



**U.S. Estimated Tax for  
Nonresident Alien Individuals****2003****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 85074, Richmond, VA 23261-5074, USA. Or, if you have a computer and modem, you can access the IRS Web Site 24 hours a day, 7 days a week, at [www.irs.gov](http://www.irs.gov). For file transfer protocol, connect to ftp.irs.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 2003 (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 shown on your 2003 tax return or
2. The tax shown on your 2002 tax return (110% of that amount if you are not a farmer or fisherman and the adjusted gross income shown on that return is more than \$150,000 or, if married filing separately for 2003, more than \$75,000).

However, if you did not file a 2002 tax return or that return did not cover all 12 months, item 2 above does not apply.

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:

1. You will have Federal income tax withheld from wages, pensions, annuities, or other income effectively connected with a U.S. trade or business or
2. 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.

**Changes Effective for 2003**

Use your 2002 tax return as a guide in figuring your 2003 estimated tax, but be sure to consider the following changes. For more information on these changes and other changes that may affect your 2003 estimated tax, see **Pub. 553**, Highlights of 2002 Tax Changes.

**Child and dependent care credit.** You may be able to take a credit of up to \$1,050 for the expenses you pay for the care of one qualifying person; \$2,100 if you pay for the care of two or more qualifying persons.

**Adoption credit.** The maximum credit allowed is \$10,160 per child. The credit is allowed only if your modified adjusted gross income (AGI) is less than \$192,390. If you adopt a child with special needs and the adoption becomes final in 2003, you may be able to take the maximum credit regardless of your actual expenses.

**Exclusion of employer-provided adoption benefits.** You may be able to exclude up to \$10,160 of employer-provided adoption benefits from income for each child. The exclusion is allowed only if your modified AGI is less than \$192,390.

**Section 179 expense deduction.** Generally, the maximum deduction to expense certain property under section 179 for 2003 is \$25,000.

**IRA deduction allowed to more people.** You may be able to take an IRA deduction if you were covered by a retirement plan and your 2003 modified AGI is less than \$50,000 (\$70,000 if a qualifying widow(er)).

**Self-employed health insurance deduction.** You may be able to deduct up to 100% of your health insurance expenses.

**Estimated tax safe harbor for some taxpayers.** The estimated tax safe harbor that is based on the tax shown on your 2002 tax return is 110% of that amount if you are not a farmer or fisherman and the AGI shown on that return is more than \$150,000 or, if married filing separately for 2003, \$75,000.

**Standard mileage rate.** The 2003 rate for business use of a vehicle has decreased to 36 cents a mile. The rate for use of your vehicle for deductible moving expenses has decreased to 12 cents a mile.

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

- The **2003 Estimated Tax Worksheet** on page 3.
- The instructions below for the worksheet on page 3.
- The **2003 Tax Rate Schedules** on page 4 for your filing status.\*
- Your 2002 tax return and instructions, as a guide to figuring your income, deductions, and credits (but be sure to consider the changes noted earlier).

If you receive your income unevenly throughout the year (for example, because 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.

To amend or correct your estimated tax, see **Amending Estimated Tax Payments** on page 2.

\*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 1. Adjusted Gross Income.** Use your 2002 tax return (Form 1040NR or 1040NR-EZ) and instructions as a guide to figuring the adjusted gross income you expect in 2003 (but be sure to consider the changes noted earlier).