

1996



Department of the Treasury
Internal Revenue Service

Instructions for Form 1040NR

U.S. Nonresident Alien Income Tax Return

Section references are to the Internal Revenue Code, unless otherwise noted.

Paperwork Reduction Act Notice.— We ask for the information on this form 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.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 6 hr., 40 min.; **Learning about the law or the form**, 1 hr., 41 min.; **Preparing the form**, 3 hr., 53 min.; and **Copying, assembling, and sending the form to the IRS**, 1 hr., 40 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form 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. You can also call the IRS with your suggestions at 1-800-829-9043 and leave a recorded message 24 hours a day, 7 days a week. **DO NOT** send your return to this address. Instead, see **Where To File** on page 2.

General Instructions

Changes To Note

IRS Individual Taxpayer Identification Numbers (ITINs).— The IRS will issue you an ITIN if you do not have a social security number (SSN) and are not eligible to get one. **To apply for an ITIN**, file **Form W-7** with the IRS. It usually takes about 30 days to get an ITIN. **Enter your ITIN wherever your SSN is requested on your tax return.** If you are required to include another person's SSN on your return and that person does not have and cannot get an SSN, enter that person's ITIN. **An incorrect or missing identifying number may increase your tax or reduce your refund.**

Note: *An ITIN is for tax use only. It does not entitle you to social security benefits or change your employment or immigration status under U.S. law.*

Social Security Numbers (SSNs).— You must include on your return the SSN (or ITIN) of each person, other than a child born in December 1996, you claim as a—

- Dependent on Form 1040NR.
- Qualifying person for the credit on **Form 2441**, Child and Dependent Care Expenses.

Please be sure to include the correct SSN (or ITIN) for that person. If you do not, at the time we process your return, we may disallow that person as a dependent and reduce or disallow any other tax benefits (such as the credit for child and dependent care expenses referred to above) based on that person.

Also, please be sure to include the correct SSN (or ITIN) for you and, if applicable, your spouse. If you do not, at the time we process your return, we may disallow the exemption(s).

Standard Mileage Rates.— The rate for business use has increased to 31 cents a mile. For moving expenses, the rate has increased to 10 cents a mile.

Direct Deposit of Refund.— This year you do not have to file an extra form to have your refund sent directly to your bank account with a U.S. financial institution in the United States. See the instructions for lines 60b–60d on page 13.

Private Delivery Services.— In addition to regular postal service, private delivery services (to be designated by the IRS) can be used to meet the timely mailing as timely filing and paying rule (for example, to send your tax return to the IRS). When these instructions were printed, no private delivery services had been designated. When they are, the IRS will make every effort to publicize the information.

Tax Law Changes.— For more details, get **Pub. 553**, Highlights of 1996 Tax Changes.

Items To Note

Form 1040NR-EZ.— You may be able to use **Form 1040NR-EZ**, U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents, if your only income from U.S. sources is wages, salaries, tips, taxable refunds of state and local income taxes, and scholarship or fellowship grants. Also, if married, you cannot claim an exemption for your spouse. For more details, get Form 1040NR-EZ and its instructions.

Other Reporting Requirements.— If you meet the closer connection to a foreign country exception to the substantial presence test or exclude days of presence in the United States for purposes of that test, you must file a statement containing certain information. This rule does not apply to foreign government-related individuals who exclude days of presence in the United States. For details, get **Form 8840**, Closer Connection Exception Statement for Aliens, or **Form 8843**, Statement for Exempt Individuals and Individuals With a Medical Condition. Certain dual-resident taxpayers who claim tax treaty benefits must file **Form 8833**, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b), or a similar statement. A dual-resident taxpayer is one who is a resident of both the United States and another country under each country's tax laws.

Additional Information

If you need more information, our free publications may help you. **Pub. 519**, U.S. Tax Guide for Aliens, will be the most important, but the following publications may also help.

Pub. 525, Taxable and Nontaxable Income

Pub. 529, Miscellaneous Deductions

Pub. 552, Recordkeeping for Individuals

Pub. 597, Information on the United States-Canada Income Tax Treaty

Pub. 901, U.S. Tax Treaties

Pub. 910, Guide to Free Tax Services (includes a list of all publications)

These free publications and the forms and schedules you will need are available on request from the Internal Revenue Service. If you have a foreign address, send your order to either: Eastern Area Distribution Center, P.O. Box 25866, Richmond, VA 23286-8107, U.S.A.; or Western Area Distribution Center, Rancho Cordova, CA 95743-0001, U.S.A., whichever is closer.

Resident Alien or Nonresident Alien

If you are not a citizen of the United States, specific rules apply to determine if you are a resident alien or a nonresident alien for tax purposes. Generally, you are considered a resident alien if you meet either the **green card test** or the **substantial presence test** for 1996. If you do not meet either of these tests for 1996 but you meet the substantial

presence test for 1997, you may be able to choose to be treated as a resident alien for part of 1996. But you must have been physically present in the United States for at least 31 days in a row during 1996 to do so. This choice does not apply if you met either the green card test or the substantial presence test for 1995. For more details, see Pub. 519.

You are considered a nonresident alien for the year if you are not a U.S. resident under either of these tests. You are also considered a nonresident alien if you otherwise meet the substantial presence test but you come under any of the three exceptions described below.

For more details on resident and nonresident status, the tests for residence and the exceptions to them, see Pub. 519.

Green Card Test.— You are a resident for tax purposes if you were a lawful permanent resident (immigrant) of the United States at any time during 1996.

Substantial Presence Test.— You are considered a U.S. resident if you meet the substantial presence test for 1996. You meet this test if you were physically present in the United States for at least:

1. 31 days during 1996, and
2. 183 days during the period 1996, 1995, and 1994, counting all the days of physical presence in 1996 but only $\frac{1}{3}$ the number of days of presence in 1995 and only $\frac{1}{6}$ the number of days in 1994.

Generally, you are treated as present in the United States on any day that you are physically present in the country at any time during the day.

Exceptions. The following are exceptions to the substantial presence test.

1. Exempt individual. You do not count days for which you are an exempt individual. In general, an exempt individual is an individual who is a:

- a. foreign government-related individual,
- b. teacher or trainee,
- c. student, or
- d. professional athlete who is temporarily in the United States to compete in a charitable sports event.

Note: *Alien individuals with "Q" visas are treated as either students or teachers and trainees and, as such, are exempt individuals for purposes of the substantial presence test if they otherwise qualify.*

However, "Q" visa holders may only exclude days of presence after September 30, 1994. "Q" visas are issued to aliens participating in certain international cultural exchange programs.

2. Medical condition. You do not count any day that you intended to leave the United States but were unable to leave because of a medical condition or medical problem that arose while you were present in the United States.

Note: *This exception does not apply to pre-existing medical conditions or problems. For more details, see Pub. 519.*

3. Closer connection to foreign country. Even though you would otherwise meet the substantial presence test, you are not treated as having met that test for 1996 if you:

- a. were present in the United States for fewer than 183 days during 1996,
- b. establish that during 1996 you had a tax home in a foreign country, and
- c. establish that during 1996 you had a closer connection to one foreign country in which you had a tax home than to the United States unless you had a closer connection to two foreign countries.

Who Must File

File Form 1040NR if any of the following four conditions applies to you.

1. You were a nonresident alien engaged, or considered to be engaged, in a trade or business in the United States during 1996. You must file even if—
 - a. none of your income came from a trade or business conducted in the United States,
 - b. you have no income from U.S. sources, or
 - c. your income is exempt from U.S. tax.

In any of the above three cases, do not complete the schedules for Form 1040NR. Instead, attach a list of the kinds of exclusions you claim and the amount of each.

Note: *If you were a nonresident alien student, teacher, or trainee who was temporarily present in the United States under an "F," "J," "M," or "Q" visa, you are considered engaged in a trade or business in the United States and you must file Form 1040NR (or Form 1040NR-EZ).*

2. You were a nonresident alien not engaged in a trade or business in the United States during 1996 and not all U.S. tax that you owe was withheld from your income.

3. You represent a deceased person who would have had to file Form 1040NR.

4. You represent an estate or trust that has to file Form 1040NR.

Exception for Children Under Age 14.

— If your child was under age 14 on January 1, 1997, had income **only** from interest and dividends that are effectively connected with a U.S. trade or business, and that income totaled less than \$6,500, you may be able to elect to report your child's income on your return. But you must use **Form 8814, Parents' Election To Report Child's Interest and Dividends**, to do so. If you make this election, your child does not have to file a return. For more details, see Form 8814.

Filing a Deceased Person's Return.— The personal representative must file the return for a deceased person who was required to file a return for 1996. A personal representative can be an executor, administrator, or anyone who is in charge of the deceased person's property.

Filing for an Estate or Trust.— If you are filing Form 1040NR for a nonresident alien estate or trust, change the form to reflect the provisions of Subchapter J, Chapter 1, of the Internal Revenue Code. You may find it helpful to refer to **Form 1041, U.S. Income Tax Return for Estates and Trusts**, and its instructions.

When To File

Individuals.— If you were an employee and received wages subject to withholding, file Form 1040NR by the 15th day of the 4th month after your tax year ends. A return for the 1996 calendar year is due by April 15, 1997.

If you did not receive wages as an employee subject to U.S. income tax withholding, file Form 1040NR by the 15th day of the 6th month after your tax year ends. A return for the 1996 calendar year is due by June 16, 1997.

Estates and Trusts.— If you file for a nonresident alien estate or trust that has an office in the United States, file the return by the 15th day of the 4th month after the tax year ends. If you file for a nonresident alien estate or trust that does not have an office in the United States, file the return by the 15th day of the 6th month after the tax year ends.

Note: *If the regular due date for filing falls on a Saturday, Sunday, or legal holiday, file by the next business day.*

Extension of Time To File.— If you cannot file your return by the due date, you should file **Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return**. You must file Form 4868 by the regular due date of the return.

Note: *Form 4868 does not extend the time to pay your income tax. The tax is due by the regular due date of the return.*

Where To File

File Form 1040NR with the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A.

Election To Be Taxed as a Resident Alien

You can elect to be taxed as a U.S. resident for the whole year if all of the following apply to you:

- You were married.
- Your spouse was a U.S. citizen or resident alien on the last day of the tax year.
- You file a joint return for the year of the election using Form 1040, 1040A, or 1040EZ.

To make this election, you must attach the statement described in Pub. 519 to your return. Do not use Form 1040NR.

Your worldwide income for the whole year must be included and will be taxed under U.S. tax laws. You must agree to keep the records, books, and other information needed to figure the tax. If you made the election in an earlier year, you

may file a joint return or separate return for 1996. If you file a separate return, use Form 1040 or Form 1040A. Your worldwide income for the whole year must be included whether you file a joint or separate return.

Caution: *Nonresident aliens who make this election may forfeit the right to claim benefits otherwise available under a U.S. tax treaty. For more details, get Pub. 901, U.S. Tax Treaties, or refer to the specific treaty.*

Dual-Status Taxpayers

Note: *If you elect to be taxed as a resident alien (discussed earlier), the special instructions and restrictions discussed here do not apply.*

Dual-Status Tax Year

A dual-status year is one in which you change status between nonresident and resident alien. Different U.S. income tax rules apply to each status.

Most dual-status years are the years of arrival or departure. Before you arrive in the United States, you are a nonresident alien. After you arrive, you may or may not be a resident, depending on the circumstances.

If you become a U.S. resident, you stay a resident until you leave the United States. You may become a nonresident alien when you leave, if, after leaving (or after your last day of lawful permanent residency if you met the green card test) and for the remainder of the calendar year of your departure, you have a closer connection to a foreign country than to the United States, and, during the next calendar year, you are not a U.S. resident under either the green card test or the substantial presence test. See Pub. 519.

What and Where To File for a Dual-Status Year

If you were a U.S. resident on the last day of the tax year, file **Form 1040**, U.S. Individual Income Tax Return. Write "Dual-Status Return" across the top and attach a statement showing your income for the part of the year you were a nonresident. You may use Form 1040NR as the statement; write "Dual-Status Statement" across the top. File your return and statement with the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A.

If you were a nonresident on the last day of the tax year, file Form 1040NR. Write "Dual-Status Return" across the top and attach a statement showing your income for the part of the year you were a U.S. resident. You may use Form 1040 as the statement; write "Dual-Status Statement" across the top. File your return and statement with the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A.

Statements.— Any statement you file with your return must show your name, address, and identifying number (defined

on page 5). You do not have to sign the statement. Your signature on the return is sufficient because it also applies to supporting statements and schedules.

Income Subject to Tax for Dual-Status Year

As a dual-status taxpayer not filing a joint return, you are taxed on income from all sources for the part of the year you were a resident alien. Generally, you are taxed on income only from U.S. sources for the part of the year you were a nonresident alien. However, all income effectively connected with the conduct of a trade or business in the United States is taxable.

Income you received as a dual-status taxpayer from sources outside the United States while a resident alien is taxable, even if you became a nonresident alien after receiving it and before the close of the tax year. Conversely, income you received from sources outside the United States while a nonresident alien is not taxable in most cases, even if you became a resident alien after receiving it and before the close of the tax year. Income from U.S. sources is taxable whether you received it while a nonresident alien or a resident alien.

Restrictions for Dual-Status Taxpayers

Standard Deduction.— You may not take the standard deduction.

Head of Household.— You may not use the *Head of Household* Tax Table column or Tax Rate Schedule.

Joint Return.— You may not file a joint return. However, see **Election To Be Taxed as a Resident Alien** on page 2.

Tax Rates.— If you were married and a nonresident of the United States for all or part of the tax year and you do not make the election to be taxed as a resident alien as discussed earlier, you must use the Tax Table column or Tax Rate Schedule for *Married Filing Separately* to figure your tax on income effectively connected with a U.S. trade or business. If married, you may not use the *Single* Tax Table column or Tax Rate Schedule.

Deduction for Exemptions.— As a dual-status taxpayer, you usually will be entitled to your own personal exemption. Subject to the general rules for qualification, you are allowed exemptions for your spouse and dependents in figuring taxable income for the part of the year you were a resident alien. The amount you may claim for these exemptions is limited to your taxable income (determined without regard to exemptions) for the part of the year you were a resident alien. You may not use exemptions (other than your own) to reduce taxable income to below zero for that period.

Special rules apply for exemptions for the part of the tax year a dual-status taxpayer is a nonresident alien if the taxpayer is a resident of Canada, Mexico, Japan, or the Republic of Korea; a U.S.

national; or a student or business apprentice from India. See Pub. 519.

How To Figure Tax for Dual-Status Year

When you figure your U.S. tax for a dual-status year, you are subject to different rules for the part of the year you were a resident and the part of the year you were a nonresident.

All income for the period of residence and all income that is effectively connected with a trade or business in the United States for the period of nonresidence, after allowable deductions, is added and taxed at the same rates that apply to U.S. citizens and residents. Income that is not effectively connected with a trade or business in the United States for the period of nonresidence is subject to the flat 30% rate or lower treaty rate. No deductions are allowed against this income.

If you were a resident alien on the last day of the tax year, add to the tax from the Tax Table, Tax Rate Schedules, Capital Gain Tax Worksheet, or Form 8615 the tax on the noneffectively connected income. Enter the total tax on Form 1040, line 38. Next to line 38 show the two amounts. If you are filing Form 1040NR, enter the tax from the Tax Table, Tax Rate Schedules, Capital Gain Tax Worksheet, or Form 8615 on line 37 and the tax on the noneffectively connected income on line 44.

Credits.— You are allowed a credit against your U.S. income tax liability for certain taxes you paid, are considered to have paid, or that were withheld from your income. These include:

1. Tax withheld from wages earned in the United States and taxes withheld at the source from various items of income from U.S. sources other than wages. This includes U.S. tax withheld on dispositions of U.S. real property interests.

When filing Form 1040, show the total tax withheld on line 52. Enter amounts from the attached statement (Form 1040NR, lines 50, 56a, 56b, 57a, and 57b) to the left of line 52 and identify and include in the amount on line 52.

When filing Form 1040NR, show the total tax withheld on lines 50, 56a, 56b, 57a, and 57b. Enter the amount from the attached statement (Form 1040, line 52) to the left of line 50 and identify and include in the amount on line 50.

2. Tax paid with **Form 1040-ES**, Estimated Tax for Individuals, or **Form 1040-ES (NR)**, U.S. Estimated Tax for Nonresident Alien Individuals.

3. Tax paid with **Form 1040-C**, U.S. Departing Alien Income Tax Return. When filing Form 1040, include the tax paid with Form 1040-C with the total payments on line 58. Identify the payment in the area to the left of the entry.

As a dual-status taxpayer, you generally may claim tax credits using the same rules that apply to resident aliens.

How To Report Income on Form 1040NR

Community Income

If either you or your spouse, or both you and your spouse, were nonresident aliens at any time during the tax year, and you had community income during the year, treat the community income according to the applicable community property laws except as follows:

- Earned income of a spouse, other than trade or business or partnership distributive share income. The spouse whose services produced the income must report it on his or her separate return.
- Trade or business income, other than partnership income. Treat this income as received by the husband unless the wife exercises substantially all of the management over the trade or business.
- Partnership income (or loss) received from a trade or business carried on by the partnership. Treat this income (or loss) as received by the spouse who is the partner and report it on that spouse's return.
- Income derived from the separate property of one spouse that is not earned income, trade or business income, or partnership distributive share income. The spouse with the separate property must report this income on his or her separate return.

Get **Pub. 555**, Community Property, for more details.

