

**U.S. Estimated Tax for Nonresident
Alien Individuals****1994****Paperwork Reduction Act Notice**

We ask for the information on the payment vouchers to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete the worksheets and prepare and file the payment vouchers will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 40 min.; **Learning about the law**, 16 min.; **Preparing the worksheets and payment vouchers**, 59 min.; **Copying, assembling, and sending the payment vouchers to the IRS**, 10 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this package easier, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Attention: Reports Clearance Officer, PC:FP, Washington, DC 20224; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0087), Washington, DC 20503. **DO NOT** send the payment vouchers to either of these offices. Instead, see **How To Complete and Use the Payment Voucher** on page 2.

Purpose of This Package

If you are a nonresident alien, use this package to figure and pay your estimated tax. Estimated tax is the method used to pay tax on income that is not subject to withholding.

Do not use the payment vouchers in this package to notify the IRS of a **change of address**. If you have a new address, get **Form 8822**, Change of Address, by calling 1-800-TAX-FORM (1-800-829-3676). Send the completed form to the Internal Revenue Service Center where you filed your last return.

Who Must Make Estimated Tax Payments

Generally, you must make estimated tax payments if you expect to owe, after subtracting your withholding and credits, at least \$500 in tax for 1994, and you expect your withholding and credits to be less than the **smaller** of:

1. 90% of the tax shown on your 1994 tax return, or
2. 100% of the tax shown on your 1993 tax return (110% of that amount if you are not a farmer or a fisherman and the adjusted gross income shown on that return is more than \$150,000 or, if married filing separately for 1994, more than \$75,000).

However, if you did not file a 1993 tax return or that return did not cover all 12 months, item 2 above does not apply.

Tax Law Changes Effective for 1994

Use your 1993 tax return as a guide in figuring your 1994 estimated tax, but be sure to consider the changes noted in this section. For more information on most of the following provisions and other changes that may affect your 1994 estimated tax, get **Pub. 553**, Highlights of 1993 Tax Changes.

Figuring Estimated Tax. The rules for figuring estimated tax based on your prior year's tax have changed. See **Who Must Make Estimated Tax Payments** on this page.

Expiration of Self-Employed Health Insurance Deduction. At the time this package went to print, the self-employed health insurance deduction was scheduled to expire December 31, 1993.

Business Meals and Entertainment. Beginning in 1994, the deductible portion of business meal costs and entertainment expenses has been reduced from 80% to 50%.

Club Dues. No deduction is allowed for amounts paid or incurred after 1993 for membership dues in any club organized for business, pleasure, recreation, or other social purpose. This includes business, social, athletic, luncheon, sporting, airline, and hotel clubs.

Travel Expenses. No deduction is allowed for travel expenses paid or incurred after 1993 for a spouse, dependent, or other individual accompanying you on business travel, unless that spouse, dependent, or other individual is your employee and the travel is for a bona fide business purpose and would otherwise be deductible by that person.

Earned Income Credit. The maximum earned income, income limitation, and credit amounts have been increased. But the health insurance credit and the extra credit for a child born during the year are no longer allowed. Also, new rules allow certain individuals without qualifying children to take the credit.

Charitable Contributions. Generally, no deduction is allowed for any charitable contribution of \$250 or more made after 1993, unless you obtain a written acknowledgement from the charitable organization.

Moving Expenses. For expenses incurred after 1993, the deduction for expenses of moving to a new home in connection with beginning work at a new location is allowed only if your new principal workplace is at least 50 miles farther from your former home than was your former principal workplace. In addition, deductible moving expenses are limited to the costs of moving your household goods and personal effects from your former home to your new home and transportation and lodging expenses en route from your former home to your new home. Meals, pre-move househunting expenses, temporary quarters expenses, and qualified real estate expenses are no longer deductible. Also, deductible moving expenses incurred after 1993 and reimbursed by your employer are no longer included in your gross income. Unreimbursed moving expenses that are deductible are claimed as an adjustment to income (i.e., these expenses are no longer claimed as itemized deductions).

