

**U.S. Estimated Tax for Nonresident
Alien Individuals****1996****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 simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the payment vouchers to this address. 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**. Instead, use **Form 8822**, Change of Address. To get Form 8822, write to Eastern Area Distribution Center, P.O. Box 25866, Richmond, VA 23286-8107, U.S.A.

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 1996, and you expect your withholding and credits to be less than the **smaller** of:

1. 90% of the tax shown on your 1996 tax return, or
2. The tax shown on your 1995 tax return (110% of that amount if you are not a farmer or a fisherman and the adjusted gross income shown on that return is more than \$150,000 or, if married filing separately for 1996, more than \$75,000).

However, if you did not file a 1995 tax return or that return did not cover all 12 months, item 2 above does not apply.

For this purpose, household employment taxes are not included when figuring the tax shown on your tax return and are not required to be included when figuring your estimated tax payments. However, you may choose to include these taxes when paying estimated tax to avoid a large balance due at the time your tax return is due.

Pending Legislation

At the time these instructions were printed, Congress was considering major tax legislation. Among the proposed changes are provisions that would:

- Allow a tax credit of up to \$500 for each qualifying dependent child under 18 for taxpayers whose adjusted gross income does not exceed certain threshold amounts.
- Change the tax treatment of capital gains.
- Treat a loss on the sale or exchange of a main home as a deductible capital loss.

For further developments on these and other changes that may affect your 1996 estimated tax, get **Pub. 553**, Highlights of 1995 Tax Changes.

To Figure Your Estimated Tax Use

- The **1996 Estimated Tax Worksheet** on page 3.
- The instructions below for the worksheet on page 3.
- The **1996 Tax Rate Schedule** on page 2 for your filing status.*
- Your 1995 tax return and instructions as a guide to figuring your income, deductions, and credits.

If you receive your income unevenly throughout the year (e.g., 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. Get **Pub. 505**, Tax Withholding and Estimated Tax, 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.

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 1995 Form 1040NR, lines 40 through 43, and the related instructions.

Line 11—Other Taxes. Except as noted below, enter any other taxes, such as alternative minimum tax and the tax on early distributions from a qualified retirement plan (including your IRA), annuity, or modified endowment contract (entered into after June 20, 1988).

Do not include tax on recapture of a Federal mortgage subsidy, social security and Medicare tax on unreported tip income, household employment taxes, or uncollected employee social security and Medicare or RRTA tax on tips or group-term life insurance. These taxes are not required to be paid until your income tax return is due (not including extensions).

Payment Due Dates

If you have wages subject to U.S. income tax withholding, you may pay all of your estimated tax by April 15, 1996, or in four equal amounts by the dates shown below:

1st payment	April 15, 1996
2nd payment	June 17, 1996
3rd payment	Sept. 16, 1996
4th payment	Jan. 15, 1997*

If you **do not** have wages subject to U.S. income tax withholding, you may pay all of your estimated tax by June 17, 1996, or you may pay it in three installments. If you pay the tax in installments, $\frac{1}{2}$ is due by June 17, 1996, $\frac{1}{4}$ is due by September 16, 1996, and $\frac{1}{4}$ is due by January 15, 1997*.

*You do not have to make the payment due January 15, 1997, if you file your 1996 Form 1040NR or 1040NR-EZ by January 31, 1997, **AND** pay the entire balance due with your return.

We do not send notices reminding you to make your estimated tax payments. You **must** make each payment by the due date.

Even if you are not required to make an estimated tax payment by the first payment due date, you may meet the requirements to make estimated tax payments later. In this case, you should figure the amount of your estimated tax payments by using the annualized income installment method, as explained in Pub. 505. Although your payment due dates will be the same, the payment amounts will vary based on your income, deductions, additional taxes, and