

## U. S. NONRESIDENT ALIEN INCOME TAX RETURN

For a Nonresident Alien Individual Engaged in Trade or Business Within the United States

*The term "nonresident alien individual" includes "nonresident alien fiduciary"*

(References are to the Internal Revenue Code unless otherwise noted)

Special Notice.—If you are a resident of Austria, Australia, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Honduras, Ireland, Italy, Japan, the Netherlands, Netherlands Antilles, New Zealand, Norway, Pakistan, Sweden, Switzerland, Union of South Africa or the United Kingdom, refer to the income tax convention entered into by the United States with your respective country in order to ascertain the exemptions from, and reduced rates of, United States income tax to which you may be entitled under the convention with your country. For any additional explanation concerning specific provisions of such tax convention consult the Director of International Operations, Internal Revenue Service, Washington 25, D. C., U. S. A.

## GENERAL INSTRUCTIONS

(A) Who must make a return on Form 1040B.—Every nonresident alien individual who at any time within the taxable year was engaged in trade or business within the United States is required to make or have made a return on Form 1040B of all his income received from sources within the United States. Section 6013 (a) provides that "no joint return shall be made if either the husband or wife at any time during the taxable year is a nonresident alien."

An alien actually present in the United States who is not a mere transient or sojourner is a resident of the United States for purposes of the income tax and, therefore, must make a return on Form 1040. Whether he is a transient is determined by his intentions with regard to the length and nature of his stay. A mere floating intention, indefinite as to time, to return to another country is not sufficient to constitute him a transient. If he lives in the United States and has no definite intention as to his stay, he is a resident. One who comes to the United States for a definite purpose which in its nature may be promptly accomplished is a transient; but, if his purpose is of such a nature that an extended stay may be necessary for its accomplishment, and to that end the alien makes his home temporarily in the United States, he becomes a resident, though it may be his intention at all times to return to his domicile abroad when the purpose for which he came has been consummated or abandoned. An alien whose stay in the United States is limited to a definite period by the immigration laws is not a resident of the United States in the absence of exceptional circumstances. Similar rules apply in determining the status of an alien in Puerto Rico.

A nonresident alien who is a resident of Puerto Rico for the entire taxable year is required to make or have made a return on Form 1040 instead of Form 1040B. In the case of such individuals special rules apply for determining the tax liability.

The term "engaged in trade or business within the United States" includes the performance of personal services within the United States at any time within the taxable year, but does not include the performance of such services, (1) for a nonresident alien individual, foreign partnership, or foreign corporation, not engaged in trade or business within the United States, or (2) for an office or place of business maintained by a domestic corporation in a foreign country or in a possession of the United States, by a nonresident alien individual temporarily present in the United States for a period or periods not exceeding a total of 90 days during the taxable year and whose compensation for such services does not exceed in the aggregate \$3,000. Neither does such term include the effecting, through a resident broker, commission agent, or custodian, of transactions in the United States in stocks or securities, or in commodities (if of a kind customarily dealt in on an organized commodity exchange, if the transaction is of the kind customarily consummated at such place, and if the alien, partnership, or corporation has no office or place of business in the United States at any time during the taxable year through which or by the direction of which such transactions in commodities are effected).

A nonresident alien individual who is a member of a partnership which at any time within the taxable year is engaged in trade or business within the United States is considered as being engaged in trade or business within the United States.

The responsible representative or agent within the United States of a nonresident alien individual who at any time within the taxable year was engaged in trade or business within the United States shall make, in behalf of his nonresident alien principal, a return of, and shall pay the tax on, all income from sources within the United States coming within his control as representative or agent. The agency appointment will determine how completely the agent is substituted for the principal for tax purposes.

Nonresident alien students receiving scholarships or fellowship grants should obtain Information Guide No. 7 from the Director of

International Operations for information as to the method of computing their taxable income.

Unless a nonresident alien individual who, at any time within the taxable year, was engaged in trade or business within the United States shall file, or cause to be filed, a true and accurate return of his total income from all sources within the United States, in the manner prescribed by law, including therein all the information which the Commissioner may deem necessary for the calculation of the deductions and credits, the tax shall be collected on the basis of gross amount of income, and he shall not receive the benefit of the deductions and credits (other than those provided in sections 31 and 32 for tax withheld at source).