Rental Real Estate Losses and Credits of Real Estate Professionals. For tax years beginning after 1993, certain individuals who materially participate in real property trades or businesses, and who perform more than one-half of their personal services and more than 750 hours of services during the year in those trades or businesses, are not subject to the passive activity limitations on losses and credits from rental real estate activities in which they materially participate. A real property trade or business means any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trade or business. Services performed as an employee are not treated as performed in a real property trade or business, unless the employee owns more than 5% of the stock (or more than 5% of the capital or profits interest) in the employer.

To Figure Your Estimated Tax Use

- The **1994 Estimated Tax Worksheet** on page 3.
- The instructions below for the worksheet on page 3.
- The **1994 Tax Rate Schedule** on page 2 for your filing status*.
- Your 1993 tax return and instructions as a guide to figuring your income, deductions, and credits (but be sure to consider the tax law changes noted above).

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

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

Instructions for Worksheet on Page 3

Line 7—Additional Taxes. Enter the additional taxes from **Form 4970**, Tax on Accumulation Distribution of Trusts, or **Form 4972**, Tax on Lump-Sum Distributions.

Line 9—Credits. See Pub. 553 and the 1993 Form 1040NR, lines 40 through 43, and the related instructions.

Line 11—Other Taxes. Enter any other taxes, such as tax on early distributions from a qualified retirement plan (including your IRA), annuity, or modified endowment contract (entered into after June 20, 1988); and alternative minimum tax. Do not include any deferral of additional 1993 taxes or recapture of a Federal mortgage subsidy. Also, do not include social security and Medicare tax on tip income not reported to your employer or uncollected employee social security and Medicare or RRTA tax on tips or group-term life insurance.

Payment Due Dates

If you have wages subject to U.S. income tax withholding, you may pay all of your estimated tax by April 15, 1994, or in four equal amounts by the dates shown below:

- 1st payment April 15, 1994
- 2nd payment June 15, 1994
- 3rd payment Sept. 15, 1994
- 4th payment Jan. 17, 1995*

If you **do not** have wages subject to U.S. income tax withholding, you may pay all of your estimated tax by June 15, 1994, or you may pay it in three installments. If you pay the tax in installments, 1/2 is due by June 15, 1994, and 1/4 is due by September 15, 1994, and 1/4 is due by January 17, 1995*.

*You do not have to make the payment due January 17, 1995, if you file your 1994 Form 1040NR by January 31, 1995, **AND** pay the entire balance due with your return.

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

Even if you are not required to make an estimated tax payment by the first payment due date, you may meet the requirements to make estimated tax payments later. In this case, you should figure the amount of your estimated tax payments by using the annualized income installment method, as explained in Pub. 505. Although your payment due dates will be the same, the payment amounts will vary based on your income, deductions, additional taxes, and credits for the months ending before each payment due date. As a result, this method may allow you to skip or lower the amount due for one or more payments. If you use the annualized income installment method, be sure to file **Form 2210**, Underpayment of Estimated Tax by Individuals and Fiduciaries, with your 1994 tax return, even if no penalty is owed.

Fiscal Year Filers. If your return is on a fiscal year basis, your due dates are the 15th day of the 4th (if applicable), 6th, and 9th months of your current fiscal year, and the 1st month of the following fiscal year. If any date falls on a Saturday, Sunday, or legal holiday, use the next regular workday.

Amending Estimated Tax Payments

To change or amend your estimated payments, refigure your total estimated payments using the worksheet on page 3. Then use the worksheets under **Amended estimated tax** in Pub. 505 to figure the payment due for each remaining payment period. In some cases, you may owe a penalty when you file your return.

When a Penalty Is Applied

In some cases, you may owe a penalty when you file your return. The penalty is imposed on each underpayment for the number of days it remains unpaid. A penalty may be applied if you did not pay enough estimated tax, or you did not make the payments on time in the required amount. A penalty may apply even if you have an overpayment on your tax return.

The penalty may be waived under certain conditions. See Pub. 505 for details.

How To Complete and Use the Payment Voucher

There is a separate voucher for each due date. Please be sure you use the voucher with the correct due date shown in the upper right corner. Complete and send in the voucher **only** if you are making a payment. To complete your voucher:

- Type or print your name, address, and social security number in the space provided on the voucher.
- Enter on the payment line of the voucher only the amount you are sending in. When making payments of estimated tax, be sure to take into account any 1993 overpayment that you choose to credit against your 1994 tax, but do not include the overpayment amount on this line.
- Enclose your payment, making the check or money order payable to: "Internal Revenue Service" (not "IRS").
- Write your social security number and "1994 Form 1040-ES" on your check or money order.
- Do not staple or attach your payment to the voucher.