Kinds of Income

You must divide your income for the tax year into the following three categories:

1. Income effectively connected with a U.S. trade or business. This income is taxed at the same rates that apply to U.S. citizens. Report it on page 1 of Form 1040NR. Pub. 519 describes this income in greater detail.
2. U.S. income not effectively connected with a U.S. trade or business. This income is taxed at 30% unless a treaty between your country and the United States has set a lower rate that applies to you. Report this income on page 4 of Form 1040NR and figure the tax on it. Then, report the tax on line 44. Pub. 519 describes this income more fully.
Note: Use line 47 to report the 4% tax on U.S. source gross transportation income.
3. Income exempt from U.S. tax. Complete items L and M on page 5 of Form 1040NR and line 22 if applicable.

Dispositions of U.S. Real Property Interests

Gain or loss on the disposition of a U.S. real property interest by a nonresident alien individual is treated as if the alien individual were engaged in a trade or business in the United States and as if the gain or loss were effectively connected with the conduct of that trade or business. Losses of individuals shall be taken into

account only to the extent they would be taken into account under section 165(c). See section 897 and its regulations.

Report gains and losses on the disposition of U.S. real property interests on **Schedule D (Form 1040)** and Form 1040NR, line 14. Also, net gains may be subject to the alternative minimum tax. See the instructions for line 43.

The nonrecognition rules (not recognizing gain or loss) apply only when a U.S. real property interest is exchanged for an interest the sale of which would be subject to U.S. tax.

Money and the fair market value of property received in exchange for an interest in a partnership, trust, or estate, will, to the extent attributable to a U.S. real property interest held by the partnership, trust, or estate, be considered as received from the sale or exchange of the U.S. real property interest.

Gains or losses from the disposition of a U.S. real property interest by a partnership, trust, or estate generally are passed through and must be reported on the income tax return of each partner or beneficiary.

U.S. Real Property Interests.— A U.S. real property interest is any interest (other than an interest solely as a creditor) in real property located in the United States or the Virgin Islands, or any interest in a domestic corporation that is a U.S. real property holding corporation. Generally, real property includes:

- **Land and unsevered natural products of the land**, such as growing crops and timber, and mines, wells, and other natural deposits.
- **Improvements on land**, including buildings, other inherently permanent structures, and structural components of these.
- **Personal property associated with the use of real property**, such as farming, forestry, mining, or construction equipment, or property used in lodging facilities or rented office space. See Pub. 519 for exceptions.

A corporation is a U.S. real property holding corporation if the fair market value of its U.S. real property interests is 50% or more of the fair market value of its U.S. real property interests, interests in foreign real property, plus any other of its assets that are used or held for use in a trade or business. For special rules, see sections 897(c)(4) and (5).

An interest in a foreign corporation is a U.S. real property interest only if the corporation elected to be treated as a domestic corporation.

An interest in a domestic corporation is not a U.S. real property interest if at the date of disposition of the interest in the corporation: **(a)** the corporation did not hold any U.S. real property interests, and **(b)** all the U.S. real property interests held by the corporation during the shorter of the periods described in section 897(c)(1)(A)(ii):

1. Were disposed of in a transaction in which all gain realized was recognized, or
2. Ceased to be U.S. real property interests because of the application of section 897(c)(1)(B) to one or more other corporations.

Stock Regularly Traded.— A U.S. real property interest does not include any class of stock of a domestic corporation that is regularly traded on an established securities market, unless you held more than 5% of that class of stock at any time during the shorter of the periods described in section 897(c)(1)(A)(ii).

Section 897(h) provides special rules for a real estate investment trust.

Virgin Islands Real Estate.— Gain or loss on dispositions of real property interests located in the U.S. Virgin Islands is reported on returns filed with the Virgin Islands tax authorities. Tax on these dispositions is paid to the Virgin Islands tax authorities.

Income You May Elect To Treat as Effectively Connected With a U.S. Trade or Business

You may elect to treat some items of income as effectively connected with a U.S. trade or business. The election applies to all income from real property, or an interest in real property, located in the United States and held for the production of income. Income from real property includes:

- Rental income from real property.
- Profit from disposing of U.S. timber, coal, or iron ore while keeping a share in it.
- Rents and royalties from mines, oil or gas wells, or other natural resources.

The election does not apply to dispositions of U.S. real property interests discussed earlier.

To make the election, attach a statement to your return for the year of the election. Include in your statement:

1. That you are making the election.
2. A complete list of all your real property, or any interest in real property, located in the United States (including location). Give the legal identification of U.S. timber, coal, or iron ore in which you have an interest.
3. The extent of your interest in the real property.
4. A description of any substantial improvements on such real property.
5. Your income from the property.
6. The dates you owned it.
7. Whether the election is under section 871(d) or treaty.
8. Details of any previous elections and revocations of the real property elections.

Foreign Income Taxed by the United States

You may be required to report some income from foreign sources on your U.S.

return if it is effectively connected with a U.S. trade or business. For this foreign income to be treated as effectively connected with a U.S. trade or business, you must have a fixed place of business in the United States. The income, gain, or loss must result directly from the usual business activities of your U.S. office. The kinds of foreign income that may be taxed at the graduated rates are:

- Interest or dividends from the U.S. business.
- Income from foreign sales made by your U.S. office.
- Rents or royalties you received for the use of intangible property located outside the United States or the privilege of using it. Such property includes patents, copyrights, trademarks, and franchises.

Special Rules For Former U.S. Citizens And Former Long-Term U.S. Residents

Recent amendments to section 877 may affect your tax liability if you are a former citizen or former long-term resident of the United States. You are a former long-term resident if you were a lawful permanent resident of the United States (i.e., you had a green card) for at least 8 out of the 15 consecutive tax years ending with the year your residency ended. In determining if you are a former long-term resident, do not count any year that you were treated as a resident of another country under a tax treaty and did not waive treaty benefits.

If you were a former citizen or former long-term resident and you relinquished your citizenship or terminated your residency after February 5, 1995, you are subject to the provisions of section 877 on your U.S. source income if one of the principal purposes of your action was to avoid U.S. taxes.

You are considered to have tax avoidance as a principal purpose if (1) your average annual net income tax for the last 5 tax years ending before the date of your action to relinquish your citizenship or terminate your residency was more than \$100,000, or (2) your net worth on the date of your action was \$500,000 or more.

Although there are exceptions to these rules, you will qualify for an exception only if you have obtained a ruling from the IRS that your renunciation of U.S. citizenship or termination of U.S. residency did not have as one of its principal purposes the avoidance of U.S. tax. For more details about these exceptions, see sections 877(c) and 877(e).

If the rules of section 877 apply to you, you are subject to tax on U.S. source income and gains on either (1) a net basis at the graduated rates applicable to individuals with allowable deductions, or (2) a gross basis at a rate of 30% under the rules of section 871(a). See Chapter 4 of Pub. 519 for more details on the tax imposed under section 871(a).

If you have items of U.S. source income that are subject to tax under section 871(a), you will be taxed at a rate of 30% on your **gross** income only if this tax exceeds a tax at the regular graduated rates on your **net** income. If the 30% tax on your gross income exceeds the graduated tax on your net income, report those items on the appropriate lines on page 4 of Form 1040NR. If the graduated tax on your net income exceeds the 30% tax on your gross income, report your income on the appropriate lines on page 1 of Form 1040NR and attach a statement describing the items and amounts of income that are subject to tax by reason of section 877.

If you have other items of U.S. source income that are not subject to tax under section 871(a), you will be taxed on a net basis at the regular graduated rates applicable to individuals. Report this income on the the appropriate lines on page 1 of Form 1040NR.

For purposes of computing the tax due under section 877, the following items of income are treated as U.S. source:

1. Gains on the sale or exchange of personal property located in the United States.
2. Gains on the sale or exchange of stock issued by a domestic corporation or debt obligations of the United States, U.S. persons, a state or political subdivision thereof, and the District of Columbia.
3. Income or gain derived from stock in a foreign corporation if you owned, either directly or indirectly (through the rules of section 958(a) and 958(b)) more than 50% of the vote or value of the stock of the corporation on the date of your renunciation of citizenship or termination of residency or at any time during the 2 years preceding such date. Such income or gain is considered U.S. source only to the extent of your share of the earnings and profits earned or accumulated prior to the date of renunciation of U.S. citizenship or termination of residency.

For information regarding reporting requirements, see Pub. 519.

Line Instructions for Form 1040NR

Name, Identifying Number, and Address

Name.— If you are filing Form 1040NR for an estate or trust, enter the name of the estate or trust, and your name, title, and address. Also, give the name and address of any U.S. grantors and beneficiaries.

Identifying Number.— If you are an individual, you are generally required to enter your social security number (SSN). Apply for your SSN using **Form SS-5**, which you can get at Social Security

Administration (SSA) offices. Fill in Form SS-5 and return it to the SSA.

If you do not have an SSN and are not eligible to get one, you must get an ITIN. **To apply for an ITIN**, file **Form W-7** with the IRS. It usually takes about 30 days to get an ITIN.

If you are filing Form 1040NR for an estate or trust, enter the employer identification number of the estate or trust.

An incorrect or missing identifying number may increase your tax or reduce your refund.

P.O. Box.— Enter your box number **only** if your post office does not deliver mail to your home.

Foreign Address.— Enter the information in the following order: city, province or state, and country. **Do not** abbreviate the country name. Include the postal code where applicable.

Filing Status

The amount of your tax depends on your filing status. Before you decide which box to check, read the following explanations.

Were You Single or Married?— If you were married on December 31, consider yourself married for the whole year. If you were single, divorced, or legally separated under a decree of divorce or separate maintenance on December 31, consider yourself single for the whole year. If you meet the tests described under **Married Persons Who Live Apart** below, you may consider yourself single for the whole year.

If your spouse died in 1996, consider yourself married to that spouse for the whole year, unless you remarried before the end of 1996.

Married Persons Who Live Apart.— Some married persons who have a child and who do not live with their spouse may file as single. If you meet **all five** of the following tests and you are a married resident of Canada or Mexico, or a U.S. national, check the box on line 1. If you meet the tests and you are a married resident of Japan or the Republic of Korea, check the box on line 2.

1. You file a separate return from your spouse.
 2. You paid more than half the cost to keep up your home in 1996.
 3. You lived apart from your spouse during the last 6 months of 1996.
 4. Your home was the principal home of your child, stepchild, adopted child, or foster child for more than half of 1996.
 5. You claim this child as your dependent or the child's other parent claims him or her as a dependent under the rules for **Children of Divorced or Separated Parents** on page 6.
- Line 6—Qualifying Widow(er) With Dependent Child.**— You may check the box on line 6 and use joint return tax rates for 1996 if **all seven** of the following apply.

1. You were a resident of Canada, Mexico, Japan, or the Republic of Korea, or a U.S. national.
2. Your spouse died in 1994 or 1995 and you did not remarry in 1996.
3. You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent.
4. This child lived in your home for all of 1996. Temporary absences, such as for school, vacation, or medical care, count as time lived in the home.
5. You paid over half the cost of keeping up your home.
6. You were a resident alien or U.S. citizen the year your spouse died. This refers to your actual status, not the election that some nonresident aliens can make to be taxed as U.S. residents.
7. You could have filed a joint return with your spouse the year he or she died, even if you did not actually do so.

Exemptions

Exemptions for estates and trusts are described in the instructions for line 35.

Note: *Residents of India who were students or business apprentices may be able to claim exemptions for their spouse and dependents. See Pub. 519 for details.*

Line 7b—Spouse.— If you checked filing status box 3 or 4, you can take an exemption for your spouse only if your spouse had no gross income for U.S. tax purposes and cannot be claimed as a dependent on another U.S. taxpayer's return. (You can do this even if your spouse died in 1996.) In addition, if you checked filing status box 4, your spouse must have lived with you in the United States at some time during 1996. Finally, your spouse must have an SSN or an ITIN. If your spouse is not eligible to obtain an SSN, he or she can file **Form W-7** with the IRS to apply for an ITIN. See page 5 for additional information.

Line 7c—Dependents.— Only residents of Canada, Mexico, Japan, the Republic of Korea, and U.S. nationals may claim exemptions for their dependents. If you were a resident of Canada or Mexico, or a U.S. national (American Samoan), you can claim exemptions for your children and other dependents on the same terms as U.S. citizens. Get **Pub. 501**, Exemptions, Standard Deduction, and Filing Information, for more details. If you were a resident of Japan or the Republic of Korea, you may claim an exemption for any of your children who lived with you in the United States at some time during 1996.

You can take an exemption for each of your dependents who was alive during some part of 1996. This includes a baby **born** in 1996 or a person who **died** in 1996.

If you have **more than five** dependents, attach a statement to your return with the required information.

Line 7c, Column (2). You must enter each dependent's identifying number (SSN or ITIN) unless he or she was born in December 1996 or was born and died in 1996. If you do not enter the correct identifying number, at the time we process your return, we may disallow the exemption claimed for the dependent. If your dependent was born in December 1996 and does not have an identifying number, enter "12/96" in column (2). If your dependent was born and died in 1996 and did not have an identifying number, enter "Died" in column (2).

You should apply for an identifying number (SSN or ITIN) for your dependent in time to receive it before your return is due. If your dependent does not have an identifying number by the date your return is due, see **Extension of Time To File** on page 2.

Line 7c, Column (4). Enter the number of months your dependent lived with you in 1996. Count temporary absences such as for school or vacation as time lived in your home. If your dependent was born or died in 1996, enter "12" in this column.

Children Who Did Not Live With You Due to Divorce or Separation. If you are claiming a child who did not live with you under the rules for **Children of Divorced or Separated Parents** below, attach **Form 8332** or similar statement to your return. But see **Exception** below. If your divorce decree or separation agreement went into effect after 1984 and it states you can claim the child as your dependent without regard to any condition, such as payment of support, you may attach a copy of certain pages from the decree or agreement instead. Get **Pub. 504**, Divorced or Separated Individuals, for details.

Note: *You must attach the required information even if you filed it in an earlier year.*

Exception. You do not have to attach Form 8332 or similar statement if your divorce decree or written separation agreement went into effect before 1985 and it states that you can claim this child as your dependent.

Other Dependent Children. Enter the total number of dependent children who did not live with you for reasons other than divorce or separation on the line labeled "Dependents on 7c not entered above."

Children of Divorced or Separated Parents. The parent who had custody of a child for most of the year (**the custodial parent**) can generally claim the child as a dependent if both parents together paid over half of the child's support. This general rule also applies to parents who lived apart during the last 6 months of the year. But the parent who did not have custody, or who had the child for the shorter time (**the noncustodial parent**), may claim the child as a dependent if both parents together paid over half of the child's support and **either 1 or 2** below applies:

1. The custodial parent signs **Form 8332** or a similar statement agreeing not to claim the child's exemption for 1996, or
2. A decree of divorce or separate maintenance (or a written agreement) that was in effect before 1985 states that the noncustodial parent can claim the child as a dependent and he or she gave at least \$600 for the child's support in 1996. This rule does not apply if the decree or agreement was changed after 1984 to say that the noncustodial parent cannot claim the child as a dependent.

Rounding Off to Whole Dollars

To round off cents to the nearest whole dollar on your forms and schedules, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. If you do round off, do so for all amounts. But if you have to add two or more amounts to figure the amount to enter on a line, include cents when adding and only round off the total.

Income Effectively Connected With U.S. Trade or Business

Pub. 519 explains how income is classified and what income you should report here. The instructions for this section assume you have decided that the income involved is effectively connected with a U.S. trade or business in which you were engaged. But your decision may not be easy. "Interest," for example, may be effectively connected with a U.S. trade or business, it may not be, or it may be tax exempt. The tax status of income also depends on its source. Under some circumstances, items of income from foreign sources are treated as effectively connected with a U.S. trade or business. Other items are reportable as effectively connected or not effectively connected with a U.S. trade or business, depending on how you elect to treat them.

Line 8—Wages, Salaries, Tips, etc.— Enter the total of your effectively connected wages, salaries, tips, etc. But, **do not** include amounts exempted under a tax treaty and reported in Item M on page 5 of Form 1040NR. Also include in this total:

- **Tip income** you did not report to your employer. Also include **allocated tips** shown on your W-2 form(s) unless you can prove that you received less. Allocated tips should be shown in box 8 of your W-2 form(s). They are not included in box 1. Get **Pub. 531**, Reporting Tip Income, for more details.

Caution: *You may owe social security and Medicare tax on unreported or allocated tips. See the instructions for line 45.*

- **Dependent care benefits**, which should be shown in box 10 of your W-2

form(s). But first complete **Form 2441**, Child and Dependent Care Expenses, to see if you may exclude part or all of the benefits.

• **Excess salary deferrals.** The amount deferred should be shown in box 13 of your W-2 form and the "Deferred Compensation" box in box 15 should be checked. If the total amount you deferred for 1996 under **all** plans was more than \$9,500, include the excess on line 8. But a different limit may apply if amounts were deferred under a tax-sheltered annuity plan or an eligible plan of a state or local government or tax-exempt organization. Get **Pub. 575**, Pension and Annuity Income, for details.

Caution: You may **not** deduct the amount deferred. It is not included as income in box 1 of your W-2 form.

• **Corrective distributions** shown on **Form 1099-R** of (1) excess salary deferrals and (2) excess contributions to a retirement plan. But do not include distributions from an IRA on line 8. Instead, report them on lines 16a and 16b.

• **Disability pensions** shown on **Form 1099-R** if you have not reached the minimum retirement age set by your employer. Disability pensions received after you reach that age and other pensions shown on **Form 1099-R** (other than payments from an IRA) are reported on lines 17a and 17b.