NOTE: A resident alien whose status changed during the taxable year to that of nonresident alien, or vice versa, must file a final return for the full taxable year, after the expiration of such year, on Form 1040. For information on how the tax should be computed, request Information Guide No. 3 from the Director of International Operations.

(B) Returns of income of decedents.—The executor or administrator shall make a return on Form 1040B for a nonresident alien decedent who was engaged in trade or business in the United States at any time during his last taxable year.

(C) Period to be covered by return.—Calendar year 1961 or other taxable year beginning in 1961.

Permission to change the accounting period must be obtained from the Commissioner of Internal Revenue, Washington 25, D. C.

(D) When and where the return must be filed.—On or before the 15th day of the sixth month following the close of the taxable year with the District Director of Internal Revenue for the district in which you have your principal place of business in the United States, except that a nonresident alien individual resident of Canada or Mexico whose wages are subject to withholding at the source under section 3402 is required to file Form 1040B on or before the 15th day of the fourth month following the close of the taxable year. In case you have no principal place of business in the United States, the return should be filed with the Director of International Operations, Internal Revenue Service, Washington 25, D. C., U. S. A.

Declaration.—The return shall contain or be verified by a written declaration that it is made under the penalties of perjury. The return may be made by an agent in the United States (1) if made by the responsible representative or agent under competent agency appointment, (2) if, by reason of illness, the person liable for the making of the return is unable to make it, or (3) if the taxpayer is unable to make the return by reason of continuous absence from the United States for a period of at least 60 days prior to the date prescribed by law for making the return. Whenever a return is made by an agent, it must be accompanied by a power of attorney.

The declaration is also required to be signed by any person(s), firm, or corporation who prepares the taxpayer's return for compensation. If the return is prepared by a firm or corporation, the statement should be signed in the name of the firm or corporation. If the return is prepared by a regular, full-time employee of the taxpayer such as a clerk, secretary, bookkeeper, etc., such employee need not sign the declaration.

(F) When and to whom the tax must be paid.—The tax must be paid in full in U. S. funds when the return is filed, and may be paid in cash or by check or money order payable to "Internal Revenue Service."

(G) Failure to file, etc.—Substantial additions to the tax are imposed for failing to file a return, or late filing, and for filing a false or fraudulent return.

(H) Received or accrued income.—Generally, if your books of account are kept on an accrual method, report all income earned, even if not received, and deduct expenses when incurred, even if

not paid within the taxable year. As to disallowance of deductions for unpaid expenses and interest payable to certain persons, see section 267. If your books are not kept on an accrual method, or if you kept no books, make your return on the cash method and report all income actually or constructively received (whether in cash or in property or services) and only those amounts actually paid during the year for deductible expenses.

(I) Items exempt from tax.—The following items are exempt, except where otherwise indicated, from United States income tax and should not be included in gross income:

(a) The proceeds of life insurance policies, paid by reason of the death of the insured. If any part of the proceeds is held by the insurer under an agreement to pay interest, the interest is taxable; however, see section 101 (d). For amounts received under a life insurance or endowment policy, not payable by reason of the death of the insured, see instructions for Form 1040 as to taxation of annuities;

(b) Gifts (not received as consideration for services rendered) and money and property acquired by bequest, devise, or inheritance (but the income derived from such property is taxable and must be reported);

(c) Interest on obligations of a State, or a possession of the United States, or any political subdivision thereof, or of the District of Columbia; interest on obligations of the United States issued prior to March 1, 1941, if made wholly exempt from taxation by the act authorizing their issuance; and interest on not exceeding \$5,000 of United States Savings Bonds (at cost) and Treasury Bonds (at face value) which were issued before March 1, 1941;

(d) Income which consists exclusively of earnings derived from the operation of a ship or ships (or aircraft) documented (or registered) under the laws of a foreign country, provided

such country grants an equivalent exemption to citizens of the United States and to corporations organized in the United States;

(e) Interest received from a resident alien individual, a resident foreign corporation, or a domestic corporation when it is shown to the satisfaction of the Commissioner that less than 20 percent of the gross income of such resident payer or domestic corporation has been derived from sources within the United States for the 3-year period ending with the close of the taxable year of such payer preceding the payment of such interest, or for such part of such period as may be applicable;

(f) Dividends from foreign corporations to the extent that they do not constitute income from sources within the United States.