- Mail your payment voucher to the Internal Revenue Service, P.O. Box 839, Newark, NJ 07101-0839.
- Fill in the **Record of Estimated Tax Payments** below for your files.

If you changed your name and made estimated tax payments using your old name, attach a statement to the front of your 1994 income tax return. List all of the estimated tax payments you and your spouse (if any) made for 1994, the address where you made the payments, and the name(s) and social security number(s) under which you made the payments.

Record of Estimated Tax Payments

(see this page for correct payment due dates)

Payment number	(a) Date	(b) Amount paid	(c) 1993 overpayment credit applied	(d) Total amount paid and credited (add (b) and (c))
1				
2				
3				
4				
Total				

1994 Tax Rate Schedules

Caution: Do not use these Tax Rate Schedules to figure your 1993 taxes. Use only to figure your 1994 estimated taxes.

Schedule X—Single

If line 5 is:	But not over—	The tax is:	of the amount over—
\$0	\$22,750	15%	\$0
22,750	55,100	\$3,412.50 + 28%	22,750
55,100	115,000	12,470.50 + 31%	55,100
115,000	250,000	31,039.50 + 36%	115,000
250,000	79,639.50 + 39.6%	250,000

Schedule Y—Married filing separately

If line 5 is:	But not over—	The tax is:	of the amount over—
\$0	\$19,000	15%	\$0
19,000	45,925	\$2,850.00 + 28%	19,000
45,925	70,000	10,389.00 + 31%	45,925
70,000	125,000	17,852.25 + 36%	70,000
125,000	37,652.25 + 39.6%	125,000

Schedule Z—Qualifying widows and widowers

If line 5 is:	But not over—	The tax is:	of the amount over—
\$0	\$38,000	15%	\$0
38,000	91,850	\$5,700.00 + 28%	38,000
91,850	140,000	20,778.00 + 31%	91,850
140,000	250,000	35,704.50 + 36%	140,000
250,000	75,304.50 + 39.6%	250,000

1994 Estimated Tax Worksheet—For Nonresident Alien Individuals (keep for your records)

<p>1 Total expected 1994 income effectively connected with a U.S. trade or business. Caution: If this amount is over \$111,800 (\$55,900 if married filing separately), your itemized deductions and your deduction for exemptions may be limited. See Pub. 505 for details</p>	1	
<p>2 Enter itemized deductions (see 1993 Instructions for Form 1040NR)</p>	2	
<p>3 Subtract line 2 from line 1</p>	3	
<p>4 Exemptions. Multiply \$2,450 by the number of exemptions claimed. (Residents of Canada, India, Mexico, Japan, Republic of Korea, and U.S. nationals, see the 1993 Instructions for Form 1040NR.)</p>	4	
<p>5 Subtract line 4 from line 3</p>	5	
<p>6 Tax. Figure your tax on the amount on line 5 by using the 1994 Tax Rate Schedules on page 2. DO NOT use the Tax Table or Tax Rate Schedules in the 1993 Form 1040NR instructions. Caution: If you have a net capital gain and line 5 is over \$55,100 (\$45,925 if married filing separately), you may be able to lower your tax. See Pub. 505 for details</p>	6	
<p>7 Additional taxes (see instructions)</p>	7	
<p>8 Add lines 6 and 7</p>	8	
<p>9 Credits (see instructions). Do not include any income tax withholding on this line</p>	9	
<p>10 Subtract line 9 from line 8. Enter the result, but not less than zero</p>	10	
<p>11 Other taxes (see instructions)</p>	11	
<p>12 Estimated 1994 tax on income effectively connected with a U.S. trade or business (add lines 10 and 11).</p>	12	
<p>13 Total expected 1994 income not effectively connected with a U.S. trade or business . 13</p>	13	
<p>14 Multiply line 13 by 30% or lower treaty rate (see 1993 Instructions for Form 1040NR)</p>	14	
<p>15a Add lines 12 and 14</p>	15a	
<p>b Credit for Federal tax paid on fuels (from Form 4136)</p>	15b	
<p>c Subtract line 15b from line 15a. THIS IS YOUR TOTAL 1994 ESTIMATED TAX ▶</p>	15c	
<p>16a Multiply line 15c by 90% (66⅔% for farmers and fishermen) 16a</p>	16a	
<p>b Enter 100% of the tax shown on your 1993 tax return (110% of that amount if you are not a farmer or a fisherman and the adjusted gross income shown on that return is more than \$150,000 or, if married filing separately for 1994, more than \$75,000) 16b</p>	16b	
<p>c Enter the smaller of line 16a or 16b. THIS IS YOUR REQUIRED ANNUAL PAYMENT TO AVOID A PENALTY . . . ▶ Caution: Generally, if you do not prepay (through income tax withholding and estimated tax payments) at least the amount on line 16c, you may owe a penalty for not paying enough estimated tax. To avoid a penalty, make sure your estimate on line 15c is as accurate as possible. Even if you pay the required annual payment, you may still owe tax when you file your return. If you prefer, you may pay the amount shown on line 15c. For more details, get Pub. 505.</p>	16c	
<p>17 Income tax withheld and estimated to be withheld during 1994 plus any amount paid on Form 1040-C</p>	17	
<p>18 Subtract line 17 from line 16c. (Note: If zero or less, or line 15c minus line 17 is less than \$500, stop here. You are not required to make estimated tax payments.)</p>	18	
<p>19 If your first payment is due April 15, 1994, enter ¼ of line 18 (minus any 1993 overpayment you are applying to this installment) here and on your payment voucher(s). If you don't have wages subject to U.S. income tax withholding and your first payment is due June 15, 1994, enter ½ of line 16c on your first voucher and ¼ of line 16c on your second and third vouchers. Reduce each installment by ⅓ of line 17 and any 1993 overpayment you are applying to the installment</p>	19	