Missing or Incorrect Form W-2. If you do not get a Form W-2 by January 31, 1997, ask your employer for it. Even if you do not get a Form W-2, you must still report your earnings. If you lose your Form W-2 or it is incorrect, ask your employer for a new one.

Line 9a—Taxable Interest Income.— Report on line 9a **all** of your taxable interest income from assets effectively connected with a U.S. trade or business.

If you received interest not effectively connected with a U.S. trade or business, report it on page 4 of **Form 1040NR**, unless it is tax exempt under a treaty. Get **Pub. 901**, U.S. Tax Treaties. In addition, interest from a U.S. bank, savings and loan association, or similar institution, and from certain deposits with U.S. insurance companies, is tax exempt if it is not effectively connected with a U.S. trade or business.

Interest credited in 1996 on deposits you could not withdraw because of the bankruptcy or insolvency of the financial institution may not have to be included in your 1996 income. For details, get **Pub. 550**, Investment Income and Expenses.

Line 9b—Tax-Exempt Interest.— If you received any tax-exempt interest income, such as from municipal bonds, report it on line 9b. Include any exempt-interest dividends from a mutual fund or other regulated investment company. **Do not** include interest earned on your IRA.

Line 10—Dividend Income.— Enter your total ordinary dividends from assets effectively connected with a U.S. trade or

business. If you received capital gain distributions, see the instructions for line 14.

Nontaxable Distributions. Some distributions are nontaxable because they are a return of your cost. They will not be taxed until you recover your cost. You must reduce your cost (or other basis) by these distributions. After you get back all of your cost (or other basis), you must report these distributions as capital gains. **Line 11—Taxable Refunds, Credits, or Offsets of State and Local Income Taxes.**—

Tip: None of your refund is taxable if, in the year you paid the tax, you **did not** itemize deductions.

If you received a refund, credit, or offset of state or local income taxes in 1996, you may receive a **Form 1099-G**. If you chose to apply part or all of the refund to your 1996 estimated state or local income tax, the amount applied is treated as received in 1996.

For details on how to figure the amount you must report as income, see **Recoveries in Pub. 525**, Taxable and Nontaxable Income.

Line 12—Scholarship and Fellowship Grants.— If you received a scholarship or fellowship, part or all of it may be taxable.

If you were a degree candidate, the amounts you used for expenses other than tuition and course-related expenses are generally taxable. For example, amounts used for room, board, and travel are generally taxable.

If you were not a degree candidate, the full amount of the scholarship or fellowship is generally taxable. Also, amounts received as a scholarship or fellowship that are payment for teaching, research, or other services are taxable even if the services were required to get the grant.

Report the total amount of the grant on line 12 and show any nontaxable part on line 29. If the grant was reported on **Form 1042-S**, enter the gross amount from column (b) on line 12. But **do not** include amounts exempted under a tax treaty and reported in item M on page 5 of **Form 1040NR**. Attach a statement that shows: the amount of your grant, the dates it covers, the grantor's name, expenses the grant covers, and the conditions under which it was given to you. Explain how much was taxable, how much was tax exempt, and why.

Attach any **Form 1042-S** or **Form W-2** you received from the college or institution. If you did not receive a 1042-S or W-2 form, attach a statement from the college or institution (on their letterhead) showing the details of the grant.

Line 13—Business Income or (Loss).— If you operated your own business or practiced your profession as a sole proprietor, report your income and expenses on **Schedule C** or **Schedule C-EZ (Form 1040)**.

Include any income you received as a dealer in stocks, securities, and commodities through your U.S. office. If you dealt in these items through an independent agent, such as a U.S. broker, custodian, or commissioned agent, your income may not be considered effectively connected with a U.S. business. For general information on business income or loss, see the Instructions for **Schedule C (Form 1040)** and get **Pub. 334**, Tax Guide for Small Business.

Line 14—Capital Gain or (Loss).— See the Instructions for **Schedule D (Form 1040)**. Enter the effectively connected gain or (loss) from Schedule D. You may need **Pub. 544**, Sales and Other Dispositions of Assets. But if you received **capital gain distributions** and do not need Schedule D for other capital transactions, enter those distributions on line 14. Write "**CGD**" on the dotted line next to line 14.

Gains and losses from disposing of U.S. real property interests are taxed as if you were engaged in a U.S. trade or business and are treated as effectively connected with that trade or business. See **Dispositions of U.S. Real Property Interests** on page 4.

Note: Your tax may be less if you can use the **Capital Gain Tax Worksheet** on page 11. You can use it if your taxable income (**Form 1040NR**, line 36) is **more than \$48,450** if you checked filing status box 3, 4, or 5; **\$58,150** if you checked filing status box 1 or 2; or **\$96,900** if you checked filing status box 6.

Line 15—Other Gains or (Losses).— If you sold or exchanged assets used in a U.S. trade or business, see the instructions for **Form 4797**.

Lines 16a and 16b—IRA Distributions.— You should receive a **Form 1099-R** showing the amount of the distribution from your individual retirement arrangement (IRA). Leave line 16a blank and enter the total distribution on line 16b.

Exception: **Do not** enter your total IRA distribution on line 16b if **either 1 or 2** below applies.

1. You made nondeductible contributions to any of your IRAs for 1996 or an earlier year. Instead, get **Form 8606** to figure the amount to enter on line 16b; enter the total distribution on line 16a. If you made nondeductible contributions for 1996, also get **Pub. 590**, Individual Retirement Arrangements (IRAs).

2. You rolled your IRA distribution over into another IRA. Enter the total distribution on line 16a. If the total on line 16a was rolled over, enter zero on line 16b. If the total was not rolled over, enter the part not rolled over on line 16b. But if **1** above also applies, use **Form 8606** to figure the taxable part.

Caution: You may have to pay an additional tax if (1) you received an early distribution from your IRA and the total distribution was not rolled over, (2) you received a distribution in excess of \$155,000, or (3) you were born before

July 1, 1925, and received less than the minimum required distribution. See the instructions for line 46 for details.

Lines 17a and 17b—Pensions and Annuities.— Use lines 17a and 17b to report effectively connected pension and annuity payments you received, including payments (distributions) from retirement plans, life insurance annuity contracts, profit-sharing plans, and employee-savings plans. See page 9 for details on rollovers and lump-sum distributions. But if this income is not effectively connected with your U.S. trade or business, report it on line 70.

Do not include the following payments on lines 17a and 17b. Instead, report them on line 8.

- Disability pensions received before you reach the minimum retirement age set by your employer.
- Corrective distributions of excess salary deferrals or excess contributions to retirement plans.

Some annuities are tax-exempt. See section 871(f).

Note: *If you perform services in the United States, your income is effectively connected with the conduct of a U.S. trade or business. When you receive a pension in a later year as a result of these services, the pension is also considered effectively connected with the conduct of a U.S. trade or business.*

In general, you should receive a **Form 1099-R** showing the amount you received. Attach Form 1099-R to Form 1040NR if any Federal income tax was withheld.

Fully Taxable Pensions and Annuities. If your pension or annuity is fully taxable, enter it on line 17b; **do not** make an entry on line 17a. Your payments are fully taxable if **either** of the following applies:

1. You did not contribute to the cost of your pension or annuity, or
2. You got your entire cost back tax free before 1996.

Fully taxable pensions and annuities also include military retirement pay shown on Form 1099-R. For details on military disability pensions, get **Pub. 525**, Taxable and Nontaxable Income. If you received a **Form RRB-1099-R**, get **Pub. 575**, Pension and Annuity Income, to see how to report your benefits.

Partially Taxable Pensions and Annuities. If your pension or annuity is partially taxable and your Form 1099-R does not show the taxable part, you must use the General Rule to figure the taxable part. The General Rule is explained in **Pub. 939**, Pension General Rule. However, if your annuity starting date (defined below) was **after** July 1, 1986, and **before** November 19, 1996, you may be able to use the Simplified General Rule, explained below. If your annuity

starting date was **after** November 18, 1996, **do not** use these instructions to figure the taxable part of your pension or annuity. Instead, see Pub. 575 or **Pub. 721**, Tax Guide to U.S. Civil Service Retirement Benefits.

You can ask the IRS to figure the taxable part for you for a \$50 fee. For details, see Pub. 939.

If your Form 1099-R shows a taxable amount, you may report that amount on line 17b. But you may be able to report a lower taxable amount by using the General Rule or, if you qualify, the Simplified General Rule.

Once you have figured the taxable part of your pension or annuity, enter that amount on line 17b and the total on line 17a.

Annuity Starting Date. Your annuity starting date is the later of the first day of the first period for which you received a payment, or the date the plan's obligations became fixed.

Simplified General Rule. This method will usually give you the same amount or more of the pension or annuity tax free each year as the General Rule or as figured by the IRS. You can use this simpler method if **all four** of the following apply.

1. Your annuity starting date (defined above) was **after** July 1, 1986, and **before** November 19, 1996.
2. The payments are for **(a)** your life or **(b)** your life and that of your beneficiary.
3. The payments are from a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity.
4. At the time the pension or annuity payments began, either you were under age 75 or the number of years of guaranteed payments was fewer than 5.

If all four apply, use the worksheet on this page to figure the taxable part of your pension or annuity. For more details on the Simplified General Rule, see Pub. 575 or Pub. 721.

Caution: *If you received U.S. Civil Service retirement benefits and you chose the lump-sum credit option, use the worksheet in Pub. 721. Do not use the one on this page.*

Age at Annuity Starting Date. If you are the retiree, use your age on the annuity starting date. If you are the survivor of a retiree, use the retiree's age on his or her annuity starting date. If you are the beneficiary of an employee who died, see Pub. 575. If there is more than one beneficiary, see Pub. 575 or Pub. 721 to figure each beneficiary's taxable amount.

Changing Methods. If your annuity starting date was **after** July 1, 1986, you may be able to change the way you figure the taxable part of your pension. For details, see Pub. 575 or Pub. 721.

Death Benefit Exclusion. If you are the beneficiary of a deceased employee or former employee, amounts paid to you by, or on behalf of, an employer because of the death of the employee may qualify

Simplified General Rule Worksheet—Lines 17a and 17b (keep for your records)

Note: *Do not use this worksheet if your annuity starting date (see this page) was after November 18, 1996. Instead, see Pub. 575 (Pub. 721 for U.S. Civil Service retirement).*

1. Enter the total pension or annuity payments received this year. Also, enter this amount on Form 1040NR, line 17a 1. _____
2. Enter your cost in the plan at the annuity starting date plus any death benefit exclusion (see this page) 2. _____
3. Age at annuity starting date (see this page):

| | | | |
|--------------|--------|---|--------------------|
| | Enter: | | |
| 55 and under | 300 | } | 3. _____ |
| 56–60 | 260 | | |
| 61–65 | 240 | | |
| 66–70 | 170 | | |
| 71 and older | 120 | | |

4. Divide line 2 by line 3 4. _____
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was **before** 1987, skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6 5. _____
6. Enter the amount, if any, recovered tax free in years after 1986 6. _____
7. Subtract line 6 from line 2 7. _____
8. Enter the **smaller** of line 5 or line 7 8. _____
9. **Taxable amount.** Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040NR, line 17b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R 9. _____

Note: *If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040NR, line 17b. Enter the total pension or annuity payments received in 1996 on Form 1040NR, line 17a.*

for a death benefit exclusion of up to \$5,000. If you are entitled to this exclusion, add it to the amount you enter on line 2 of the worksheet on page 8. Do this even if the Form 1099-R shows a taxable amount. The payer of the annuity cannot add the death benefit exclusion to your cost when figuring the taxable amount.

Special rules apply if you are the survivor under a joint and survivor's annuity. For details, see Pub. 575.

Caution: *The death benefit exclusion was repealed for individuals who died after August 20, 1996.*

Rollovers. A rollover is a tax-free distribution of cash or other assets from one retirement plan that is contributed to another plan. Use lines 17a and 17b to report a rollover, including a direct rollover, from one qualified employer's plan to another or to an IRA.

Enter on line 17a the total distribution before income tax or other deductions were withheld. This amount should be shown in box 1 of **Form 1099-R**. From the total on line 17a, subtract any contributions (usually shown in box 5) that were taxable to you when made. From that result, subtract the amount that was rolled over either directly or within 60 days of receiving the distribution. Enter the remaining amount, even if zero, on line 17b.

Special rules apply to partial rollovers of property. For more details on rollovers, including distributions under qualified domestic relations orders, see Pub. 575.

Lump-Sum Distributions. If you received a lump-sum distribution from a profit-sharing or retirement plan, your Form 1099-R should have the "Total distribution" box in box 2b checked. You may owe an additional tax if you (1) received an early distribution from a qualified retirement plan and the total amount was not rolled over, or (2) received a distribution in excess of \$155,000 from a qualified retirement plan. For details, see the instructions for line 46.

Enter the total distribution on line 17a and the taxable part on line 17b.

Tip: *You may pay less tax on the distribution if you were at least age 59½ on the date of the distribution, you meet certain other conditions, and you chose to use **Form 4972, Tax on Lump-Sum Distributions**, to figure the tax on any part of the distribution. You may also be able to use **Form 4972** if you are the beneficiary of a deceased employee who was either age 59½ or older on the date of death or was born before 1936. For details, see **Form 4972**.*

Line 20—Unemployment Compensation.—

Tip: *If you expect to receive unemployment compensation in 1997, you may ask the state unemployment office to withhold Federal income tax from those payments.*

You should receive a **Form 1099-G** showing the total unemployment compensation amount paid to you in 1996.

If you received an overpayment of unemployment compensation in 1996 and you repaid any of it in 1996, subtract the amount you repaid from the total amount you received. Enter the result on line 20. Also, enter "Repaid" and the amount you repaid on the dotted line next to line 20. If, in 1996, you repaid unemployment compensation that you reported in an earlier year, see **Repayments in Pub. 525, Taxable and Nontaxable Income**, for details on how to report the repayment.

Line 21—Other Income.— Use line 21 to report any other income effectively connected with your U.S. business that is not reported on your return or other schedules. List the type and amount of income. If necessary, show the required information on an attached statement. For more details, see **Miscellaneous Taxable Income in Pub. 525**.

Examples of income to report on line 21 are:

- Repayments of expenses you deducted in an earlier year if they reduced your tax.
- Fees received as a nonprofessional fiduciary, such as an executor or administrator of the estate of a deceased friend or relative.
- Recapture of clean-fuel vehicle deduction. See **Pub. 535, Business Expenses**.

Report other income on page 4 of Form 1040NR if not effectively connected with a U.S. trade or business.

Net Operating Loss. If you had a net operating loss in an earlier year to carry forward to 1996, include it as a negative amount in parentheses on line 21. Attach a statement showing how you figured the amount. Get **Pub. 536, Net Operating Losses**, for more details.

Line 22.— Use line 22 to report your total effectively connected income that is exempt from tax by a tax treaty. Do not include this exempt income on line 23. Also, you must complete item M on page 5 of Form 1040NR.

Adjustments

Adjustments are amounts you can subtract from your income effectively connected with a U.S. trade or business.

Line 24—IRA Deduction.— Use line 24 to deduct contributions to your individual retirement arrangement (IRA).

Caution: *If you were covered by a retirement plan (qualified pension, profit-sharing (including 401(k)), annuity, Keogh, SEP, etc.) at work or through self-employment, your IRA deduction may be reduced or eliminated. Earnings on contributions to your IRA are not taxed until they are distributed to you.*

Special Rule for Married Individuals. If you checked filing status box 3, 4, or 5 and you were not covered by a retirement

plan but your spouse was, **you** are considered covered by a plan unless you **lived apart** from your spouse for all of 1996.

Not Covered by a Retirement Plan. If you were not covered by a retirement plan, you can take a full IRA deduction.

Covered by a Retirement Plan. Your Form W-2 should have the "Pension plan" box in box 15 checked if you were covered by your employer's plan even if you were not vested in the plan. You are also covered by a plan if you were self-employed and had a Keogh or SEP retirement plan.

Get **Pub. 590, Individual Retirement Arrangements (IRAs)**, for more details.

Line 25—Moving Expenses.— Employees and self-employed persons (including partners) can deduct certain moving expenses. The move must be in connection with employment that generates effectively connected income.

You can take this deduction if you moved in connection with your job or business and your new workplace is at least 50 miles farther from your old home than your old home was from your old workplace. If you had no former workplace, your new workplace must be at least 50 miles from your old home. The deduction is generally limited to moves to or within the United States or its possessions. If you meet these requirements, get **Pub. 521, Moving Expenses**. Use **Form 3903, Moving Expenses**, to figure the amount to enter on this line.

Line 26—Self-Employed Health Insurance Deduction.— If you were self-employed and had a net profit for the year, you may be able to deduct part of the amount paid for health insurance on behalf of yourself, your spouse, and dependents. But if you were also eligible to participate in any subsidized health plan maintained by your or your spouse's employer for any month or part of a month in 1996, amounts paid for health insurance coverage for that month cannot be used to figure the deduction. For more details, get **Pub. 535, Business Expenses**.

If you qualify to take the deduction, use the Self-Employed Health Insurance Deduction Worksheet on page 10 to figure the amount you can deduct.

Line 27—Keogh & Self-Employed SEP Plans.— If you are self-employed or a partner, deduct payments to your Keogh (HR 10) plan or Simplified Employee Pension (SEP) on line 27. Deduct payments for your employees on **Schedule C or F (Form 1040)**. Get **Pub. 560, Retirement Plans for the Self-Employed**, for more details, including limits on the amount you can deduct. If you are deducting payments to a SEP, be sure to check the box on line 27.