(g) Income to the extent provided by tax convention (see special notice on page 1).

(J) Treatment of depreciation and depletion.—A reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in the trade or business may be deducted only if, and to the extent, connected with income from sources within the United States. All deductions for depreciation must be explained.

The amount of depreciation on property acquired by purchase should be determined upon the basis of the original cost (not replacement cost) of the property except if the property was purchased prior to March 1, 1913, it will be computed on the fair market value of such property as of that date or its original cost (less depreciation actually sustained before that date), whichever is greater. For methods of computing depreciation see section 167.

See the regulations under sections 611 through 614 with respect to additional forms and information required if a deduction is claimed for depletion.

## SPECIFIC INSTRUCTIONS

### INCOME

1. Salaries and other compensation for personal services.—Report on line 5, page 1, all salaries, wages, commissions, tips, bonuses, etc., for service performed within the United States. Gross income from sources within the United States includes compensation for labor or personal services performed within the United States regardless of the residence of the payer, of the place in which the contract for services was made, or of the place of payment. If a specific amount is paid for labor or personal service performed in the United States, such amount (if income from sources within the United States) shall be included in the gross income. If no accurate allocation or segregation of compensation for labor or personal services performed in the United States can be made, or when such labor or service is performed partly within and partly without the United States, the amount to be included in the gross income shall be determined by an apportionment on the time basis, i. e., there shall be included in the gross income an amount which bears the same ratio to the total compensation as the number of days of performance of the labor or services within the United States bears to the total number of days of performance of labor or services for which the payment is made. Wages received for services rendered inside the territorial limits of the United States and wages of an alien seaman earned on a coastwise vessel are to be regarded as from sources within the United States.

However, compensation for labor or services performed in the United States shall not be deemed to be income from sources within the United States if all of the following conditions are met:

- (a) the labor or services are performed by a nonresident alien individual temporarily present in the United States for a period or periods not exceeding a total of 90 days during the taxable year,
- (b) such compensation does not exceed \$3,000 in the aggregate, and
- (c) the compensation is for labor or services performed as an employee of or under contract with—
  - (i) a nonresident alien, foreign partnership, or foreign corporation, not engaged in trade or business within the United States, or
  - (ii) a domestic corporation, if such labor or services are performed for an office or place of business maintained in a foreign country or in a possession of the United States by such corporation.

Any amount claimed as a deduction for ordinary and necessary expenses against salaries, etc., such as traveling expenses in connection with your occupation, should be fully explained. Traveling expenses ordinarily include expenditures for transportation, meals, and lodging. The expenses of a commuter in traveling

to and from work are not deductible. (See instructions covering "Expenses" on page 3 for limitations.)

On line 5, page 1, itemize income tax withheld by your employer and report the total amount on line 23(b), page 1.

2. Dividends.—Report in Schedule A, page 3, (a) dividends from domestic corporations constituting income from sources within the United States, and (b) dividends from foreign corporations to the extent they constitute income from sources within the United States.

Dividends will be treated as income from sources within the United States unless the taxpayer submits with his return sufficient data to establish to the satisfaction of the Commissioner that they should be excluded from gross income.

So-called "dividends" from the following corporations are considered interest for Federal income tax purposes and should be reported as interest in Schedule B, page 3: mutual savings banks, cooperative banks, domestic building and loan associations, domestic savings and loan associations, and Federal savings and loan associations, on deposits or withdrawable accounts; and Federal credit unions.

