



**U.S. Estimated Tax for  
Nonresident Alien Individuals****1999****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.

You can order Form 8822 and other forms and publications by writing to the Eastern Area Distribution Center, P.O. Box 25866, Richmond, VA 23286-8107, U.S.A. Or, if you have a computer and modem, use the World Wide Web and connect to [www.irs.ustreas.gov](http://www.irs.ustreas.gov). On the Internet, telnet to [iris.irs.ustreas.gov](http://iris.irs.ustreas.gov) or, for file transfer protocol services, connect to [ftp.irs.ustreas.gov](http://ftp.irs.ustreas.gov).

**Who Must Make Estimated Tax Payments**

Generally, you must make estimated tax payments if you expect to owe at least \$1,000 in tax for 1999 (after subtracting your withholding and credits) and you expect your withholding and credits to be less than the **smaller** of:

1. 90% of the tax on your 1999 tax return, or
2. The tax shown on your 1998 tax return (105% of that amount if you are not a farmer or a fisherman and the adjusted gross income shown on the return is more than \$150,000 or, if married filing separately for 1999, more than \$75,000).

For this purpose, include household employment taxes (before subtracting advance EIC payments made to your employee(s)) when figuring the tax shown on your tax return, if **either** of the following is true.

- You will have Federal income tax withheld from wages, pensions, annuities, or other income effectively connected with a U.S. trade or business, **or**
- You would be required to make estimated tax payments to avoid a penalty even if you did not include household employment taxes when figuring your estimated tax.

**Tax Law Changes Effective for 1999**

Use your 1998 tax return as a guide in figuring your 1999 estimated tax, but be sure to consider the changes noted in this section. For more information on changes that may affect your 1999 estimated tax, see **Pub. 553**, Highlights of 1998 Tax Changes.

**Modification of estimated tax safe harbor for some taxpayers.** For 1999, the estimated tax safe harbor that is based on the tax shown on your 1998 tax return is 105% 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 1999, more than \$75,000.

**Child tax credits.** For 1999, the total of the child tax credit and the additional child tax credit can be as much as \$500 for each qualifying child.

**Student loan interest deduction.** The amount you may be allowed to deduct on your tax return for interest that is paid during 1999 on a qualified student loan has been increased to \$1,500.

**IRA deduction restored for some people covered by retirement plans.** You may be able to claim an IRA deduction for 1999 if you are covered by a retirement plan and your modified AGI is less than \$41,000 if single or married filing separately and you lived apart from your spouse for all of 1999; \$61,000 if qualifying widow(er).

**Self-employed health insurance deduction.** For 1999, the self-employed health insurance deduction is increased to 60% of health insurance expenses.

**Section 179 expense deduction increased.** For 1999, the deduction to expense certain property under section 179 generally has been increased to \$19,000.

**Expanded rules for business use of a home.** Beginning in 1999, the deduction for business use of your home has been expanded to include the part of your home regularly and exclusively used for the administrative or management activities of your business. But only if you have no other fixed location where you conduct substantial administrative or management activities (even if another fixed location is available).

**To Figure Your Estimated Tax, Use:**

- The **1999 Estimated Tax Worksheet** on page 3.
- The instructions below for the worksheet on page 3.
- The **1999 Tax Rate Schedule** on page 4 for your filing status.\*
- Your 1998 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. See **Pub. 505**, Tax Withholding and Estimated Tax, for details.

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

**Instructions for Worksheet on Page 3**

**Line 7—Additional Taxes.** Enter the additional taxes from **Form 4972**, Tax on Lump-Sum Distributions, or **Form 8814**, Parents' Election To Report Child's Interest and Dividends.

**Line 9—Credits.** See the 1998 Form 1040NR, lines 40 through 44, and the related instructions.

**Line 11—Other Taxes.** Except as noted below, enter any other taxes, such as alternative minimum tax, tax on accumulation distribution of trusts, tax on a distribution from an MSA, and the tax on early distributions from (a) an IRA or other qualified retirement plan, (b) an annuity, or (c) a modified endowment contract entered into after June 20, 1988.

Include household employment taxes (before subtracting advance EIC payments made to your employee(s)) on line 11 if **either** of the following is true.

- You will have Federal income tax withheld from wages, pensions, annuities, or other income effectively connected with a U.S. trade or business, **or**
- You would be required to make estimated tax payments (to avoid a penalty) even if you did not include household employment taxes when figuring your estimated tax.

**Do not** include tax on recapture of a Federal mortgage subsidy, social security and Medicare tax on unreported tip income, 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).