Line 28—Penalty on Early Withdrawal of Savings.— The **Form 1099-INT** or **Form 1099-OID** you received will show the amount of any penalty you were charged.

Self-Employed Health Insurance Deduction Worksheet—Line 26
(keep for your records)

1. Enter total payments made in 1996 for health insurance coverage for 1996 for you, your spouse, and dependents. But do not include amounts for any month you were eligible to participate in an employer-sponsored health plan 1. _____
2. Multiply line 1 by 30% (.30) 2. _____
3. Enter your net profit and any other earned income* from the business under which the insurance plan is established, minus any deduction you claim on Form 1040NR, line 27 3. _____
4. **Self-employed health insurance deduction.** Enter the **smaller** of line 2 or line 3 here and on Form 1040NR, line 26 4. _____

***Earned income** includes net earnings and gains from the sale, transfer, or licensing of property you created. It does not include capital gain income.

Line 29—Scholarship and Fellowship Grants Excluded.— If you were a degree candidate, enter amounts used for tuition and course-related expenses (fees, books, etc.). **Do not** include any amount shown on line 22.

Line 30.— Include in the total on line 30 any of the following adjustments that are **related to your effectively connected income**. On the dotted line next to line 30, enter the amount of your deduction and identify it as indicated.

Qualified Performing Artists. Include on line 30 your performing-arts-related expenses from line 10 of **Form 2106**, Employee Business Expenses, or line 6 of **Form 2106-EZ**, Unreimbursed Employee Business Expenses. Identify as "QPA."

Reforestation Amortization. If you can claim this deduction and you do not have to file **Schedule C, C-EZ, or F (Form 1040)** for this activity, include your deduction on line 30. Identify as "RFST."

Repayment of Sub-Pay Under the Trade Act of 1974. If you repaid supplemental unemployment benefits (sub-pay) that you previously reported in income because you became eligible for payments under the Trade Act of 1974, include on line 30 the amount you repaid in 1996. Identify as "Sub-pay TRA." Or, you may be able to claim a credit against your tax instead. Get **Pub. 525** for more details.

Contributions to Section 501(c)(18) Pension Plans. The amount you contributed should be identified with code **H** in box 13 of your W-2 form. You may deduct this amount subject to the limits explained on page 7 for **excess salary deferrals**. Identify as "501(c)(18)."

Deduction for Clean-Fuel Vehicles. If you placed a vehicle in service in 1996 that uses a clean-burning fuel, you may be able to take this deduction. For details, get **Pub. 535**, Business Expenses. But if part of your deduction is claimed on **Schedule C, C-EZ, E, or F (Form 1040)**, subtract that part from your total deduction and include only the balance on line 30. Identify as "Clean-Fuel."

Line 31—Adjusted Gross Income.— If line 31 is less than zero, you may have a net operating loss that you can carry to

another tax year. If you carry the loss back to earlier years, see **Form 1045**, Application for Tentative Refund. For more details, get **Pub. 536**, Net Operating Losses.

Tax Computation on Income Effectively Connected With a U.S. Trade or Business

Line 33—Itemized Deductions.— Enter total itemized deductions from Schedule A.

Note: *Residents of India who were students or business apprentices may be able to take the standard deduction instead of their itemized deductions. See Pub. 519 for details.*

Deduction for Exemptions Worksheet—Line 35 (keep for your records)
See the instructions for line 35.

1. Is the amount on Form 1040NR, line 32, more than the dollar amount shown on line 4 below for your filing status?
No. Stop. Multiply \$2,550 by the total number of exemptions claimed on Form 1040NR, line 7d, and enter the result on line 35.
Yes. Go to line 2.
2. Multiply \$2,550 by the total number of exemptions claimed on Form 1040NR, line 7d 2. _____
3. Enter the amount from Form 1040NR, line 32. 3. _____
4. Enter \$117,950 (\$88,475 if you checked filing status box 3, 4, or 5; \$176,950 if you checked filing status box 6) 4. _____
5. Subtract line 4 from line 3. If zero or less, **stop**; enter the amount from line 2 above on Form 1040NR, line 35 5. _____
Note: *If line 5 is more than \$122,500 (more than \$61,250 if you checked filing status box 3, 4, or 5), stop; you cannot take a deduction for exemptions. Enter -0- on Form 1040NR, line 35.*
6. Divide line 5 by \$2,500 (\$1,250 if you checked filing status box 3, 4, or 5). If the result is not a whole number, round it up to the next higher whole number (for example, round 0.0004 to 1) 6. _____
7. Multiply line 6 by 2% (.02) and enter the result as a decimal amount 7. _____
8. Multiply line 2 by line 7 8. _____
9. **Deduction for exemptions.** Subtract line 8 from line 2. Enter the result here and on Form 1040NR, line 35 9. _____

Line 35—Deduction for Exemptions.— You can claim exemptions only to the extent of your income that is effectively connected with a U.S. trade or business.

If you file as an **individual**, multiply \$2,550 by the total number of exemptions entered on line 7d. (If you were a resident of Japan or the Republic of Korea, you must figure the exemptions for your spouse and children according to the proportion your U.S. income bears to your total income. For details, see Pub. 519.) But use the worksheet below to figure the amount, if any, to enter on line 35 if your adjusted gross income from line 32 is more than \$88,475 (\$117,950 if you checked filing status box 1 or 2; \$176,950 if you checked filing status box 6).

If you are filing for an **estate**, enter \$600 on line 35. If you are filing for a **trust** whose governing instrument requires it to distribute all its income currently, enter \$300 on line 35. Any other trust is allowed an exemption of \$100.

Line 37—Tax.— Use one of the following methods to figure your tax. Also, include on line 37 any tax from **Form 4972**, Tax on Lump-Sum Distributions, and **Form 8814**, Parents' Election To Report Child's Interest and Dividends. Be sure to check the appropriate box.

Tax Table. If your taxable income (line 36) is less than \$100,000, you **must** use the Tax Table to find your tax unless you are required to use **Form 8615** or you use the **Capital Gain Tax Worksheet** on page 11. The Tax Table starts on page 18. Be sure you use the correct column. If you checked filing status box 3, 4, or 5,

you must use the *Married filing separately* column.

Tax Rate Schedules. You must use the Tax Rate Schedules on page 30 to figure your tax if your taxable income is \$100,000 or more, OR you are filing for an estate or trust, unless you are required to use **Form 8615** or you use the **Capital Gain Tax Worksheet**.

Capital Gain Tax Worksheet. If you had a net capital gain on Schedule D or you reported capital gain distributions on Form 1040NR, line 14, your tax may be less if you figure it using the worksheet on this page.

Form 8615. You must generally use Form 8615 to figure the tax for any child who was under age 14 on January 1, 1997, and who had more than \$1,300 of investment income, such as taxable interest or dividends, that is effectively connected with a U.S. trade or business. But if neither of the child's parents was alive on December 31, 1996, do not use Form 8615 to figure the child's tax.

Credits

Line 38—Credit for Child and Dependent Care Expenses.— You may be able to take this credit if you paid someone to care for your child **under age 13** or your dependent who could not care for himself or herself. But to do so, the care must have been provided so that you could work or look for work and you must have had effectively connected income from a job or through self-employment. For details, see the Instructions for **Form 2441**.

Line 39—Foreign Tax Credit.—**Form 1116** explains when you can take this credit for payment of income tax to a foreign country. To take it, you must report income from foreign sources. See **Foreign Income Taxed by the United States** on page 4. You also must have paid or owe foreign tax on that income. Also, get **Pub. 514**, Foreign Tax Credit for Individuals.

Line 40—Other Credits.— Include in the total on line 40 any of the following credits and check the appropriate box. If box **d** is checked, also enter the form number. To see if you can take the credit, get the form or publication indicated.

- Mortgage interest credit. If a state or local government gave you a mortgage credit certificate, get **Form 8396**.
- Credit for prior year minimum tax. If you paid alternative minimum tax in a prior year, get **Form 8801**.
- Qualified electric vehicle credit. If you placed a new electric vehicle in service in 1996, get **Form 8834**.
- General business credit. This credit consists of a number of credits that usually apply only to individuals who are partners, shareholders in an S corporation, self-employed, or who have

Capital Gain Tax Worksheet—Line 37 (keep for your records)

Use this worksheet to figure your tax **only** if (a) you are filing Schedule D and both lines 17 and 18 of Schedule D are gains, or (b) you reported capital gain distributions directly on Form 1040NR, line 14, **and**:

| You checked filing status box: AND | | Form 1040NR, line 36, is over: | You checked filing status box: AND | | Form 1040NR, line 36, is over: |
|------------------------------------|--|--------------------------------|------------------------------------|--|--------------------------------|
| 1 or 2 | | \$58,150 | 3, 4, or 5 | | \$48,450 |
| 6 | | \$96,900 | | | |

1. Enter the amount from Form 1040NR, line 36 **1.** _____
2. If you are filing Schedule D, enter the **smaller** of Schedule D, line 17 or line 18. Otherwise, enter the capital gain distributions reported on Form 1040NR, line 14 **2.** _____
3. If you are filing Form 4952, enter the amount from Form 4952, line 4e **3.** _____
4. Subtract line 3 from line 2. If zero or less, **stop**; you **cannot** use this worksheet to figure your tax. Instead, use the Tax Table or Tax Rate Schedules, whichever applies **4.** _____
5. Subtract line 4 from line 1 **5.** _____
6. Enter \$24,000 (\$20,050 if you checked filing status box 3, 4, or 5; \$40,100 if you checked filing status box 6) **6.** _____
7. Enter the **greater** of line 5 or line 6 **7.** _____
8. Subtract line 7 from line 1 **8.** _____
9. Figure the tax on the amount on line 7. Use the Tax Table or Tax Rate Schedules, whichever applies **9.** _____
10. Multiply line 8 by 28% (.28) **10.** _____
11. Add lines 9 and 10 **11.** _____
12. Figure the tax on the amount on line 1. Use the Tax Table or Tax Rate Schedules, whichever applies **12.** _____
13. **Tax.** Enter the **smaller** of line 11 or line 12 here and on Form 1040NR, line 37 **13.** _____

rental property. Get **Form 3800** or **Pub. 334**, Tax Guide for Small Business.

• Empowerment zone employment credit. Get **Form 8844**.

Line 41.— If you sold fuel produced from a nonconventional source, see section 29 to find out if you can take the **nonconventional source fuel credit**. If you can, attach a schedule showing how you figured the credit. Include the credit in the total for line 41. Enter the amount and "FNS" next to line 41.

Other Taxes

Line 43—Alternative Minimum Tax.— The tax law gives special treatment to some kinds of income and allows special deductions and credits for some kinds of expenses. If you benefit from these provisions, you may have to pay a minimum amount of tax through the alternative minimum tax. This tax is figured on **Form 6251** for individuals. If you are filing for an estate or trust, get **Schedule I (Form 1041)** and its instructions to see if you owe this tax.

If you are claiming a net operating loss deduction or the foreign tax credit, you must complete Form 6251. Otherwise, to see if you should complete Form 6251, add the amounts on Form 1040NR, lines 33 and 35, plus the total of all adjustments and tax preference items that apply to you (see the list that begins below). If the total

is more than the dollar amount shown below that applies to you, fill in Form 6251.

- \$33,750 if you checked filing status box 1 or 2.
- \$22,500 if you checked filing status box 3, 4, or 5.
- \$45,000 if you checked filing status box 6.

Disposition of U.S. Real Property Interests. If you disposed of U.S. real property interests at a gain, you must make a special computation to see if you owe this tax. For details, see the Instructions for Form 6251.

Adjustments and Preferences:

1. Accelerated depreciation.
2. Income from incentive stock options.
3. Tax-exempt interest from private activity bonds.
4. Intangible drilling, circulation, research, experimental, or mining exploration/development costs.
5. Amortization of pollution-control facilities or depletion.
6. Income or (loss) from tax-shelter farm activities or passive activities.
7. Percentage-of-completion income from long-term contracts.
8. Installment sale income.

Note: *Form 6251 should be filled in for a child under age 14 if the total of the child's adjusted gross income from Form 1040NR, line 32, exceeds the child's earned income by more than \$1,300.*

Line 45—Social Security and Medicare Tax on Tip Income Not Reported to Employer.

— If you are subject to social security and Medicare tax, you received tips of \$20 or more in any month, and you did not report the full amount to your employer, you must pay the social security and Medicare or railroad retirement (RRTA) tax on the unreported tips. You must also pay this tax if your W-2 form(s) shows allocated tips that you are including in your income on Form 1040NR, line 8.

To figure the tax, get **Form 4137**, Social Security and Medicare Tax on Unreported Tip Income. To pay the RRTA tax, contact your employer. Your employer will figure and collect the tax.

Caution: *You may be charged a penalty equal to 50% of the social security and Medicare tax due on tips you received but did not report to your employer.*

Line 46—Tax on Qualified Retirement Plans, Including IRAs.— If any of the following apply, get **Form 5329** and its instructions to see if you owe this tax and if you must file Form 5329.

1. You received any early distributions from (a) a qualified retirement plan (including your IRA), (b) an annuity, or (c) a modified endowment contract entered into after June 20, 1988.
2. You made excess contributions to your IRA.
3. You were born before July 1, 1925, and did not take the minimum required distribution from your qualified retirement plan.
4. You received a distribution in excess of \$155,000 from a qualified retirement plan.

Exception. If only item 1 above applies to you and distribution code 1 is shown in box 7 of your **Form 1099-R**, you do not have to file Form 5329. Instead, multiply the taxable amount of the distribution by 10% (.10) and enter the result on line 46. The taxable amount of the distribution is the part of the distribution you reported on line 16b or line 17b of Form 1040NR or on Form 4972. Also, enter "No" on the dotted line next to line 46 to indicate that you do not have to file Form 5329. **But** if distribution code 1 is incorrectly shown in box 7, you must file Form 5329.

Line 47—Transportation Tax.

— Nonresident alien individuals are subject to a 4% tax on U.S. source gross transportation income that is not effectively connected with a U.S. trade or business. However, the term U.S. source gross transportation income does not include any such income that is taxable in a possession of the United States under the provisions of the Internal Revenue Code as applied to that possession.

For purposes of this tax, transportation income will not be treated as effectively connected with the conduct of a trade or business in the United States unless:

1. You had a fixed place of business in the United States involved in the earning of transportation income, and

2. Substantially all of your U.S. source gross transportation income was attributable to regularly scheduled transportation. Or, in the case of income from the leasing of a vessel or aircraft, it was attributable to a fixed place of business in the United States. See sections 887 and 863 for rules, definitions, and exceptions.

You may be exempt from this tax because of a treaty or an exchange of notes between the United States and the country of which you are a resident. If the country of which you are a resident does not impose tax on the shipping or aircraft income of U.S. persons, you may also be exempt from this tax. If you are exempt from the tax for one of these reasons, you must attach a statement to Form 1040NR identifying your country of residence and the treaty, note, or law and provisions under which you claim exemption from the tax.

If you owe this tax, you must attach a statement to your return that includes the information described in Pub. 519.

Line 48—Household Employment Taxes.— If any of the following apply, get **Schedule H (Form 1040)** and its instructions to see if you owe these taxes.

1. You paid any one household employee (defined below) cash wages of \$1,000 or more in 1996.
2. You withheld Federal income during 1996 at the request of any household employee.
3. You paid total cash wages of \$1,000 or more in any calendar quarter of 1995 or 1996 to household employees.

Tip: *For purposes of item 1, do not count amounts paid to an employee who was under age 18 at any time in 1996 and was a student.*

Household Employee. Any person who does household work is a household employee if you can control what will be done and how it will be done. Household work includes work done in or around your home by babysitters, nannies, health aides, maids, yard workers, and similar domestic workers.

Line 49—Total Tax.— Include in the total on line 49 any of the following taxes. To find out if you owe the tax, see the form or publication indicated. On the dotted line next to line 49, enter the amount of the tax and identify it as indicated.

Recapture of the following credits.

- Investment credit (get **Form 4255**). Identify as "ICR."
- Low-income housing credit (get **Form 8611**). Identify as "LIHCR."
- Qualified electric vehicle credit (get **Pub. 535**). Identify as "QEVCR."
- Indian employment credit. Identify as "IECR."

Recapture of Federal Mortgage Subsidy. If you sold your home in 1996 and it was financed (in whole or in part) from the proceeds of any tax-exempt qualified mortgage bond or you claimed the mortgage interest credit, get **Form 8828**. Identify as "FMSR."

Section 72(m)(5) Excess Benefits Tax (get Pub. 560). Identify as "Sec. 72(m)(5)."

Uncollected Employee Social Security and Medicare or RRTA Tax on Tips or Group-Term Life Insurance.

This tax should be shown in box 13 of your Form W-2 with codes **A** and **B** or **M** and **N**. Identify as "UT."

Golden Parachute Payments. If you received an excess parachute payment (EPP), you must pay a 20% tax on it. This tax should be shown in box 13 of your W-2 form with code **K**. If you received a **Form 1099-MISC**, the tax is 20% of the EPP shown on that form. Identify as "EPP."

Tax on Accumulation Distribution of Trusts. Enter the amount from **Form 4970** and identify as "ADT."

Payments

Line 50—Federal Income Tax Withheld.

— Add the amounts shown as Federal income tax withheld on your **Forms W-2, W-2G, and 1099-R**. Enter the total on line 50. The amount of Federal income tax withheld should be shown in box 2 of Form W-2 or W-2G, and in box 4 of Form 1099-R. If line 50 includes amounts withheld as shown on Form 1099-R, attach the Form 1099-R. Also, include in the total for line 50 any tax withheld on scholarship or fellowship grants from Form 1042-S.

