply line 40 by 15% (.15)	41	21,529.
<p>If line 29 is zero or blank, skip lines 42 and 43 and go to line 44. Otherwise, go to line 42.</p>			
42	Subtract line 37 from line 31	42	
43	Multiply line 42 by 25% (.25)	43	
44	Add lines 33, 39, 41, and 43	44	40,738.
45	If line 27 is \$175,000 or less (\$87,500 or less if married filing separately for 2005), multiply line 27 by 26% (.26). Otherwise, multiply line 27 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2005) from the result	45	57,373.
46	Enter the smaller of line 44 or line 45 here and on line 11	46	40,738.

* The 2005 Qualified Dividends and Capital Gain Tax Worksheet is on page 38 of the 2005 Instructions for Form 1040. The 2005 Schedule D Tax Worksheet is on page D-9 of the 2005 Instructions for Schedule D (Form 1040) (page 38 of the 2005 Instructions for Form 1041).

Supporting Schedules

2006

Name: TODD & SARAH PALIN

SSN:

Schedule A

Line 16 - Gifts by Other Than Cash or Check

Description	Amount
FORM 8283	630
Total	630

SCHEDULE C - TODD M PALIN

PAGE 2 PART V - OTHER EXPENSES

Description	Amount
CREW SHARES	7,320
TELEPHONE	500
PARTS REP MAINT	622
FUEL	1,135
PROPERTY TAXES	393
HARBOR FEES	60
DMV FEES	340
LICENSES	30
PERMIT RENEWAL	150
FREIGHT	548
TOTAL	11,098

Form 4562 for: Sch C TODD M PALIN FISHING

Line 26 - Property used more than 50%

PROPERTY	DATE	BUS USE	COST	BASIS	REC PER	METH CONV	DEPR DED	SEC 179
1992 TRUCK	01/01/05	100.00	5,968	5,968	5	200DBHY	1,910	
1975 FORD	06/01/96	100.00			0			
1987 TRUCK	01/01/95	100.00			0			
CELL PHONE	01/01/99	100.00	133	133	5	200DBHY		
Totals			6,101	6,101			1,910	

Vehicle - 1 - 1975 FORD

SUPPLEMENTAL SCHEDULE FOR DEPR AND MILEAGE RECORDS

Prior Years	Business Percent	Business Mileage	Depr. Actually Claimed	Other Basis Adjustment
1999	100	800		
2000	100	800		
2001	100	800		
2002	100	800		
2003	100	1500		
2004	100	900		

Supporting Schedules

2006

Name: TODD & SARAH PALIN

SSN:

Vehicle - 1 - 1975 FORD
 SUPPLEMENTAL SCHEDULE FOR DEPR AND MILEAGE RECORDS

Prior Years	Business Percent	Business Mileage	Depr. Actually Claimed	Other Basis Adjustment
(Continued)				
2005	66	900		
Schedule Total		6500		

Sch C TODD M PALIN FISHING

Vehicle - 2 - 1987 TRUCK
 SUPPLEMENTAL SCHEDULE FOR DEPR AND MILEAGE RECORDS

Prior Years	Business Percent	Business Mileage	Depr. Actually Claimed	Other Basis Adjustment
1999	13	2000		
2000	13	2000		
2001	13	2000		
2002	13	2000		
2003	16	1000		
2004	100	1000		
2005	75	1000		
Schedule Total		11000		

