

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**, 16 min.; **Preparing the worksheets and payment vouchers**, 1 hr., 3 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-TAX-FORM (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 1993, and you expect your withholding and credits to be less than the **smaller** of:

- 90% of the tax shown on your 1993 tax return, or
- 100% of the tax shown on your 1992 tax return (the return must cover all 12 months).

Caution: If 100% of your 1992 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 1993 income tax return will show (1) a tax refund, or (2) a tax balance due of less than \$500.

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 1992 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 **1993 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 1992, 1991, or 1990, **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 1993 adjusted gross income (AGI) to be over \$75,000 (\$37,500 if married filing separately)? . . . Yes No
3. Do you expect your 1993 **modified AGI** (defined below) to exceed your 1992 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 **1993 Estimated Tax Worksheet Limiting Use of Prior Year's Tax** in **Pub. 505**, Tax Withholding and Estimated Tax, 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 1992 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 1993 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 1992 from the partnership or S corporation instead of the amounts for 1993. 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.

Tax Law Changes Effective for 1993

Use your 1992 tax return as a guide in figuring your 1993 estimated tax, but be sure to consider the changes noted in this section. For more information on the following provisions and other changes that may affect your 1993 estimated tax, get **Pub. 553**, Highlights of 1992 Tax Changes.

Qualified Electric Vehicle Credit. A tax credit equal to 10% of the cost of a qualified new electric vehicle, or \$4,000, whichever is less, is available for each vehicle placed in service after June 30, 1993.

Deduction for Clean-Fuel Vehicle Property. A deduction is available for qualified clean-fuel vehicle property placed in service after June 30, 1993. Qualified clean-fuel vehicle property includes the engine (and its related fuel storage, delivery, and exhaust systems) of a new vehicle that uses a clean-burning fuel. New retrofit parts and components used to convert a vehicle to operate on a clean-burning fuel are also qualified clean-fuel vehicle property. To qualify, the vehicle must be made for use on public roads and have at least four wheels. Clean-burning fuels are natural gas, liquefied natural gas, liquefied petroleum (LP) gas, hydrogen, electricity, and fuels containing at least 85% alcohol (including methanol or ethanol) or ether. The deduction is generally limited to \$2,000 for each vehicle. A higher limit applies to certain trucks, vans, and buses.

Repeal of Certain Tax Preferences Relating to Oil and Gas Production. Starting in 1993, the alternative minimum tax preference for oil and gas depletion is repealed for independent producers and royalty owners. Also, beginning in 1993, for taxpayers other than integrated oil companies, the tax preference item for intangible drilling costs of oil and gas wells will no longer apply, except to the extent this change causes alternative minimum taxable income (with certain adjustments) to be reduced by more than 30%. In addition, the energy preference adjustment has been eliminated.

Travel Expenses. Travel expenses paid or incurred after 1992 in connection with employment away from home are not deductible if that period of employment exceeds 1 year. Such employment is not considered temporary.

To Figure Your Estimated Tax Use

- The **1993 Estimated Tax Worksheet** on page 3
- The instructions on page 2 for the worksheet on page 3
- The **1993 Tax Rate Schedule** on page 2 for your filing status*
- Your 1992 tax return as a guide

If you receive your income unevenly throughout the year, for example, you operate your business on a seasonal basis, you may be able to lower or eliminate the amount of your required estimated tax payment for one or more periods by using the annualized income installment method. See **Pub. 505** for details.

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