If you received a 1996 Form 1099 showing Federal income tax withheld on dividends, interest income, or other income you received, include the amount withheld in the total on line 50. This should be shown in box 2 of Form 1099-DIV and box 4 of the other 1099 forms.

Line 51—1996 Estimated Tax Payments.

— Enter any payments you made on your estimated Federal income tax (**Form 1040-ES (NR)**) for 1996. Include any overpayment from your 1995 return that you applied to your 1996 estimated tax.

Name Change. If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name, attach a statement to the front of Form 1040NR explaining all the payments you made in 1996 and the name and social security number or ITIN under which you made the payments.

Line 52—Amount Paid With Form 4868 (Request for Extension).— If you filed Form 4868 to get an automatic extension of time to file Form 1040NR, enter any amount you paid with that form. Also, include any amounts paid with **Form 2688**.

Line 53—Excess Social Security and RRTA Tax Withheld.— If you had more than one employer for 1996 and your total wages were over \$62,700, too much social security tax may have been withheld. If you had more than one

PAUL MAPLE
LILIAN MAPLE
123 Main Street
Anyplace, NY 10000

1234
15-0000/0000

19

PAY TO THE ORDER OF _____ \$

ANYPLACE BANK
Anyplace, NY 10000

For _____

Routing Number (line 60b) 250250025

Account Number (line 60d) 20202086

1234

DOLLARS

Note: The routing and account numbers may appear in different places on your check.

railroad employer for 1996 and your total compensation was over \$46,500, too much railroad retirement (RRTA) tax may have been withheld. For details, including how to figure the amount to enter on line 53, get **Pub. 505**, Tax Withholding and Estimated Tax.

Line 54—Other Payments.— Check the box(es) on line 54 to report any credit from **Form 2439**, Notice to Shareholder of Undistributed Long-Term Capital Gains, or **Form 4136**, Credit for Federal Tax Paid on Fuels.

Line 55—Credit for Amount Paid With Form 1040-C.— Enter any amount you paid with Form 1040-C for 1996.

Lines 56a and 56b—U.S. Tax Withheld at Source.— Enter on line 56a the amount you show on line 74. Enter on line 56b any tax withheld by a partnership under section 1446. Be sure to attach a copy of **Form(s) 1042-S, SSA-1042S, RRB-1042S, 8805**, or similar form.

Lines 57a and 57b—U.S. Tax Withheld on Dispositions of U.S. Real Property Interests.— Enter on line 57a any tax withheld on dispositions of U.S. real property interests from **Form(s) 8288-A**. Enter on line 57b any tax withheld on dispositions of U.S. real property interests from **Form(s) 1042-S**.

Refund

Line 59—Amount Overpaid.— If line 59 is under \$1, we will send a refund only on written request.

Tip: If the amount you overpaid is large, you may want to decrease the amount of income tax withheld from your pay. See **1997 Income Tax Withholding and Estimated Tax Payments for Individuals** on page 16.

Lines 60b through 60d—Direct Deposit of Refund.— Complete lines 60b through 60d if you want us to directly deposit the amount shown on line 60a into your account at a U.S. bank or other financial institution in the United States instead of sending you a check.

Why Use Direct Deposit?

- You get your refund faster.
- Payment is more secure—there is no check to get lost.

- More convenient. No trip to the bank to deposit your check.

- Saves tax dollars. A refund by direct deposit costs less than a check.

Tip: You can check with your financial institution to get the correct routing number and account number.

Line 60b. The routing number must be nine digits. If the first two digits are not 01 through 12 or 21 through 32, the direct deposit will be rejected and a check sent instead. Using the sample check above, the routing number is 250250025.

Your check may state that it is payable through a bank different from the financial institution at which you have your checking account. If so, do not use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter on this line.

Line 60d. The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. On the sample check above, the account number is 20202086.

Line 61—Applied to 1997 Estimated Tax.— Enter on line 61 the amount, if any, of the overpayment on line 59 you want applied to your estimated tax for 1997. This election cannot be changed later.

Amount You Owe

Line 62—Amount You Owe.— Include any estimated tax penalty from line 63 in the amount you enter on line 62.

Make your check or money order payable to the Internal Revenue Service for the full amount due. **Do not send cash.** Write "1996 Form 1040NR," your name, address, and SSN or ITIN on your payment. You do not have to pay if line 62 is under \$1.

Do not include any estimated tax payment in your check or money order. Mail any estimated tax payment in an envelope separate from the one you use to pay the tax due on Form 1040NR.

Tip: You may need to (a) increase the amount of income tax withheld from your pay or (b) make estimated tax payments

for 1997. See **1997 Income Tax Withholding and Estimated Tax Payments for Individuals** on page 16.

Installment Payments. If you cannot pay the full amount shown on line 62 when you file, you may ask to make monthly installment payments. However, you will be charged interest and may be charged a late payment penalty on the tax not paid by the date due, even if your request to pay in installments is granted. You must also pay a fee. To limit the interest and penalty charges, pay as much of the tax as possible. But before requesting an installment agreement, you should consider other less costly alternatives, such as a bank loan.

To ask for an installment agreement, use **Form 9465**, Installment Agreement Request.

Line 63—Estimated Tax Penalty.— You may owe this penalty if:

- Line 62 (minus line 48) is at least \$500 and it is more than 10% of the tax shown on your return, or

- You did not pay enough estimated tax by any of the due dates. This is true even if you are due a refund.

Figuring the Penalty. If you choose to figure the penalty yourself, get **Form 2210** (or **Form 2210-F** for farmers and fishermen) to see if you owe the penalty. If so, you can use the form to figure the amount. In certain situations, you may be able to lower your penalty. For details, see the Instructions for Form 2210 (or 2210-F). Enter the penalty on Form 1040NR, line 63. Add the penalty to any tax due and enter the total on line 62. If you are due a refund, subtract the penalty from the overpayment you show on line 59. **Do not** file Form 2210 with your return unless Form 2210 indicates that you must do so. Instead, keep it for your records.

Because Form 2210 is complicated, if you want you can leave line 63 blank and the IRS will figure the penalty and send you a bill. We will not charge you interest on the penalty if you pay by the date specified on the bill.

Signature

See **Reminders** on page 16 after you complete pages 3, 4, and 5 of the form.

Instructions for Schedule A, Itemized Deductions

State and Local Income Taxes

Lines 1 Through 3

You can deduct state and local income taxes you paid or that were withheld from your salary during 1996 on income connected with a U.S. trade or business. If, during 1996, you received any refunds of, or credits for, income tax paid in earlier years, do not subtract them from the amount you deduct here. Instead, see the instructions for Form 1040NR, line 11.

Gifts to U.S. Charities

Lines 4 Through 7

You may deduct contributions or gifts you gave to U.S. organizations that are religious, charitable, educational, scientific, or literary in purpose. You may also deduct what you gave to organizations that work to prevent cruelty to children or animals.

If you do not know whether you can deduct what you gave to an organization, check with that organization or with the IRS.

Contributions You MAY Deduct.—

Contributions may be in cash (keep canceled checks, receipts, or other reliable written records showing the name of the organization and the date and amount given), property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described earlier. If you drove to and from the volunteer work, you may take **12 cents a mile** or the actual cost of gas and oil. Add parking and tolls to the amount you claim under either method. But do not deduct any amounts that were repaid to you.

Gifts From Which You Benefit. If you made a gift and received a benefit in return, such as food, entertainment, or merchandise, you may generally only deduct the amount that is more than the value of the benefit. For example, if you paid \$70 to a charitable organization to attend a fund-raising dinner and the value of the dinner was \$40, you may deduct only \$30. But this rule does not apply to certain membership benefits provided in return for an annual payment of \$75 or less. For details, get **Pub. 526**, Charitable Contributions.

Gifts of \$250 or More. You may deduct a gift of \$250 or more only if you have a statement from the charitable organization showing the information in **1** and **2** below.

In figuring whether a gift is \$250 or more, do not combine separate donations. For example, if you gave your church \$25 each week for 20 weeks for a total of \$500, treat each \$25 payment as a separate gift. If you made donations through payroll deductions, treat each deduction from each paycheck as a separate gift. See Pub. 526 if you made a separate gift of \$250 or more through payroll deduction.

1. The amount of any money contributed and a description (but not value) of any property donated.
2. Whether the organization did or did not give you any goods or services in return for your contribution. If you did receive any goods or services, a description and estimate of the value must be included. If you received only intangible religious benefits (such as admission to a religious ceremony), the organization must state this, but it does not have to describe or value the benefit.

You must get the statement by the date you file your return or the due date (including extensions) for filing your return, whichever is earlier. Do not attach the statement to your return. Instead, keep it for your records.

Limit on the Amount You May Deduct. Get Pub. 526 to figure the amount of your deduction if **any** of the following apply:

- Your cash contributions or contributions of ordinary income property are more than 30% of the amount shown on Form 1040NR, line 32.
- Your gifts of capital gain property are more than 20% of the amount shown on Form 1040NR, line 32.
- You gave gifts of property that increased in value or gave gifts of the use of property.

You MAY NOT Deduct as Contributions:

- Travel expenses (including meals and lodging) while away from home unless there was no significant element of personal pleasure, recreation, or vacation in the travel.
 - Political contributions.
 - Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
 - Cost of raffle, bingo, or lottery tickets.
 - Cost of tuition.
 - Value of your time or services.
 - Value of blood given to a blood bank.
 - The transfer of a future interest in tangible personal property (generally, until the entire interest has been transferred).
 - Gifts to individuals and groups that are run for personal profit.
 - Gifts to foreign organizations. But you may be able to deduct gifts to certain U.S. organizations that transfer funds to foreign charities and certain Canadian and Mexican charities. See Pub. 526 for details.
 - Gifts to organizations engaged in certain political activities that are of direct financial interest to your trade or business. See section 170(f)(9).
 - Gifts to groups whose purpose is to lobby for changes in the laws.
 - Gifts to civic leagues, social and sports clubs, labor unions, and chambers of commerce.
 - Value of benefits received in connection with a contribution to a charitable organization. See Pub. 526 for exceptions.
- Line 4.—** Enter the total contributions you made in cash or by check (including out-of-pocket expenses).
- Line 5.—** Enter your contributions of property. If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale.

If the amount of your deduction is more than \$500, you must complete and attach **Form 8283**, Noncash Charitable Contributions. For this purpose, the "amount of your deduction" means your deduction BEFORE applying any income limits that could result in a carryover of contributions. If your total deduction is over \$5,000, you may also have to get appraisals of the values of the donated property. See Form 8283 and its instructions for details.

Recordkeeping. If you gave property, you should keep a receipt or written statement from the organization you gave the property to, or a reliable written record, that shows the organization's name and address, the date and location of the gift, and a description of the property. For each gift of property, you should also keep reliable written records that include:

- How you figured the property's value at the time you gave it. If the value was determined by an appraisal, keep a signed copy of the appraisal.
- The cost or other basis of the property if you must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.
- How you figured your deduction if you chose to reduce your deduction for gifts of capital gain property.
- Any conditions attached to the gift.

Note: *If your total deduction for gifts of property is over \$500, you gave less than your entire interest in the property, or you made a "qualified conservation contribution," your records should contain additional information. See Pub. 526 for details.*

Line 6.— Enter any carryover of contributions that you could not deduct in an earlier year because they exceeded your adjusted gross income limit. See Pub. 526 for details.

Casualty and Theft Losses

Line 8

Complete and attach **Form 4684**, Casualties and Thefts, to figure the amount to enter on line 8.

You may be able to deduct part or all of each loss caused by theft, vandalism, fire, storm, or similar causes, and car, boat, and other accidents. You may also be able to deduct money you had in a financial institution but lost because of the insolvency or bankruptcy of the institution.

You may deduct nonbusiness casualty or theft losses only to the extent that—

1. The amount of **each** separate casualty or theft loss is more than \$100, and
2. The total amount of **all** losses during the year is more than 10% of the amount shown on Form 1040NR, line 32.

Special rules apply if you had both gains and losses from nonbusiness casualties or thefts. See Form 4684 for details.

Use line 11 of Schedule A to deduct the costs of proving that you had a property loss. Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.

For information on Federal disaster area losses, see **Pub. 547**, Casualties, Disasters, and Thefts.

Job Expenses and Most Other Miscellaneous Deductions

Note: *Miscellaneous deductions are allowed only if and to the extent they are connected with your effectively connected income.*

Pub. 529, Miscellaneous Deductions, discusses the types of expenses that may and may not be deducted.

Examples of expenses you may **not** deduct are:

- Political contributions.
- Personal legal expenses.
- Lost or misplaced cash or property.
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Expenses of going to or from your regular workplace.
- Travel expenses for employment away from home if that period of employment exceeds 1 year.
- Travel as a form of education.
- Expenses of attending a seminar, convention, or similar meeting unless it is related to your employment.
- Club dues. See Pub. 529 for exceptions.
- Expenses of adopting a child, including a child with special needs.
- Fines and penalties.
- Expenses of producing tax-exempt income.

Line 9.— Enter the total job expenses you paid for which you were not reimbursed. (Amounts your employer included in box 1 of your W-2 form are not considered reimbursements.) But you **MUST** fill in and attach **Form 2106**, Employee Business Expenses, if **either** of the following applies:

1. You claim any travel, transportation, meal, or entertainment expenses for your job, OR

2. Your employer paid you for any of your job expenses reportable on line 9.

Tip: *If you used your own vehicle and item 2 does not apply, you may be able to file **Form 2106-EZ**, Unreimbursed Employee Business Expenses, instead.*

If you do not have to file Form 2106 or 2106-EZ, list the type and amount of each expense on the dotted lines next to line 9. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 9.

Examples of expenses to include on line 9 are:

- Travel, transportation, meal or entertainment expenses.
- Union dues.

- Safety equipment, small tools, and supplies you needed for your job.
- Uniforms required by your employer, and which you may not usually wear away from work.
- Protective clothing required in your work, such as hard hats, safety shoes, and glasses.
- Physical examinations your employer said you must have.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Certain business use of part of your home. For details, including limits that apply, get **Pub. 587**, Business Use of Your Home.

• Certain educational expenses. For details, get **Pub. 508**.

Line 10.— Enter the fees you paid for preparation of your tax return, including fees paid for magnetic media filing of your return. But **do not** include fees deducted elsewhere, such as on **Schedule C, C-EZ, E, or F (Form 1040)**.

Line 11.— Enter the total amount you paid to produce or collect taxable income and manage or protect property held for earning income. But **do not** include any personal expenses. List the type and amount of each expense on the dotted lines next to line 11. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 11.

Examples of expenses to include on line 11 are:

- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (for example, trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on nonfederally insured deposits in an insolvent or bankrupt financial institution. For details, including limits on the amount you may deduct, see **Pub. 529**.
- Deduction for repayment of amounts under a claim of right if \$3,000 or less.

Other Miscellaneous Deductions

Line 16

List the type and amount of each expense on the dotted lines next to line 16. Enter one total on line 16. Examples of these expenses are:

- Certain adjustments when you restore amounts held under a claim of right.
- Impairment-related work expenses of a disabled person.

For more details on these and other expenses not subject to the 2% limit, see Pub. 529.

Total Itemized Deductions

Line 17

If the amount on Form 1040NR, line 32, is over \$117,950 (over \$58,975 if you checked box 3, 4, or 5 on page 1 of Form 1040NR), use the worksheet below to figure the amount to enter on line 17.

Tax on Income Not Effectively Connected With a U.S. Trade or Business (Page 4)

For more information, get **Pub. 519**, U.S. Tax Guide for Aliens.

The following items are generally taxed at 30% if they are not effectively connected with your U.S. trade or business. The rate may be lower for you if your country and the United States have a treaty setting lower rates. Table 1 in **Pub. 901** summarizes which countries have such treaties and what the rates are.

The 30% tax applies only to amounts included in gross income. For example, the tax applies only to the part of a periodic annuity or pension payment that is subject to tax; it does not apply to the part that is a return of your cost.

The following list gives only a general idea of what income to report on page 4, but only to the extent the amount received is not effectively connected with the

Itemized Deductions Worksheet—Line 17 (keep for your records)

| | |
|---|-----------|
| 1. Add the amounts on Schedule A, lines 3, 7, 8, 15, and 16 | 1. _____ |
| 2. Enter the amount on Schedule A, line 8 | 2. _____ |
| 3. Subtract line 2 from line 1. If the result is zero, stop here ; enter the amount from line 1 above on Schedule A, line 17 | 3. _____ |
| 4. Multiply line 3 above by 80% (.80) | 4. _____ |
| 5. Enter the amount from Form 1040NR, line 32 | 5. _____ |
| 6. Enter \$117,950 (\$58,975 if you checked filing status box 3, 4, or 5) | 6. _____ |
| 7. Subtract line 6 from line 5. If the result is zero or less, stop here ; enter the amount from line 1 above on Schedule A, line 17 | 7. _____ |
| 8. Multiply line 7 above by 3% (.03) | 8. _____ |
| 9. Enter the smaller of line 4 or line 8 | 9. _____ |
| 10. Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule A, line 17. | 10. _____ |

conduct of a trade or business in the United States.

1. Income that is fixed or periodic, such as interest (other than original issue discount), dividends, rents, salaries, wages, premiums, annuities, other compensation, or alimony received. Other items of income, such as royalties, also may be subject to the 30% tax.