You may exclude from your income \$50 of dividends received from qualifying domestic corporations during your taxable year. The exclusion does not apply to the taxable dividends received from the following nonqualifying corporations which should be reported on line 5 of Schedule A:

- (a) foreign corporations.
- (b) so-called exempt organizations (charitable, fraternal, etc.) and exempt farmers' cooperative organizations.
- (c) regulated investment companies except to the extent designated by the company to be taken into account as a dividend for these purposes.
- (d) real estate investment trusts.
- (e) China Trade Act corporations.
- (f) corporations deriving 80 percent or more of their income from U. S. possessions and 50 percent or more of their income from the active conduct of a business therein.

See instruction 18 for explanation of the credit for dividends received.

3. Interest on corporation bonds, etc.—Except to the extent provided in General Instruction (I), enter in Schedule B all interest received or accrued on (a) bonds, notes, mortgages, or similar interest-bearing obligations of residents, corporate or otherwise, of the United States, including any such interest upon which a United States income tax was paid at the source by the debtor corporation, and (b) Government obligations, etc.

4. Net profit (or loss) from business or profession.—If you owned a business, or practiced a profession on your own account,

fill in Schedule C, page 4 of the return, and enter the net profit (or loss) in Schedule C Summary, page 3, of the return.

If installment method of reporting income from sales is used, attach schedule showing separately for years 1958, 1959, 1960, and 1961: (a) Gross sales; (b) cost of goods sold; (c) gross profits; (d) percentage of profits to gross sales; (e) amounts collected; and (f) gross profits on amounts collected.

Bad debts may be treated in either of two ways—(1) by a deduction from income in respect of debts which became worthless within the taxable year, or (2) by a deduction from income of a reasonable addition to a reserve.

Do not include in your costs or other business deductions any salary or other compensation for yourself or any merchandise withdrawn from the business for your personal use.

From the items of income derived specifically from sources within the United States there shall be deducted the expenses, losses, and other deductions connected with such items and properly apportioned or allocated thereto. For expenses which cannot definitely be allocated to some item or class of gross income, see Instruction 13.

5. Gains and losses from sales or exchanges of capital assets and other property.—For details as to the treatment of such gains and losses, see instructions on the back of separate Schedule D (Form 1040). Only those gains and losses shall be entered on separate Schedule D which are derived from or allocable to sources within the United States. Disregard the references on the separate Schedule D which are not applicable to Form 1040B. See the reverse side of Schedule D for undistributed capital gains from regulated investment companies.

*Alternative Tax.*—If the net long-term capital gain exceeds the net short-term capital loss, or in the case of only a net long-term capital gain, taxpayers with taxable income exceeding \$18,000 should compute the alternative tax in Schedule I, page 4 of Form 1040B. The alternative tax, if less than the tax on line 18, page 1, shall be the tax liability.

6. Income from partnerships, estates and trusts, and other sources.—Enter in Schedule E your share of the ordinary income

(whether received or not) or of the net loss of a partnership (including a joint venture, or the like), or taxable income of an estate or trust, deriving income from sources within the United States. Other items of income such as capital gains and losses, dividends, etc., should be reported in the appropriate schedules.

If the taxable period on the basis of which you file your return does not coincide with the annual accounting period of the partnership, joint venture, etc., or fiduciary, you should include in your return your distributive share of the taxable income or losses of the partnership and your taxable portion of the income of the fiduciary for such accounting period ending with or within your taxable year.

**Annuities.**—For explanation of annuities and pensions see the instructions for Form 1040 which may be obtained from any Internal Revenue Service office.

**Other sources.**—Enter in Schedule E any other taxable income, including alimony and separate maintenance income.

7. Rents and royalties.—Report in Schedule F the net amount of rents and royalties from property located within the United States or from any interest in such property, including rents and royalties for the use of or the privilege of using within the United States, patents, copyrights, secret processes and formulas, good will, trademarks, trade brands, franchises, and other like property. The income arising from the rental of property, whether tangible or intangible, located within the United States, or from the use of property, whether tangible or intangible, within the United States, is from sources within the United States.

Deductions which may be properly allocated to income from rents and royalties are (1) ordinary and necessary expenses (such as repairs, interest, taxes, fire insurance, fuel, light, and labor) incurred in connection with the property for the use of which the rents and royalties are paid and (2) allowable depreciation or depletion of such property sustained during the taxable year. These deductions are allowable to the extent they are connected with income from sources within the United States.