Sch C TODD M PALIN FISHING

1 Wages, tips, other comp. 102716.90		2 Federal income tax withheld 15417.32	
3 Social security wages 94200.00		4 Social security tax withheld 5840.40	
5 Medicare wages and tips 110248.00		6 Medicare tax withheld 1598.60	
a Control number 000001496 WR7	Dept. MI76	Corp. MI76	Employer use only -3177
c Employer's name, address, and ZIP code BP EXPLORATION ALASKA INC 2601 RESEARCH FOREST DR. THE WOODLANDS, TX 77381-4250			
b Employer's FED ID number		d Employee's SSA number	
7 Social security tips		8 Allocated tips	
9 Advance EIC payment		10 Dependent care benefits	
11 Nonqualified plans		12a See instructions for box 12 C 66.00	
14 Other 146.37 AK SUI		12b D 7531.10	12c
		12d	
		13 Stat emp. <input type="checkbox"/> Ret. plan <input type="checkbox"/> 3rd party sick pay <input checked="" type="checkbox"/>	
e/f Employee's name, address and ZIP code TODD M PALIN WASILLA, AK 99654-6910			
15 State	Employer's state ID no.	16 State wages, tips, etc.	
17 State income tax		18 Local wages, tips, etc.	
19 Local income tax		20 Locality name	
Federal Filing Copy W-2 Wage and Tax Statement 2006 <small>Copy B to be filed with employee's Federal Income Tax Return. OMB No. 1545-0008</small>			

Form **W-2** Wage and Tax Statement 20644 **2006**

Copy B - To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

c Employer's name, address, and ZIP code STATE OF ALASKA DEPARTMENT OF ADMINISTRATION P.O. BOX 110204 JUNEAU AK 99811-0204		OMB No. 1545-0008		1 Wages, tips, other compensation 3905.12	2 Federal income tax withheld 474.24
e Employee's name, address, and ZIP code SARAH H PALIN WASILLA AK 99654-6910		7 Social security tips	3 Social security wages	4 Social security tax withheld	
		8 Allocated tips	5 Medicare wages and tips 4482.46	6 Medicare tax withheld 65.00	
		9 Advance EIC payment	10 Dependent care benefits	11 Nonqualified plans	
		12a See instructions for box 12	12b	12c	
		12d	13 Statutory emp. <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>	14 Other	
		b Employer identification number	d Employee's social security number		
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax
				20 Locality name	

IRS e-file Signature Authorization

2006

Department of the Treasury
Internal Revenue Service

- ▶ Do not send to the IRS. This is not a tax return.
- ▶ Keep this form for your records. See instructions.

Declaration Control Number (DCN)

Taxpayer's name TODD PALIN		Social security number
Spouse's name SARAH PALIN		Spouse's social security number

Part I Tax Return Information - Tax Year Ending December 31, 2006 (Whole Dollars Only)		
1	Adjusted gross income (Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4)	127,869
2	Total tax (Form 1040, line 63; Form 1040A, line 37; Form 1040EZ, line 11)	11,944
3	Federal income tax withheld (Form 1040, line 64; Form 1040A, line 38; Form 1040EZ, line 7)	15,891
4	Refund (Form 1040, line 74a; Form 1040A, line 45a; Form 1040EZ, line 12a, Form 1040EZ-T, line 1a)	8,007
5	Amount you owe (Form 1040, line 76; Form 1040A, line 47; Form 1040EZ, line 13)	

Part II Taxpayer Declaration and Signature Authorization (Be sure you get and keep a copy of your return)

Under penalties of perjury, I declare that I have examined a copy of my electronic individual income tax return and accompanying schedules and statements for the tax year ending December 31, 2006, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts from my electronic income tax return or request for refund. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send my return or request to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of my Federal taxes owed on this return and/or a payment of estimated tax, and the financial institution to debit the entry to this account. I further understand that this authorization may apply to future Federal tax payments that I direct to be debited through the Electronic Federal Tax Payment System (EFTPS). In order for me to initiate future payments, I request that the IRS send me a personal identification number (PIN) to access EFTPS. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I further acknowledge that the personal identification number (PIN) below is my signature for my electronic income tax return or request for refund and, if applicable, my Electronic Funds Withdrawal Consent.

Taxpayer's PIN: check one box only

I authorize HR BLOCK ERO firm name to enter or generate my PIN do not enter all zeros as my signature on my tax year 2006 electronically filed income tax return or request for refund.

I will enter my PIN as my signature on my tax year 2006 electronically filed income tax return or request for refund. Check this box only if you are entering your own PIN and your return or request is filed using the Practitioner PIN method. The ERO must complete Part III below.

Your signature ▶ *Todd Palin* Date ▶ 08/03/2007

Spouse's PIN: check one box only

I authorize HR BLOCK ERO firm name to enter or generate my PIN do not enter all zeros as my signature on my tax year 2006 electronically filed income tax return or request for refund.

