

Paperwork Reduction Act Notice

We ask for the information on the payment-vouchers to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete the worksheets and prepare and file the payment-vouchers will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 40 min.; Learning about the law, 14 min.; Preparing the worksheets and payment-vouchers, 59 min.; Copying, assembling, and sending the payment-vouchers to the IRS, 10 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this package easier, we would be happy to hear from you. You can write to both the Internal Revenue Service, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the Office of Management and Budget, Paperwork Reduction Project (1545-0087), Washington, DC 20503. DO NOT send the payment-vouchers to either of these offices. Instead, see How To Complete and Use the Payment-Voucher on page 2.

Purpose of This Package

If you are a nonresident alien, use this package to figure and pay your estimated tax. Estimated tax is the method used to pay tax on income that is not subject to withholding.

Do not use the payment-vouchers in this package to notify the IRS of a **change of address**. If you have a new address, get **Form 8822**, Change of Address, by calling 1-800-829-3676. Send the completed form to the Internal Revenue Service Center where you filed your last return.

Who Must Make Estimated Tax Payments

Generally, you must make estimated tax payments if you expect to owe, after subtracting your withholding and credits, at least \$500 in tax for 1992, and you expect your withholding and credits to be less than the **smaller** of:

- 90% of the tax shown on your 1992 tax return, or
- 100% of the tax shown on your 1991 tax return (the return must cover all 12 months).

Caution: If 100% of your 1991 tax is the **smaller** of the two amounts, see **Limit on Use of Prior Year's Tax** on this page for special rules that may apply to you.

Generally, you do not have to pay estimated tax if your 1992 income tax return will show (1) a tax refund, or (2) a tax balance due of less than \$500.

Tax Law Changes Effective for 1992

Use your 1991 tax return as a guide for figuring your estimated tax, but be sure to consider the changes noted in this section. For other changes that may affect your 1992 estimated tax, get **Pub. 553**, Highlights of 1991 Tax Changes. **Pub. 505**, Tax Withholding and Estimated Tax, may also be helpful.

Expiring Tax Provisions. At the time this package went to print, several tax provisions, including the self-employed health insurance deduction, were scheduled to expire 12/31/91. See Pub. 553 to find out if these provisions were extended.

Limit on Use of Prior Year's Tax. Some nonresident aliens (other than farmers and fishermen) with income over a certain amount must make a special computation to figure their estimated tax payments. If these individuals have wages subject to U.S. income tax withholding, they may use 100% of their 1991 tax to figure the amount of their first payment but they may not be able to use that amount to figure their remaining payments. To see if this special computation applies to you, first fill in the 1991 Estimated Tax Worksheet (on page 3) through

line 16b. Then, answer the questions below. But if you answer NO to any question, stop and read the instructions below question 3.

1. Did you make any estimated tax payments for 1991, 1990, or 1989, **OR** were you charged an estimated tax penalty for any of those years? (If either applies, answer "Yes.") Yes No
2. Do you expect your 1992 adjusted gross income (AGI) to be over \$75,000 (\$37,500 if married filing separately)? Yes No
3. Do you expect your 1992 modified AGI (defined below) to exceed your 1991 actual AGI by more than \$40,000 (\$20,000 if married filing separately)? Yes No

If you answered **NO** to any of the questions above, you don't have to make the special computation. Instead, fill in the rest of the worksheet on page 3.

If you answered **YES** to all three of the questions above, you must make the special computation. Do not fill in the rest of the worksheet on page 3. Instead, use the **1992 Estimated Tax Worksheet Limiting Use of Prior Year's Tax** in Pub. 505 to figure all your estimated tax payments. If you have wages subject to U.S. income tax withholding, that worksheet allows you to use 100% of your 1991 tax to figure your first payment.

Modified AGI for this purpose means AGI figured without including any gain from the sale or exchange of your main home or gain from a casualty, theft, condemnation, or other involuntary conversion required to be shown on your 1992 return. Partners and shareholders in an S corporation must include their income, gains and losses (other than from the disposition of their interests in a partnership or S corporation), and deductions for 1991 from the partnership or S corporation instead of the amounts for 1992. But this rule does not apply to general partners, partners who owned at least a 10% capital or profit interest in the partnership, or shareholders who owned at least 10% of the stock (vote or value) of the S corporation.

To Figure Your Estimated Tax Use

- The 1992 Estimated Tax Worksheet on page 3
- The instructions below for the worksheet on page 3
- The 1992 Tax Rate Schedule on page 2 for your filing status*
- Your 1991 tax return as a guide

*If you are married, you must generally use Tax Rate Schedule Y. For exceptions, get **Pub. 519**, U.S. Tax Guide for Aliens.

Instructions for Worksheet on Page 3

Line 7—Additional Taxes. Enter the additional taxes from **Form 4970**, Tax on Accumulation Distribution of Trusts, or **Form 4972**, Tax on Lump-Sum Distributions.

Line 9—Credits. See the 1991 Form 1040NR, lines 39 through 42, and the related instructions.

Line 11—Other Taxes. Enter any other taxes, such as tax on early distributions (Form 5329, Part II, only), and alternative minimum tax. Do not include any recapture of Federal mortgage subsidy. For details, see pages 11 and 12 of the 1991 Instructions for Form 1040NR. You do not have to include social security and Medicare tax on tip income not reported to your employer or uncollected employee social security and Medicare or RRTA tax on tips or group-term life insurance.