## EXPENSES

The standard deduction is not allowable. Deductions (other than those specified in section 873 (b) and (c) covering certain losses and charitable contributions) are allowable only if and to the extent that they are connected with income from sources within the United States and are properly apportioned or allocated thereto. In general, no deduction is allowable for the amount of any item or part thereof allocable to a class of exempt income. Items directly attributable to exempt income shall be allocated thereto, and items directly attributable to any class of taxable income shall be allocated to such taxable income. If an item is indirectly attributable both to taxable income and exempt income, a reasonable proportion thereof, determined in the light of all the facts and circumstances in each case, shall be allocated to each. Do not claim personal expenses, such as medical expenses, commuting expenses, carrying charges on installment purchases, and insurance premiums.

8. Contributions.—Enter in the "Contributions" schedule on page 2 contributions or gifts paid within the taxable year to any domestic corporation, or to any community chest, fund, or foundation, created in the United States, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation. In general, the amount claimed shall not exceed 20 percent of your adjusted gross income from sources within the United States. For definition of adjusted gross income see section 62. In the event such contributions exceed 20 percent and include amounts contributed to schools, churches, hospitals, or certain medical research organizations, see section 170 for a possible further deduction not to exceed 10 percent.

Report in the "Contributions" schedule on page 2 of the return the name and address of each organization, and the amount and approximate date of payment of the contribution or gift.

9. Interest.—In order to claim a deduction for interest paid, the indebtedness must be connected with some source of taxable income within the United States, except as provided by section 265. Otherwise, do not deduct interest paid in connection with personal transactions, such as installment purchases, personal loans, or mortgages on personal residence. Any deductions on account of interest should be itemized and explained in the "Interest" schedule on page 2.

10. Taxes.—In general, most non-Federal taxes paid in connection with taxable income from sources within the United States may be deducted. Do not deduct Federal income taxes; estate, inheritance, legacy, succession, or gift taxes; or taxes imposed on your interest as shareholder of a corporation which are paid by the corporation without reimbursement from you. Do not deduct Federal import duties, Federal excise or stamp taxes, State sales taxes, gasoline taxes, or taxes on personal residence; but any

such duties or taxes attributable to your business activities may be deducted in Schedule C. Federal social security taxes paid by or for an employee are not deductible by the employee. Any deduction on account of taxes should be itemized and explained in the "Taxes" schedule on page 2.

11. Losses from fire, storm, shipwreck, or other casualty, or theft.—Losses sustained during the taxable year of property not connected with the trade or business if arising from fire, storm, shipwreck, or other casualty, or from theft, and if not compensated for by insurance or otherwise, are deductible only if the property was located within the United States. Losses arising from theft shall be deducted only in the year in which the loss is discovered. Explain and itemize losses claimed in the "Miscellaneous" schedule on page 2.

12. Other deductions.—Enter other authorized deductions not claimed elsewhere on the return also in the "Miscellaneous" schedule on page 2.

Every taxpayer claiming a deduction due to a net operating loss for the preceding taxable year or years shall file with his return the statement required by the regulations under section 172.

Do not deduct losses incurred in transactions which were neither connected with your trade or business nor entered into for profit; however, see Instruction 11. Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in any transaction entered into for profit, although not connected with a trade or business, are (if otherwise allowable) deductible only if and to the extent that the profit, if such transaction had resulted in a profit, would have been taxable as income from sources within the United States.

In case you incurred expenses in connection with exempt income or owned any property the income from which is exempt, see section 265 and the regulations thereunder.

For the deduction of amortizable bond premium by the owner of bond, see section 171 and the regulations thereunder.

13. Ratable part of deductions not definitely allocated to any class of income.—In addition to the deductions which can be defi-

nately allocated to income from sources within the United States, there may be deducted a ratable part of any other expenses, losses, or deductions which are connected with income from sources within the United States, but which cannot be definitely allocated to some item or class of gross income from sources within or without the United States. The ratable part is based upon the ratio of gross income from sources within the United States to the total gross income. Fill in the explanation schedule on page 2 of the return and enter on line 10, page 1, the ratable part of any deductions not definitely allocated to any item or class of gross income.