Note: If you are not required to file the voucher due April 15 (or June 15), 1994, at this time, you may have to file by a later date. See **Payment Due Dates** on page 2.

Tear off here

Form **1040-ES (NR)**
 Department of the Treasury
 Internal Revenue Service

1994 Payment Voucher 4

OMB No. 1545-0087

File only if you are making a payment of estimated tax. Return this voucher with check or money order payable to the **"Internal Revenue Service."** Please write your social security number and "1994 Form 1040-ES" on your check or money order. Please do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due Jan. 17, 1995

<p>Amount of payment</p> <p>\$</p>	<p>Please type or print</p>	<p>Your social security number (or employer identification number for an estate or trust)</p> <hr/> <p>Your first name and initial Your last name</p> <hr/> <p>Address (number, street, and apt. no.)</p> <hr/> <p>City, state, and ZIP code</p>
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1994 Payment Voucher 3

File only if you are making a payment of estimated tax. Return this voucher with check or money order payable to the "Internal Revenue Service." Please write your social security number and "1994 Form 1040-ES" on your check or money order. Please do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due Sept. 15, 1994

Amount of payment \$	Please type or print	Your social security number (or employer identification number for an estate or trust)	
		Your first name and initial	Your last name
		Address (number, street, and apt. no.)	
		City, state, and ZIP code	

For Paperwork Reduction Act Notice, see instructions on page 1.

Tear off here

1994 Payment Voucher 2

File only if you are making a payment of estimated tax. Return this voucher with check or money order payable to the "Internal Revenue Service." Please write your social security number and "1994 Form 1040-ES" on your check or money order. Please do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due June 15, 1994

Amount of payment \$	Please type or print	Your social security number (or employer identification number for an estate or trust)	
		Your first name and initial	Your last name
		Address (number, street, and apt. no.)	
		City, state, and ZIP code	

For Paperwork Reduction Act Notice, see instructions on page 1.

Tear off here

1994 Payment Voucher 1

File only if you are making a payment of estimated tax. Return this voucher with check or money order payable to the "Internal Revenue Service." Please write your social security number and "1994 Form 1040-ES" on your check or money order. Please do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due April 15, 1994

Amount of payment \$	Please type or print	Your social security number (or employer identification number for an estate or trust)	
		Your first name and initial	Your last name
		Address (number, street, and apt. no.)	
		City, state, and ZIP code	

For Paperwork Reduction Act Notice, see instructions on page 1.