Note: *Portfolio interest that you received as a nonresident alien on obligations issued after July 18, 1984, is exempt from the 30% tax. For more information, see Pub. 519.*

Interest from a U.S. bank, savings and loan association, or similar institution, and from certain deposits with U.S. insurance companies is tax exempt if it is not effectively connected with a U.S. trade or business. For more information, see Pub. 519.

2. Gains, other than capital gains, from the sale or exchange of patents, copyrights, and other intangible property.

3. Original issue discount (OID). If you sold or exchanged the obligation, include in income the OID that accrued while you held the obligation minus the amount previously included in income. If you received a payment on an OID obligation, see Pub. 519.

4. Capital gains in excess of capital losses from U.S. sources during 1996. Include these gains only if you were in the United States at least 183 days during 1996. They are not subject to U.S. tax if you were in the United States less than 183 days during the tax year. In determining your net gain, do not use the capital loss carryover.

Losses from sales or exchanges of capital assets in excess of similar gains are not allowed.

If you had a gain or loss on disposing of a U.S. real property interest, see **Dispositions of U.S. Real Property Interests** on page 4.

5. Prizes, awards, and certain gambling winnings. Proceeds from lotteries, raffles, etc., are gambling winnings (see section 871(j) for exceptions). You must report the full amount of your winnings. You cannot offset losses against winnings and report the difference.

Note: *Effective January 1, 1996, residents of Canada may claim gambling losses, but only to the extent of gambling winnings. They should report both their total gambling winnings and their total gambling losses on the dotted line on line 73 (or attach a separate schedule if more space is needed). If they have net gambling winnings (after offsetting their total gambling losses against their total gambling winnings), they should include this net amount on line 73, column (d).*

Social Security Benefits (and Tier 1 Railroad Retirement Benefits Treated as Social Security).— Eighty-five percent of the U.S. social security and equivalent railroad retirement benefits you received are taxable. This amount is treated as U.S. source income not

effectively connected with a U.S. trade or business. It is subject to the 30% tax rate, unless exempt or taxed at a reduced rate under a U.S. tax treaty. Social security benefits include any monthly benefit under title II of the Social Security Act or the part of a tier 1 railroad retirement benefit treated as a social security benefit. They do not include any Supplemental Security Income (SSI) payments.

By January 31, 1997, you should receive a **Form SSA-1042S** showing the total social security benefits paid to you in 1996, and the amount of any benefits you repaid in 1996. If you received railroad retirement benefits treated as social security, you should receive a **Form RRB-1042S**.

Enter 85% of the total amount from box 5 of **ALL** your Forms SSA-1042S and Forms RRB-1042S on line 71 of Form 1040NR. Attach a copy of all Forms SSA-1042S and RRB-1042S to Form 1040NR.

Withholding of Tax at the Source.— A tax must be withheld at the source on certain income from U.S. sources paid to nonresident aliens. The withholding is generally at the 30% rate. There are exceptions to the general rule, and tax treaties with various countries may provide a lower rate or exempt certain income from withholding. The tax must be withheld by the person who pays fixed or determinable annual or periodic income to nonresident aliens. The income subject to this withholding should be reported on page 4 of Form 1040NR. For details, see Pub. 519, **Pub. 515**, Withholding of Tax on Nonresident Aliens and Foreign Corporations, and section 1441 and its regulations.

Other Information (Page 5)

Reporting of Treaty Benefits Claimed

If you take the position that a treaty of the United States overrides or modifies any provision of the Internal Revenue Code and that position reduces (or potentially reduces) your tax, you must report certain information on **Form 8833**, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b), or a similar statement attached to your tax return. But see Pub. 519 for exceptions to this rule. You can be charged a \$1,000 penalty for each failure to report the required information. For more details, see Form 8833 and Regulations section 301.6114-1.

Reminders

Sign and Date Your Return

Form 1040NR is not considered a valid return unless you sign it. If an agent (including your spouse) signs for you, your authorization of the signature must be filed with the return. You may have an agent in the United States prepare and

sign your return if you could not do so for one of the following reasons:

- You were ill.
- You were not in the United States at any time during the 60 days before the return was due.
- For other reasons that you explained in writing to the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A., and that the IRS approved.

Be sure to date your return and show your occupation in the United States in the space provided. If you have someone prepare your return for you, you are still responsible for the correctness of the return.

Child's Return.— If your child cannot sign the return, either parent may sign the child's name in the space provided. Then, add "By (your signature), parent for minor child."

Paid Preparers Must Sign Your Return.

Generally, anyone you pay to prepare your return must sign it by hand in the space provided. Signature stamps or labels cannot be used. The preparer must give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign.

Address Change

If you move after you file, always notify in writing the Internal Revenue Service Center where you filed your last return. You can use **Form 8822**, Change of Address, to notify us of your new address.

If you are expecting a refund, also notify the post office serving your old address. You will receive your check faster this way. Please be sure to write your identifying number (defined on page 5) on any letters to the IRS.

1997 Income Tax Withholding and Estimated Tax Payments for Individuals

If the amount you owe or the amount you overpaid is large, you may want to file a new **Form W-4**, Employee's Withholding Allowance Certificate, with your employer to change the amount of income tax to be withheld from your 1997 pay. In general, you do not have to make estimated tax payments if you expect that your 1997 Form 1040NR will show a tax refund or a tax balance due the IRS of less than \$500. If your total estimated tax (including any alternative minimum tax) for 1997 is \$500 or more, get **Form 1040-ES (NR)**. It has a worksheet you can use to see if you have to make estimated tax payments. However, if you expect to be a resident of Puerto Rico during all of 1997 and you must pay estimated tax, use **Form 1040-ES**.

Records You Should Keep

Keep your records as long as they may be needed to carry out any Internal Revenue law. Records of income, deductions, and credits shown on your return, as well as any worksheets you used, should be kept until the statute of

limitations runs out for that return. Usually, this is 3 years from the date the return was due or filed, or 2 years from the date the tax was paid, whichever is later. Keep some records longer. For example, keep property records (including those on your own home) as long as they are needed to figure the basis of the original or replacement property. Also, keep copies of your filed tax returns and any Forms W-2, 1099, and 1042-S you received as part of your records. For more details, get **Pub. 552**, Recordkeeping for Individuals.

Requesting a Copy of Your Tax Return

If you need a copy of your tax return, use **Form 4506**.

Amended Return

File **Form 1040X**, Amended U.S. Individual Income Tax Return, to change a return you already filed. Also, use Form 1040X if you filed Form 1040NR and you should have filed a Form 1040, 1040A, or 1040EZ, or vice versa. Generally, Form 1040X must be filed within 3 years after the date the original return was filed, or within 2 years after the date the tax was paid, whichever is later.

Interest and Penalties

Tip: *You do not have to figure the amount of any interest or penalties you may owe. Because figuring these amounts can be complicated, we will do it for you if you want. We will send you a bill for any amount due.*

If you include interest or penalties with your payment, identify and enter the amount in the bottom margin of Form 1040NR, page 2. **Do not** include the amount in the Amount You Owe on line 62.

Interest.— We will charge you interest on taxes not paid by their due date, even if an extension of time to file is granted. We will also charge you interest on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements, and substantial understatements of tax. Interest is charged on the penalty from the due date of the return (including extensions).

Penalty for Late Filing.— If you do not file your return by the due date (including extensions), the penalty is usually 5% of the amount due for each month or part of a month your return is late, unless you have a reasonable explanation. If you do, attach it to your return. The penalty cannot usually be more than 25% of the tax due. If your return is more than 60 days late, the minimum penalty will be \$100 or the amount of any tax you owe, whichever is smaller.

Penalty for Late Payment of Tax.— If you pay your taxes late, the penalty is usually $\frac{1}{2}$ of 1% of the unpaid amount for each month or part of a month the tax is not paid. The penalty cannot be more than 25% of the unpaid amount. It applies to any unpaid tax on the return. This penalty is in addition to interest charges on late payments.

Penalty for Frivolous Return.— In addition to any other penalties, the law imposes a penalty of \$500 for filing a frivolous return. A frivolous return is one that does not contain information needed to figure the correct tax or shows a substantially incorrect tax, because you take a frivolous position or desire to delay or interfere with the tax laws. This includes altering or striking out the preprinted language above the space where you sign.

Other Penalties.— Other penalties can be imposed for negligence, substantial understatement of tax, and fraud. Criminal penalties may be imposed for willful failure to file, tax evasion, or making a false statement. See **Pub. 17** for details on some of these penalties.

Gift To Reduce the Public Debt

If you wish to make such a gift, make your check payable to "Bureau of the Public Debt." You can send it to: Bureau of the Public Debt, Department G, Washington, DC 20239-0601. Or, you can enclose the check with your income tax return when you file. Do not add your gift to any tax you may owe. If you owe tax, make a separate check for that amount payable to "Internal Revenue Service."

Note: *You may be able to deduct this gift on your 1997 tax return as a charitable contribution.*

Taxpayer Assistance

IRS assistance is available to help you prepare your return. But you should know that you are responsible for the accuracy of your return. If we do make an error, you are still responsible for the payment of the correct tax.

In the United States, call the local city number listed in your telephone directory if it is not a long-distance call for you. Otherwise, call 1-800-829-1040.

If you find it necessary to write instead of calling, please address your letter to your IRS District Director for a prompt reply. Make sure you include your identifying number (defined on page 5) when you write.

Assistance in answering tax questions and filling out tax returns is also available in person from Internal Revenue Service offices in: Bonn, Germany; London, England; Mexico City, Mexico; Ottawa, Canada; Paris, France; Rome, Italy; Santiago, Chile; Singapore; Sydney, Australia; and Tokyo, Japan. The offices generally are located in the U.S. embassies or consulates. During every tax return filing period, you can get income tax forms and publications from U.S. embassies and consulates abroad.

The IRS conducts an overseas taxpayer assistance program during the filing season (January to mid-June). To find out if IRS personnel will be in your area, please contact the consular office at the nearest U.S. embassy.

Help With Unresolved Tax Issues

The **Problem Resolution Program** is for people who have been unable to resolve their problems with the IRS. If you have a tax problem you cannot clear up through normal channels, write to your local IRS District Director or call your local IRS office and ask for Problem Resolution assistance. (You may also contact one of the overseas IRS offices listed above.) This office cannot change the tax law or technical decisions. But it can help you clear up problems that resulted from previous contacts. For more details, get **Pub. 1546**.

1996 Tax Table

For persons with taxable incomes of less than \$100,000. If \$100,000 or more, use the Tax Rate Schedules.

Example. Mr. Green is filing as a qualifying widower. His taxable income on line 36 of Form 1040NR is \$25,300. First, he finds the \$25,300–25,350 income line. Next, he finds the column for qualifying widower and reads down the column. The amount shown where the income line and filing status column meet is \$3,799. This is the tax amount he must enter on line 37 of his Form 1040NR.

| At least | But less than | Single | Qualifying widow(er) | Married filing separately |
|---------------------|---------------|--------|----------------------|---------------------------|
| Your tax is— | | | | |
| 25,200 | 25,250 | 3,943 | 3,784 | 4,457 |
| 25,250 | 25,300 | 3,957 | 3,791 | 4,471 |
| 25,300 | 25,350 | 3,971 | (3,799) | 4,485 |
| 25,350 | 25,400 | 3,985 | 3,806 | 4,499 |

| If Form 1040NR, line 36, is— | | And you are— | | | If Form 1040NR, line 36, is— | | And you are— | | | If Form 1040NR, line 36, is— | | And you are— | | |
|------------------------------|---------------|--------------|----------------------|---------------------------|------------------------------|---------------|--------------|----------------------|---------------------------|------------------------------|---------------|--------------|----------------------|---------------------------|
| At least | But less than | Single | Qualifying widow(er) | Married filing separately | At least | But less than | Single | Qualifying widow(er) | Married filing separately | At least | But less than | Single | Qualifying widow(er) | Married filing separately |
| Your tax is— | | | | | | | | | | | | | | |
| 0 | 5 | 0 | 0 | 0 | 1,300 | 1,325 | 197 | 197 | 197 | 2,700 | 2,725 | 407 | 407 | 407 |
| 5 | 15 | 2 | 2 | 2 | 1,325 | 1,350 | 201 | 201 | 201 | 2,725 | 2,750 | 411 | 411 | 411 |
| 15 | 25 | 3 | 3 | 3 | 1,350 | 1,375 | 204 | 204 | 204 | 2,750 | 2,775 | 414 | 414 | 414 |
| 25 | 50 | 6 | 6 | 6 | 1,375 | 1,400 | 208 | 208 | 208 | 2,775 | 2,800 | 418 | 418 | 418 |
| 50 | 75 | 9 | 9 | 9 | 1,400 | 1,425 | 212 | 212 | 212 | 2,800 | 2,825 | 422 | 422 | 422 |
| 75 | 100 | 13 | 13 | 13 | 1,425 | 1,450 | 216 | 216 | 216 | 2,825 | 2,850 | 426 | 426 | 426 |
| 100 | 125 | 17 | 17 | 17 | 1,450 | 1,475 | 219 | 219 | 219 | 2,850 | 2,875 | 429 | 429 | 429 |
| 125 | 150 | 21 | 21 | 21 | 1,475 | 1,500 | 223 | 223 | 223 | 2,875 | 2,900 | 433 | 433 | 433 |
| 150 | 175 | 24 | 24 | 24 | 1,500 | 1,525 | 227 | 227 | 227 | 2,900 | 2,925 | 437 | 437 | 437 |
| 175 | 200 | 28 | 28 | 28 | 1,525 | 1,550 | 231 | 231 | 231 | 2,925 | 2,950 | 441 | 441 | 441 |
| 200 | 225 | 32 | 32 | 32 | 1,550 | 1,575 | 234 | 234 | 234 | 2,950 | 2,975 | 444 | 444 | 444 |
| 225 | 250 | 36 | 36 | 36 | 1,575 | 1,600 | 238 | 238 | 238 | 2,975 | 3,000 | 448 | 448 | 448 |
| 250 | 275 | 39 | 39 | 39 | 1,600 | 1,625 | 242 | 242 | 242 | 3,000 | | | | |
| 275 | 300 | 43 | 43 | 43 | 1,625 | 1,650 | 246 | 246 | 246 | 3,000 | 3,050 | 454 | 454 | 454 |
| 300 | 325 | 47 | 47 | 47 | 1,650 | 1,675 | 249 | 249 | 249 | 3,050 | 3,100 | 461 | 461 | 461 |
| 325 | 350 | 51 | 51 | 51 | 1,675 | 1,700 | 253 | 253 | 253 | 3,100 | 3,150 | 469 | 469 | 469 |
| 350 | 375 | 54 | 54 | 54 | 1,700 | 1,725 | 257 | 257 | 257 | 3,150 | 3,200 | 476 | 476 | 476 |
| 375 | 400 | 58 | 58 | 58 | 1,725 | 1,750 | 261 | 261 | 261 | 3,200 | 3,250 | 484 | 484 | 484 |
| 400 | 425 | 62 | 62 | 62 | 1,750 | 1,775 | 264 | 264 | 264 | 3,250 | 3,300 | 491 | 491 | 491 |
| 425 | 450 | 66 | 66 | 66 | 1,775 | 1,800 | 268 | 268 | 268 | 3,300 | 3,350 | 499 | 499 | 499 |
| 450 | 475 | 69 | 69 | 69 | 1,800 | 1,825 | 272 | 272 | 272 | 3,350 | 3,400 | 506 | 506 | 506 |
| 475 | 500 | 73 | 73 | 73 | 1,825 | 1,850 | 276 | 276 | 276 | 3,400 | 3,450 | 514 | 514 | 514 |
| 500 | 525 | 77 | 77 | 77 | 1,850 | 1,875 | 279 | 279 | 279 | 3,450 | 3,500 | 521 | 521 | 521 |
| 525 | 550 | 81 | 81 | 81 | 1,875 | 1,900 | 283 | 283 | 283 | 3,500 | 3,550 | 529 | 529 | 529 |
| 550 | 575 | 84 | 84 | 84 | 1,900 | 1,925 | 287 | 287 | 287 | 3,550 | 3,600 | 536 | 536 | 536 |
| 575 | 600 | 88 | 88 | 88 | 1,925 | 1,950 | 291 | 291 | 291 | 3,600 | 3,650 | 544 | 544 | 544 |
| 600 | 625 | 92 | 92 | 92 | 1,950 | 1,975 | 294 | 294 | 294 | 3,650 | 3,700 | 551 | 551 | 551 |
| 625 | 650 | 96 | 96 | 96 | 1,975 | 2,000 | 298 | 298 | 298 | 3,700 | 3,750 | 559 | 559 | 559 |
| 650 | 675 | 99 | 99 | 99 | 2,000 | | | | | 3,750 | 3,800 | 566 | 566 | 566 |
| 675 | 700 | 103 | 103 | 103 | 2,000 | 2,025 | 302 | 302 | 302 | 3,800 | 3,850 | 574 | 574 | 574 |
| 700 | 725 | 107 | 107 | 107 | 2,025 | 2,050 | 306 | 306 | 306 | 3,850 | 3,900 | 581 | 581 | 581 |
| 725 | 750 | 111 | 111 | 111 | 2,050 | 2,075 | 309 | 309 | 309 | 3,900 | 3,950 | 589 | 589 | 589 |
| 750 | 775 | 114 | 114 | 114 | 2,075 | 2,100 | 313 | 313 | 313 | 3,950 | 4,000 | 596 | 596 | 596 |
| 775 | 800 | 118 | 118 | 118 | 2,100 | 2,125 | 317 | 317 | 317 | 4,000 | | | | |
| 800 | 825 | 122 | 122 | 122 | 2,125 | 2,150 | 321 | 321 | 321 | 4,000 | 4,050 | 604 | 604 | 604 |
| 825 | 850 | 126 | 126 | 126 | 2,150 | 2,175 | 324 | 324 | 324 | 4,050 | 4,100 | 611 | 611 | 611 |
| 850 | 875 | 129 | 129 | 129 | 2,175 | 2,200 | 328 | 328 | 328 | 4,100 | 4,150 | 619 | 619 | 619 |
| 875 | 900 | 133 | 133 | 133 | 2,200 | 2,225 | 332 | 332 | 332 | 4,150 | 4,200 | 626 | 626 | 626 |
| 900 | 925 | 137 | 137 | 137 | 2,225 | 2,250 | 336 | 336 | 336 | 4,200 | 4,250 | 634 | 634 | 634 |
| 925 | 950 | 141 | 141 | 141 | 2,250 | 2,275 | 339 | 339 | 339 | 4,250 | 4,300 | 641 | 641 | 641 |
| 950 | 975 | 144 | 144 | 144 | 2,275 | 2,300 | 343 | 343 | 343 | 4,300 | 4,350 | 649 | 649 | 649 |
| 975 | 1,000 | 148 | 148 | 148 | 2,300 | 2,325 | 347 | 347 | 347 | 4,350 | 4,400 | 656 | 656 | 656 |
| 1,000 | | | | | 2,325 | 2,350 | 351 | 351 | 351 | 4,400 | 4,450 | 664 | 664 | 664 |
| 1,000 | 1,025 | 152 | 152 | 152 | 2,350 | 2,375 | 354 | 354 | 354 | 4,450 | 4,500 | 671 | 671 | 671 |
| 1,025 | 1,050 | 156 | 156 | 156 | 2,375 | 2,400 | 358 | 358 | 358 | 4,500 | 4,550 | 679 | 679 | 679 |
| 1,050 | 1,075 | 159 | 159 | 159 | 2,400 | 2,425 | 362 | 362 | 362 | 4,550 | 4,600 | 686 | 686 | 686 |
| 1,075 | 1,100 | 163 | 163 | 163 | 2,425 | 2,450 | 366 | 366 | 366 | 4,600 | 4,650 | 694 | 694 | 694 |
| 1,100 | 1,125 | 167 | 167 | 167 | 2,450 | 2,475 | 369 | 369 | 369 | 4,650 | 4,700 | 701 | 701 | 701 |
| 1,125 | 1,150 | 171 | 171 | 171 | 2,475 | 2,500 | 373 | 373 | 373 | 4,700 | 4,750 | 709 | 709 | 709 |
| 1,150 | 1,175 | 174 | 174 | 174 | 2,500 | 2,525 | 377 | 377 | 377 | 4,750 | 4,800 | 716 | 716 | 716 |
| 1,175 | 1,200 | 178 | 178 | 178 | 2,525 | 2,550 | 381 | 381 | 381 | 4,800 | 4,850 | 724 | 724 | 724 |
| 1,200 | 1,225 | 182 | 182 | 182 | 2,550 | 2,575 | 384 | 384 | 384 | 4,850 | 4,900 | 731 | 731 | 731 |
| 1,225 | 1,250 | 186 | 186 | 186 | 2,575 | 2,600 | 388 | 388 | 388 | 4,900 | 4,950 | 739 | 739 | 739 |
| 1,250 | 1,275 | 189 | 189 | 189 | 2,600 | 2,625 | 392 | 392 | 392 | 4,950 | 5,000 | 746 | 746 | 746 |
| 1,275 | 1,300 | 193 | 193 | 193 | 2,625 | 2,650 | 396 | 396 | 396 | Continued on next page | | | | |
| | | | | | 2,650 | 2,675 | 399 | 399 | 399 | | | | | |
| | | | | | 2,675 | 2,700 | 403 | 403 | 403 | | | | | |