14. Income derived partly from sources within and partly from sources without the United States.—Items of gross income not allocated to sources within or without the United States, such as gross income derived from the sale of personal property produced (in whole or in part) by the taxpayer within the United States and sold within a foreign country, or produced (in whole or in part) by the taxpayer within a foreign country and sold within the United States, shall be treated as derived partly from sources within and partly from sources without the United States. To determine the taxable income attributable to sources within the United States, see sections 861 thru 863 and the regulations issued thereunder.

Explain fully in a statement attached to the return how you determined the amount entered on line 13, page 1, as the portion of income attributable to sources within the United States.

15. Personal Exemptions.—In the case of a nonresident alien (other than a resident of Canada or Mexico) the deduction for the exemption is limited to a total of \$600. Residents of Japan, accompanied by wife (husband) or children to the U. S., see Article XVI of the Tax Convention between Japan and the United States.

A nonresident alien residing in Canada or Mexico is entitled to—  
 (I) One exemption (\$600) for the taxpayer himself—two if he was either 65 years of age or over OR blind—three if he was both 65 or over AND blind;  
 (II) One exemption (\$600) for the taxpayer's wife (or husband)—two if she (or he) was 65 years of age or over OR blind—three if she (or he) was both 65 or over AND blind—provided, in each instance, that she (or he) had no gross income from sources within the United States and is not the dependent of another U. S. taxpayer.

For purposes of (I) and (II) above, marital status, age, and blindness must be determined as of the close of the taxable year. However, if the husband or wife died during the year, the exemptions for the deceased should be determined as of the date of death instead of the close of the year. If totally blind, attach a statement of such fact to the return. If partially blind, attach a statement from a qualified physician or a registered optometrist that (1) central visual acuity did not exceed 20/200 in the better eye with correcting lenses or (2) that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(III) One exemption (\$600) for each dependent who meets all of the following requirements for the taxable year:

- (a) Received more than one-half of his or her support from the taxpayer;
- (b) Received less than \$600 gross income from sources within the United States. (This test does not apply to children or stepchildren who were under 19 or who were students within the meaning of section 151 (e).);
- (c) Did not file a joint return with her husband (or his wife);
- (d) Was either a citizen or resident of the United States or a resident of Canada, Mexico, the Republic of Panama, or the Canal Zone; and
- (e) EITHER (1) had as his principal place of abode the home of the taxpayer and was a member of the taxpayer's household; OR (2) was related to the taxpayer in one of the following ways:

Child*	Sister	Mother-in-law	The following if related by blood:
Stepchild	Grandchild	Father-in-law	
Mother	Stepbrother	Brother-in-law	Uncle
Father	Stepsister	Sister-in-law	Aunt
Grandparent	Stepmother	Son-in-law	Nephew
Brother	Stepfather	Daughter-in-law	Niece

\*Includes a child who is a member of your household, if placed with you by an authorized placement agency for legal adoption.

The law does not allow additional exemptions for age and blindness in the case of dependents.

**Exemptions For Individuals Supported by More Than One Taxpayer.**—If several persons contributed toward the support of an individual during the taxable year, but none contributed over half of the support, they may designate one of their number to claim the exemption, if:

- (a) They as a group have provided over half of the support of the individual; and
- (b) Each of them, had he contributed over half of the support, would have been entitled to claim the individual as a dependent; and

(c) The person claiming the exemption for the individual contributed over 10 percent of the support; and

(d) Each other person in the group who contributed over 10 percent of the individual's support makes a declaration that he will not claim the individual as a dependent for the year. Form 2120, Multiple Support Declaration, is available at any Internal Revenue Service office.

16. Tax Rate Schedule.—The schedule below shows tax rates for the taxable year. The tax should be entered on line 18, page 1. If the taxpayer is entitled to a reduced rate under a tax convention, attach a statement showing details and tax computation. A summary of treaty references is set out in the instructions for Forms 1040NB and NB-a.