I will enter my PIN as my signature on my tax year 2006 electronically filed income tax return or request for refund. Check this box only if you are entering your own PIN and your return or request is filed using the Practitioner PIN method. The ERO must complete Part III below.

Spouse's signature ▶ *Sarah Palin* Date ▶ 08/03/2007

Practitioner PIN Method Returns Only - continue below

Part III Certification and Authentication - Practitioner PIN Method Only

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature for the tax year 2006 electronically filed income tax return or request for refund for the taxpayer(s) indicated above. I confirm that I am submitting this return in accordance with the requirements of the Practitioner PIN method and Publication 1346, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns.

ERO's signature ▶ _____ Date ▶ 08/03/2007

ERO Must Retain This Form - See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So



SARAH PALIN
TODD M. PALIN
WASILLA, AK 99654

7083

April 6 2007

OMB No. 1545-0074

2006

Pay to the Order of IRS \$ 4000.00
four thousand and no/100 Dollars

Wells Fargo Bank, N.A.
 Alaska
 wells Fargo.com

For Todd M. Palin

07083

Credit

I pay part or all of your estimate
 credit card (American Express®
 Card® card, or Visa® card). Your
 you can pay by phone or over the
 vice providers listed below.
 I charge a convenience fee based on
 t you are making. Fees may vary
 you will be told what the fee is
 I have the option to continue or
 in also obtain the convenience fee

For more information about e-filing the Form 4868, go to
 www.irs.gov.

If you think you may owe tax and wish to make a payment,
 you can pay by electronic funds withdrawal using option 1 or
 you can pay by credit card using option 2. See 1 and 2 on this
 page for details.

**1 E-file Using Your Personal
 Computer or Through a Tax
 Professional**

Refer to your tax software package or tax preparer for ways to
 file electronically. Be sure to have a copy of your 2005 tax return
 - you will be asked to provide information from the return for
 taxpayer verification. If you wish to make a payment, you can
 pay by electronic funds withdrawal (see page 4) or send your
 payment to the address shown in the middle column under
 Where To File a Paper Form 4868 on page 4.

By calling the providers with free automated customer service
 numbers or visiting their websites. Do not add the convenience
 fee to your tax payment.

Official Payments Corporation
 1-800-2PAY-TAXSM
 (1-800-272-9829)
 1-877-754-4413 (Customer
 Service)
 www.officialpayments.com

Link2Gov Corporation
 1-888-PAY-1040SM
 (1-888-729-1040)
 1-888-658-5465 (Customer
 Service)
 www.PAY1040.com

Confirmation number. You will receive a confirmation number
 when you pay by credit card. Enter the confirmation number
 below and keep for your records.

Enter confirmation number here ▶ _____

File a Paper Form 4868

If you wish to file on paper instead of electronically, fill in the
 Form 4868 below and mail it to the address shown on
 page 4. If you are a fiscal year taxpayer, you must file a paper
 Form 4868.

▼ DETACH HERE ▼

Form **4868**

**Application for Automatic Extension of Time
 To File U.S. Individual Income Tax Return**

OMB No. 1545-0074

2006

Department of the Treasury
 Internal Revenue Service

For calendar year 2006, or other tax year beginning _____, 2006, ending _____, 200

Part I Identification			Part II Individual Income Tax	
1 Your name(s) (see instructions) TODD PALIN SARAH PALIN			4 Estimate of total tax liability for 2006	\$ 19,891
Address (see instructions)			5 Total 2006 payments	15,891
City, town, or post office WASILLA, AK	State	ZIP code 99654	6 Balance due. Subtract line 5 from line 4 (see instructions)	4,000
2 Your social security number	3 Spouse's social security number		7 Amount you are paying (see instructions) ▶	4,000
			8 Check here if you are "out of the country" and a U.S. citizen or resident (see instructions) ▶	<input type="checkbox"/>
			9 Check here if you file Form 1040NR or 1040NR-EZ and did not receive wages as an employee subject to U.S. income tax withholding ▶	<input type="checkbox"/>