1996 Tax Table—Continued

| If Form 1040NR, line 36, is— | | And you are— | | | If Form 1040NR, line 36, is— | | And you are— | | | If Form 1040NR, line 36, is— | | And you are— | | |
|------------------------------|---------------|--------------|----------------------|---------------------------|------------------------------|---------------|--------------|----------------------|---------------------------|------------------------------|---------------|--------------|----------------------|---------------------------|
| At least | But less than | Single | Qualifying widow(er) | Married filing separately | At least | But less than | Single | Qualifying widow(er) | Married filing separately | At least | But less than | Single | Qualifying widow(er) | Married filing separately |
| Your tax is— | | Your tax is— | | | Your tax is— | | | Your tax is— | | | Your tax is— | | | |
| 5,000 | | | | | 8,000 | | | | | | 11,000 | | | |
| 5,000 | 5,050 | 754 | 754 | 754 | 8,000 | 8,050 | 1,204 | 1,204 | 1,204 | 11,000 | 11,050 | 1,654 | 1,654 | 1,654 |
| 5,050 | 5,100 | 761 | 761 | 761 | 8,050 | 8,100 | 1,211 | 1,211 | 1,211 | 11,050 | 11,100 | 1,661 | 1,661 | 1,661 |
| 5,100 | 5,150 | 769 | 769 | 769 | 8,100 | 8,150 | 1,219 | 1,219 | 1,219 | 11,100 | 11,150 | 1,669 | 1,669 | 1,669 |
| 5,150 | 5,200 | 776 | 776 | 776 | 8,150 | 8,200 | 1,226 | 1,226 | 1,226 | 11,150 | 11,200 | 1,676 | 1,676 | 1,676 |
| 5,200 | 5,250 | 784 | 784 | 784 | 8,200 | 8,250 | 1,234 | 1,234 | 1,234 | 11,200 | 11,250 | 1,684 | 1,684 | 1,684 |
| 5,250 | 5,300 | 791 | 791 | 791 | 8,250 | 8,300 | 1,241 | 1,241 | 1,241 | 11,250 | 11,300 | 1,691 | 1,691 | 1,691 |
| 5,300 | 5,350 | 799 | 799 | 799 | 8,300 | 8,350 | 1,249 | 1,249 | 1,249 | 11,300 | 11,350 | 1,699 | 1,699 | 1,699 |
| 5,350 | 5,400 | 806 | 806 | 806 | 8,350 | 8,400 | 1,256 | 1,256 | 1,256 | 11,350 | 11,400 | 1,706 | 1,706 | 1,706 |
| 5,400 | 5,450 | 814 | 814 | 814 | 8,400 | 8,450 | 1,264 | 1,264 | 1,264 | 11,400 | 11,450 | 1,714 | 1,714 | 1,714 |
| 5,450 | 5,500 | 821 | 821 | 821 | 8,450 | 8,500 | 1,271 | 1,271 | 1,271 | 11,450 | 11,500 | 1,721 | 1,721 | 1,721 |
| 5,500 | 5,550 | 829 | 829 | 829 | 8,500 | 8,550 | 1,279 | 1,279 | 1,279 | 11,500 | 11,550 | 1,729 | 1,729 | 1,729 |
| 5,550 | 5,600 | 836 | 836 | 836 | 8,550 | 8,600 | 1,286 | 1,286 | 1,286 | 11,550 | 11,600 | 1,736 | 1,736 | 1,736 |
| 5,600 | 5,650 | 844 | 844 | 844 | 8,600 | 8,650 | 1,294 | 1,294 | 1,294 | 11,600 | 11,650 | 1,744 | 1,744 | 1,744 |
| 5,650 | 5,700 | 851 | 851 | 851 | 8,650 | 8,700 | 1,301 | 1,301 | 1,301 | 11,650 | 11,700 | 1,751 | 1,751 | 1,751 |
| 5,700 | 5,750 | 859 | 859 | 859 | 8,700 | 8,750 | 1,309 | 1,309 | 1,309 | 11,700 | 11,750 | 1,759 | 1,759 | 1,759 |
| 5,750 | 5,800 | 866 | 866 | 866 | 8,750 | 8,800 | 1,316 | 1,316 | 1,316 | 11,750 | 11,800 | 1,766 | 1,766 | 1,766 |
| 5,800 | 5,850 | 874 | 874 | 874 | 8,800 | 8,850 | 1,324 | 1,324 | 1,324 | 11,800 | 11,850 | 1,774 | 1,774 | 1,774 |
| 5,850 | 5,900 | 881 | 881 | 881 | 8,850 | 8,900 | 1,331 | 1,331 | 1,331 | 11,850 | 11,900 | 1,781 | 1,781 | 1,781 |
| 5,900 | 5,950 | 889 | 889 | 889 | 8,900 | 8,950 | 1,339 | 1,339 | 1,339 | 11,900 | 11,950 | 1,789 | 1,789 | 1,789 |
| 5,950 | 6,000 | 896 | 896 | 896 | 8,950 | 9,000 | 1,346 | 1,346 | 1,346 | 11,950 | 12,000 | 1,796 | 1,796 | 1,796 |
| 6,000 | | | | | 9,000 | | | | | | 12,000 | | | |
| 6,000 | 6,050 | 904 | 904 | 904 | 9,000 | 9,050 | 1,354 | 1,354 | 1,354 | 12,000 | 12,050 | 1,804 | 1,804 | 1,804 |
| 6,050 | 6,100 | 911 | 911 | 911 | 9,050 | 9,100 | 1,361 | 1,361 | 1,361 | 12,050 | 12,100 | 1,811 | 1,811 | 1,811 |
| 6,100 | 6,150 | 919 | 919 | 919 | 9,100 | 9,150 | 1,369 | 1,369 | 1,369 | 12,100 | 12,150 | 1,819 | 1,819 | 1,819 |
| 6,150 | 6,200 | 926 | 926 | 926 | 9,150 | 9,200 | 1,376 | 1,376 | 1,376 | 12,150 | 12,200 | 1,826 | 1,826 | 1,826 |
| 6,200 | 6,250 | 934 | 934 | 934 | 9,200 | 9,250 | 1,384 | 1,384 | 1,384 | 12,200 | 12,250 | 1,834 | 1,834 | 1,834 |
| 6,250 | 6,300 | 941 | 941 | 941 | 9,250 | 9,300 | 1,391 | 1,391 | 1,391 | 12,250 | 12,300 | 1,841 | 1,841 | 1,841 |
| 6,300 | 6,350 | 949 | 949 | 949 | 9,300 | 9,350 | 1,399 | 1,399 | 1,399 | 12,300 | 12,350 | 1,849 | 1,849 | 1,849 |
| 6,350 | 6,400 | 956 | 956 | 956 | 9,350 | 9,400 | 1,406 | 1,406 | 1,406 | 12,350 | 12,400 | 1,856 | 1,856 | 1,856 |
| 6,400 | 6,450 | 964 | 964 | 964 | 9,400 | 9,450 | 1,414 | 1,414 | 1,414 | 12,400 | 12,450 | 1,864 | 1,864 | 1,864 |
| 6,450 | 6,500 | 971 | 971 | 971 | 9,450 | 9,500 | 1,421 | 1,421 | 1,421 | 12,450 | 12,500 | 1,871 | 1,871 | 1,871 |
| 6,500 | 6,550 | 979 | 979 | 979 | 9,500 | 9,550 | 1,429 | 1,429 | 1,429 | 12,500 | 12,550 | 1,879 | 1,879 | 1,879 |
| 6,550 | 6,600 | 986 | 986 | 986 | 9,550 | 9,600 | 1,436 | 1,436 | 1,436 | 12,550 | 12,600 | 1,886 | 1,886 | 1,886 |
| 6,600 | 6,650 | 994 | 994 | 994 | 9,600 | 9,650 | 1,444 | 1,444 | 1,444 | 12,600 | 12,650 | 1,894 | 1,894 | 1,894 |
| 6,650 | 6,700 | 1,001 | 1,001 | 1,001 | 9,650 | 9,700 | 1,451 | 1,451 | 1,451 | 12,650 | 12,700 | 1,901 | 1,901 | 1,901 |
| 6,700 | 6,750 | 1,009 | 1,009 | 1,009 | 9,700 | 9,750 | 1,459 | 1,459 | 1,459 | 12,700 | 12,750 | 1,909 | 1,909 | 1,909 |
| 6,750 | 6,800 | 1,016 | 1,016 | 1,016 | 9,750 | 9,800 | 1,466 | 1,466 | 1,466 | 12,750 | 12,800 | 1,916 | 1,916 | 1,916 |
| 6,800 | 6,850 | 1,024 | 1,024 | 1,024 | 9,800 | 9,850 | 1,474 | 1,474 | 1,474 | 12,800 | 12,850 | 1,924 | 1,924 | 1,924 |
| 6,850 | 6,900 | 1,031 | 1,031 | 1,031 | 9,850 | 9,900 | 1,481 | 1,481 | 1,481 | 12,850 | 12,900 | 1,931 | 1,931 | 1,931 |
| 6,900 | 6,950 | 1,039 | 1,039 | 1,039 | 9,900 | 9,950 | 1,489 | 1,489 | 1,489 | 12,900 | 12,950 | 1,939 | 1,939 | 1,939 |
| 6,950 | 7,000 | 1,046 | 1,046 | 1,046 | 9,950 | 10,000 | 1,496 | 1,496 | 1,496 | 12,950 | 13,000 | 1,946 | 1,946 | 1,946 |
| 7,000 | | | | | 10,000 | | | | | | 13,000 | | | |
| 7,000 | 7,050 | 1,054 | 1,054 | 1,054 | 10,000 | 10,050 | 1,504 | 1,504 | 1,504 | 13,000 | 13,050 | 1,954 | 1,954 | 1,954 |
| 7,050 | 7,100 | 1,061 | 1,061 | 1,061 | 10,050 | 10,100 | 1,511 | 1,511 | 1,511 | 13,050 | 13,100 | 1,961 | 1,961 | 1,961 |
| 7,100 | 7,150 | 1,069 | 1,069 | 1,069 | 10,100 | 10,150 | 1,519 | 1,519 | 1,519 | 13,100 | 13,150 | 1,969 | 1,969 | 1,969 |
| 7,150 | 7,200 | 1,076 | 1,076 | 1,076 | 10,150 | 10,200 | 1,526 | 1,526 | 1,526 | 13,150 | 13,200 | 1,976 | 1,976 | 1,976 |
| 7,200 | 7,250 | 1,084 | 1,084 | 1,084 | 10,200 | 10,250 | 1,534 | 1,534 | 1,534 | 13,200 | 13,250 | 1,984 | 1,984 | 1,984 |
| 7,250 | 7,300 | 1,091 | 1,091 | 1,091 | 10,250 | 10,300 | 1,541 | 1,541 | 1,541 | 13,250 | 13,300 | 1,991 | 1,991 | 1,991 |
| 7,300 | 7,350 | 1,099 | 1,099 | 1,099 | 10,300 | 10,350 | 1,549 | 1,549 | 1,549 | 13,300 | 13,350 | 1,999 | 1,999 | 1,999 |
| 7,350 | 7,400 | 1,106 | 1,106 | 1,106 | 10,350 | 10,400 | 1,556 | 1,556 | 1,556 | 13,350 | 13,400 | 2,006 | 2,006 | 2,006 |
| 7,400 | 7,450 | 1,114 | 1,114 | 1,114 | 10,400 | 10,450 | 1,564 | 1,564 | 1,564 | 13,400 | 13,450 | 2,014 | 2,014 | 2,014 |
| 7,450 | 7,500 | 1,121 | 1,121 | 1,121 | 10,450 | 10,500 | 1,571 | 1,571 | 1,571 | 13,450 | 13,500 | 2,021 | 2,021 | 2,021 |
| 7,500 | 7,550 | 1,129 | 1,129 | 1,129 | 10,500 | 10,550 | 1,579 | 1,579 | 1,579 | 13,500 | 13,550 | 2,029 | 2,029 | 2,029 |
| 7,550 | 7,600 | 1,136 | 1,136 | 1,136 | 10,550 | 10,600 | 1,586 | 1,586 | 1,586 | 13,550 | 13,600 | 2,036 | 2,036 | 2,036 |
| 7,600 | 7,650 | 1,144 | 1,144 | 1,144 | 10,600 | 10,650 | 1,594 | 1,594 | 1,594 | 13,600 | 13,650 | 2,044 | 2,044 | 2,044 |
| 7,650 | 7,700 | 1,151 | 1,151 | 1,151 | 10,650 | 10,700 | 1,601 | 1,601 | 1,601 | 13,650 | 13,700 | 2,051 | 2,051 | 2,051 |
| 7,700 | 7,750 | 1,159 | 1,159 | 1,159 | 10,700 | 10,750 | 1,609 | 1,609 | 1,609 | 13,700 | 13,750 | 2,059 | 2,059 | 2,059 |
| 7,750 | 7,800 | 1,166 | 1,166 | 1,166 | 10,750 | 10,800 | 1,616 | 1,616 | 1,616 | 13,750 | 13,800 | 2,066 | 2,066 | 2,066 |
| 7,800 | 7,850 | 1,174 | 1,174 | 1,174 | 10,800 | 10,850 | 1,624 | 1,624 | 1,624 | 13,800 | 13,850 | 2,074 | 2,074 | 2,074 |
| 7,850 | 7,900 | 1,181 | 1,181 | 1,181 | 10,850 | 10,900 | 1,631 | 1,631 | 1,631 | 13,850 | 13,900 | 2,081 | 2,081 | 2,081 |
| 7,900 | 7,950 | 1,189 | 1,189 | 1,189 | 10,900 | 10,950 | 1,639 | 1,639 | 1,639 | 13,900 | 13,950 | 2,089 | 2,089 | 2,089 |
| 7,950 | 8,000 | 1,196 | 1,196 | 1,196 | 10,950 | 11,000 | 1,646 | 1,646 | 1,646 | 13,950 | 14,000 | 2,096 | 2,096 | 2,096 |