If line 17, page 1, is: Enter on line 18, page 1:

Not over \$2,000.....20% of the amount on line 17

Over	But not over
\$2,000	\$4,000.....\$400, plus 22% of excess over \$2,000
\$4,000	\$6,000.....\$840, plus 26% of excess over \$4,000
\$6,000	\$8,000.....\$1,360, plus 30% of excess over \$6,000
\$8,000	\$10,000.....\$1,960, plus 34% of excess over \$8,000
\$10,000	\$12,000.....\$2,640, plus 38% of excess over \$10,000
\$12,000	\$14,000.....\$3,400, plus 43% of excess over \$12,000
\$14,000	\$16,000.....\$4,260, plus 47% of excess over \$14,000
\$16,000	\$18,000.....\$5,200, plus 50% of excess over \$16,000
\$18,000	\$20,000.....\$6,200, plus 53% of excess over \$18,000
\$20,000	\$22,000.....\$7,260, plus 56% of excess over \$20,000
\$22,000	\$26,000.....\$8,380, plus 59% of excess over \$22,000
\$26,000	\$32,000.....\$10,740, plus 62% of excess over \$26,000
\$32,000	\$38,000.....\$14,460, plus 65% of excess over \$32,000
\$38,000	\$44,000.....\$18,360, plus 69% of excess over \$38,000
\$44,000	\$50,000.....\$22,500, plus 72% of excess over \$44,000
\$50,000	\$60,000.....\$26,820, plus 75% of excess over \$50,000
\$60,000	\$70,000.....\$34,320, plus 78% of excess over \$60,000
\$70,000	\$80,000.....\$42,120, plus 81% of excess over \$70,000
\$80,000	\$90,000.....\$50,220, plus 84% of excess over \$80,000
\$90,000	\$100,000.....\$58,620, plus 87% of excess over \$90,000
\$100,000	\$150,000.....\$67,320, plus 89% of excess over \$100,000
\$150,000	\$200,000.....\$111,820, plus 90% of excess over \$150,000
\$200,000	.....\$156,820, plus 91% of excess over \$200,000

17. Enter on line 21(a), page 1, tax assumed at source on tax-free covenant bond interest; enter on line 23 (a) the tax withheld at source on such interest.

18. Credit for dividends received.—The law provides a credit against tax for dividends received from domestic corporations. This credit is equal to 4 percent of the dividends in excess of those which may be excluded from gross income. The credit may not exceed the lesser of:

- (i) the total income tax; or
- (ii) 4 percent of the taxable income.

Schedule H has been provided to compute the dividend credit. Dividends from certain types of corporations do not qualify for the credit for dividends received. These corporations are the same corporations as those listed in Instruction 2 under the explanation of the dividend exclusion. Enter such credit on line 21(b), page 1.

19. Credit for partially tax-exempt interest.—A credit for partially tax-exempt interest may be deducted on line 21(c), page 1. This credit is 3 percent of the partially tax-exempt interest included in gross income. The credit may not exceed the lesser of (i) 3 percent of the taxable income for the taxable year (line 17, page 1), or (ii) the amount of tax less the credit for dividends received.

20. Tax withheld at source.—Enter on line 23(a), page 1, tax withheld at source under chapter 3 of the Code on dividends, interest, etc.

21. United States income tax withheld by employer.—Enter on line 23(b), page 1, total of income tax withheld from wages subject to withholding under section 3402 and attach all Forms W-2 (Copy B) received from employers for the year.

If you are entitled to a credit for taxes paid by a regulated investment company, include such credit on this line and attach Copy B of Form 2439 from the company to substantiate the credit.

22. United States tax paid on 1961 Declaration of Estimated Tax.—A nonresident alien engaged in trade or business within the United States and having wages subject to withholding under section 3402 who filed a Declaration of Estimated Tax for 1961 should enter on line 23(c), page 1, the total of all payments of estimated tax shown on such declaration. If on your 1960 return you had an overpayment which you chose to apply on your 1961 estimated tax, include this on line 23(c) also.