Continued on next page

1996 Tax Table—Continued

| If Form 1040NR, line 36, is— | | And you are— | | | If Form 1040NR, line 36, is— | | And you are— | | | If Form 1040NR, line 36, is— | | And you are— | | |
|------------------------------|---------------|--------------|----------------------|---------------------------|------------------------------|---------------|--------------|----------------------|---------------------------|--|---------------|--------------|----------------------|---------------------------|
| At least | But less than | Single | Qualifying widow(er) | Married filing separately | At least | But less than | Single | Qualifying widow(er) | Married filing separately | At least | But less than | Single | Qualifying widow(er) | Married filing separately |
| Your tax is— | | Your tax is— | | | Your tax is— | | | Your tax is— | | | Your tax is— | | | |
| 95,000 | | | | | 97,000 | | | | | | 99,000 | | | |
| 95,000 | 95,050 | 24,593 | 21,394 | 26,457 | 97,000 | 97,050 | 25,213 | 21,958 | 27,177 | 99,000 | 99,050 | 25,833 | 22,578 | 27,897 |
| 95,050 | 95,100 | 24,609 | 21,408 | 26,475 | 97,050 | 97,100 | 25,229 | 21,973 | 27,195 | 99,050 | 99,100 | 25,849 | 22,593 | 27,915 |
| 95,100 | 95,150 | 24,624 | 21,422 | 26,493 | 97,100 | 97,150 | 25,244 | 21,989 | 27,213 | 99,100 | 99,150 | 25,864 | 22,609 | 27,933 |
| 95,150 | 95,200 | 24,640 | 21,436 | 26,511 | 97,150 | 97,200 | 25,260 | 22,004 | 27,231 | 99,150 | 99,200 | 25,880 | 22,624 | 27,951 |
| 95,200 | 95,250 | 24,655 | 21,450 | 26,529 | 97,200 | 97,250 | 25,275 | 22,020 | 27,249 | 99,200 | 99,250 | 25,895 | 22,640 | 27,969 |
| 95,250 | 95,300 | 24,671 | 21,464 | 26,547 | 97,250 | 97,300 | 25,291 | 22,035 | 27,267 | 99,250 | 99,300 | 25,911 | 22,655 | 27,987 |
| 95,300 | 95,350 | 24,686 | 21,478 | 26,565 | 97,300 | 97,350 | 25,306 | 22,051 | 27,285 | 99,300 | 99,350 | 25,926 | 22,671 | 28,005 |
| 95,350 | 95,400 | 24,702 | 21,492 | 26,583 | 97,350 | 97,400 | 25,322 | 22,066 | 27,303 | 99,350 | 99,400 | 25,942 | 22,686 | 28,023 |
| 95,400 | 95,450 | 24,717 | 21,506 | 26,601 | 97,400 | 97,450 | 25,337 | 22,082 | 27,321 | 99,400 | 99,450 | 25,957 | 22,702 | 28,041 |
| 95,450 | 95,500 | 24,733 | 21,520 | 26,619 | 97,450 | 97,500 | 25,353 | 22,097 | 27,339 | 99,450 | 99,500 | 25,973 | 22,717 | 28,059 |
| 95,500 | 95,550 | 24,748 | 21,534 | 26,637 | 97,500 | 97,550 | 25,368 | 22,113 | 27,357 | 99,500 | 99,550 | 25,988 | 22,733 | 28,077 |
| 95,550 | 95,600 | 24,764 | 21,548 | 26,655 | 97,550 | 97,600 | 25,384 | 22,128 | 27,375 | 99,550 | 99,600 | 26,004 | 22,748 | 28,095 |
| 95,600 | 95,650 | 24,779 | 21,562 | 26,673 | 97,600 | 97,650 | 25,399 | 22,144 | 27,393 | 99,600 | 99,650 | 26,019 | 22,764 | 28,113 |
| 95,650 | 95,700 | 24,795 | 21,576 | 26,691 | 97,650 | 97,700 | 25,415 | 22,159 | 27,411 | 99,650 | 99,700 | 26,035 | 22,779 | 28,131 |
| 95,700 | 95,750 | 24,810 | 21,590 | 26,709 | 97,700 | 97,750 | 25,430 | 22,175 | 27,429 | 99,700 | 99,750 | 26,050 | 22,795 | 28,149 |
| 95,750 | 95,800 | 24,826 | 21,604 | 26,727 | 97,750 | 97,800 | 25,446 | 22,190 | 27,447 | 99,750 | 99,800 | 26,066 | 22,810 | 28,167 |
| 95,800 | 95,850 | 24,841 | 21,618 | 26,745 | 97,800 | 97,850 | 25,461 | 22,206 | 27,465 | 99,800 | 99,850 | 26,081 | 22,826 | 28,185 |
| 95,850 | 95,900 | 24,857 | 21,632 | 26,763 | 97,850 | 97,900 | 25,477 | 22,221 | 27,483 | 99,850 | 99,900 | 26,097 | 22,841 | 28,203 |
| 95,900 | 95,950 | 24,872 | 21,646 | 26,781 | 97,900 | 97,950 | 25,492 | 22,237 | 27,501 | 99,900 | 99,950 | 26,112 | 22,857 | 28,221 |
| 95,950 | 96,000 | 24,888 | 21,660 | 26,799 | 97,950 | 98,000 | 25,508 | 22,252 | 27,519 | 99,950 | 100,000 | 26,128 | 22,872 | 28,239 |
| 96,000 | | | | | 98,000 | | | | | | | | | |
| 96,000 | 96,050 | 24,903 | 21,674 | 26,817 | 98,000 | 98,050 | 25,523 | 22,268 | 27,537 | <div style="border: 1px solid black; border-radius: 50%; padding: 10px; width: fit-content; margin: auto;"> <p>\$100,000 or over — use Tax Rate Schedules on page 31</p> </div> | | | | |
| 96,050 | 96,100 | 24,919 | 21,688 | 26,835 | 98,050 | 98,100 | 25,539 | 22,283 | 27,555 | | | | | |
| 96,100 | 96,150 | 24,934 | 21,702 | 26,853 | 98,100 | 98,150 | 25,554 | 22,299 | 27,573 | | | | | |
| 96,150 | 96,200 | 24,950 | 21,716 | 26,871 | 98,150 | 98,200 | 25,570 | 22,314 | 27,591 | | | | | |
| 96,200 | 96,250 | 24,965 | 21,730 | 26,889 | 98,200 | 98,250 | 25,585 | 22,330 | 27,609 | | | | | |
| 96,250 | 96,300 | 24,981 | 21,744 | 26,907 | 98,250 | 98,300 | 25,601 | 22,345 | 27,627 | | | | | |
| 96,300 | 96,350 | 24,996 | 21,758 | 26,925 | 98,300 | 98,350 | 25,616 | 22,361 | 27,645 | | | | | |
| 96,350 | 96,400 | 25,012 | 21,772 | 26,943 | 98,350 | 98,400 | 25,632 | 22,376 | 27,663 | | | | | |
| 96,400 | 96,450 | 25,027 | 21,786 | 26,961 | 98,400 | 98,450 | 25,647 | 22,392 | 27,681 | | | | | |
| 96,450 | 96,500 | 25,043 | 21,800 | 26,979 | 98,450 | 98,500 | 25,663 | 22,407 | 27,699 | | | | | |
| 96,500 | 96,550 | 25,058 | 21,814 | 26,997 | 98,500 | 98,550 | 25,678 | 22,423 | 27,717 | | | | | |
| 96,550 | 96,600 | 25,074 | 21,828 | 27,015 | 98,550 | 98,600 | 25,694 | 22,438 | 27,735 | | | | | |
| 96,600 | 96,650 | 25,089 | 21,842 | 27,033 | 98,600 | 98,650 | 25,709 | 22,454 | 27,753 | | | | | |
| 96,650 | 96,700 | 25,105 | 21,856 | 27,051 | 98,650 | 98,700 | 25,725 | 22,469 | 27,771 | | | | | |
| 96,700 | 96,750 | 25,120 | 21,870 | 27,069 | 98,700 | 98,750 | 25,740 | 22,485 | 27,789 | | | | | |
| 96,750 | 96,800 | 25,136 | 21,884 | 27,087 | 98,750 | 98,800 | 25,756 | 22,500 | 27,807 | | | | | |
| 96,800 | 96,850 | 25,151 | 21,898 | 27,105 | 98,800 | 98,850 | 25,771 | 22,516 | 27,825 | | | | | |
| 96,850 | 96,900 | 25,167 | 21,912 | 27,123 | 98,850 | 98,900 | 25,787 | 22,531 | 27,843 | | | | | |
| 96,900 | 96,950 | 25,182 | 21,927 | 27,141 | 98,900 | 98,950 | 25,802 | 22,547 | 27,861 | | | | | |
| 96,950 | 97,000 | 25,198 | 21,942 | 27,159 | 98,950 | 99,000 | 25,818 | 22,562 | 27,879 | | | | | |

1996 Tax Rate Schedules

If you cannot use the Tax Table because your taxable income is \$100,000 or more, or if you are filing for an estate or trust, figure your tax on the amount on Form 1040NR, line 36, by using the appropriate Tax Rate Schedule below. Enter the tax on Form 1040NR, line 37. Even though Form 1040NR filers cannot use the Tax Rate Schedules below if their taxable incomes are less than \$100,000, all levels of taxable income are shown so filers can see the tax rate that applies to each level.

Schedule W
Estates or Trusts
Use this schedule for a nonresident alien estate or trust—

| If the amount on Form 1040NR, line 36, is: | <i>But not over—</i> | Enter on Form 1040NR, line 37 | <i>of the amount over—</i> |
|--|----------------------|-------------------------------|----------------------------|
| Over— | | | |
| \$0 | \$1,600 |15% | \$0 |
| 1,600 | 3,800 | \$240.00 + 28% | 1,600 |
| 3,800 | 5,800 | 856.00 + 31% | 3,800 |
| 5,800 | 7,900 | 1,476.00 + 36% | 5,800 |
| 7,900 | | 2,232.00 + 39.6% | 7,900 |

Schedule X
Single Taxpayers
Use this schedule if you checked **Filing Status Box 1 or 2** on Form 1040NR—

| If the amount on Form 1040NR, line 36, is: | <i>But not over—</i> | Enter on Form 1040NR, line 37 | <i>of the amount over—</i> |
|--|----------------------|-------------------------------|----------------------------|
| Over— | | | |
| \$0 | \$24,000 |15% | \$0 |
| 24,000 | 58,150 | \$3,600.00 + 28% | 24,000 |
| 58,150 | 121,300 | 13,162.00 + 31% | 58,150 |
| 121,300 | 263,750 | 32,738.50 + 36% | 121,300 |
| 263,750 | | 84,020.50 + 39.6% | 263,750 |

Schedule Y
Married Filing Separate Returns
Use this schedule if you checked **Filing Status Box 3, 4, or 5** on Form 1040NR—

| If the amount on Form 1040NR, line 36, is: | <i>But not over—</i> | Enter on Form 1040NR, line 37 | <i>of the amount over—</i> |
|--|----------------------|-------------------------------|----------------------------|
| Over— | | | |
| \$0 | \$20,050 |15% | \$0 |
| 20,050 | 48,450 | \$3,007.50 + 28% | 20,050 |
| 48,450 | 73,850 | 10,959.50 + 31% | 48,450 |
| 73,850 | 131,875 | 18,833.50 + 36% | 73,850 |
| 131,875 | | 39,722.50 + 39.6% | 131,875 |

Schedule Z
Qualifying Widows and Widowers
Use this schedule if you checked **Filing Status Box 6** on Form 1040NR—

| If the amount on Form 1040NR, line 36, is: | <i>But not over—</i> | Enter on Form 1040NR, line 37 | <i>of the amount over—</i> |
|--|----------------------|-------------------------------|----------------------------|
| Over— | | | |
| \$0 | \$40,100 |15% | \$0 |
| 40,100 | 96,900 | \$6,015.00 + 28% | 40,100 |
| 96,900 | 147,700 | 21,919.00 + 31% | 96,900 |
| 147,700 | 263,750 | 37,667.00 + 36% | 147,700 |
| 263,750 | | 79,445.00 + 39.6% | 263,750 |

Index to Form 1040NR Instructions

| | | | | | |
|---|------------------|--|-----------------|---|------------------|
| A | | G | | Refund 13 | |
| Address change | 16 | Gains and (losses), capital | 7 and 16 | Refunds, credits, or offsets of state and local income taxes | 7 |
| Adjustments | 9 | Gifts to reduce the public debt | 17 | Reminders | 16 |
| Aliens | 1 | Golden parachute payments | 12 | Rental income | 16 |
| Alternative minimum tax | 11 | Group-term life insurance, uncollected tax on | 12 | Requesting a copy of your tax return | 17 |
| Amended return | 17 | H | | Resident aliens | 1 |
| Amount you owe | 13 | Health insurance deduction—self-employed | 9 | Retirement plan deduction, Keogh | 9 |
| Annuities | 8 | Household employment taxes | 12 | Rounding off to whole dollars | 6 |
| B | | I | | Royalties | 16 |
| Business income or (loss) | 7 | Identifying number | 5 | S | |
| C | | Income to be reported | 6–9, 15, and 16 | Salaries and wages | 6 and 16 |
| Capital assets, sales or exchanges | 7 and 16 | Income tax withholding | 12 and 16 | Sales or exchanges, capital assets | 7 and 16 |
| Capital gains and (losses) | 7 and 16 | Individual taxpayer identification numbers (ITINs) | 1 and 5 | Scholarship and fellowship grants | 7 and 10 |
| Capital gain distributions | 7 | Individual retirement arrangements (IRAs)— | | Social security benefits | 16 |
| Casualty and theft losses | 14 | Contributions to | 9 | Standard mileage rates | 1 |
| Change of address | 16 | Distributions from | 7 | State and local income taxes—deduction for | 13 |
| Charity—gifts to | 14 | Installment payments | 13 | T | |
| Child and dependent care credit | 11 | Interest income | 7, 15, and 16 | Taxes: | |
| Children of divorced or separated parents—exemption for | 6 | Interest—late payment of tax | 17 | Income effectively connected | 10 |
| Community income | 4 | Interest—penalty on early withdrawal of savings | 9 | Income not effectively connected | 15 |
| Contributions to reduce the public debt | 17 | Itemized deductions | 13–15 | Other— | |
| Credits against tax | 3 and 11 | K – O | | Alternative minimum | 11 |
| Credit for amount paid with Form 1040-C | 13 | Keogh retirement plan deduction | 9 | Golden parachute payments | 12 |
| D | | Kinds of income | 4 | Qualified retirement plans, including IRAs | 12 |
| Dependent care benefits | 6 | Line instructions for Form 1040NR | 5 | Recapture taxes | 12 |
| Dependents—exemptions | 6 and 10 | Married persons who live apart | 5 | Section 72(m)(5) excess benefits | 12 |
| Direct deposit of refund | 1 and 13 | Miscellaneous itemized deductions | 15 | Social security and Medicare tax on tips | 12 |
| Dispositions of U.S. real property interests | 4 | Mortgage interest credit | 11 | Uncollected employee social security and Medicare or RRTA tax on tips | 12 |
| Dividend income | 7 | Moving expenses | 9 | Taxpayer assistance | 17 |
| Divorced or separated parents—children of | 6 | Name change | 12 | Tax rates | 3 and 30 |
| Dual-status taxpayers | 3 | Nonresident aliens, defined | 1 | Tax rate schedules | 30 |
| E | | Original issue discount | 16 | Tax table | 18–29 |
| Educational expenses | 15 | Other income | 9 | Tax withholding | 12 and 16 |
| Effectively connected income | 6–9 | Other taxes | 11 | Tip income | 6 and 12 |
| Election to be taxed as a resident alien | 2 | P | | Transportation tax | 12 |
| Employee business expenses | 15 | Payments | 12 | Treaty benefits, reporting | 16 |
| Estates and trusts | 2, 5, 10, and 30 | Penalties: | | Trusts | 2, 5, 10, and 30 |
| Estimated tax, individuals | 13 and 16 | Early withdrawal of savings | 9 | U | |
| Estimated tax penalty | 13 and 16 | Estimated tax | 13 | Unemployment compensation | 9 |
| Excess salary deferrals | 7 | F frivolous return | 17 | Unresolved tax problems | 17 |
| Excess social security and RRTA tax withheld | 12 | Late filing | 17 | U.S. real property interests, dispositions of | 4 |
| Exemptions | 3, 6, and 10 | Late payment | 17 | W | |
| Extension of time to file | 2 | Other | 17 | Wages and salaries | 6 and 16 |
| F | | Pensions and annuities | 8 | When to file | 2 |
| Filing requirements | 2 | Portfolio interest | 16 | Where to file | 2 |
| Foreign tax credit | 11 | Preparer—tax return | 16 | Who must file | 2 |
| F | | Private delivery services | 1 | Widows and widowers, qualifying | 5 |
| F | | Problems, unresolved tax | 17 | Winnings—prizes, awards, gambling and lotteries | 16 |
| F | | Q | | Withholding tax | 12 and 16 |
| F | | Qualified performing artists | 10 | | |
| F | | R | | | |
| F | | Railroad retirement benefits (Tier 1) | 16 | | |
| F | | Real property income election | 4 | | |
| F | | Records—how long to keep | 16 | | |