Instructions for Form 1040-C

U.S. Departing Alien Income Tax Return

Section references are to the Internal Revenue Code.

General Instructions

Changes To Note

For details on these and other changes that may affect your 2002 Federal income tax, see Pub. 533, Highlights of 2001 Tax Changes.

Reduced Tax Rates. Most of the tax rates have decreased by 1/3 to new 10% rate applies to all filers, and the rate bracket amounts have increased. See the 2002 Tax Rate Schedules on page 6. The rate reduction credit no longer applies.

Credit for Qualified Retirement Savings Contributions. You may be able to claim a credit of up to $1,000 for qualified retirement savings contributions (for example, contributions to an IRA or 401(k) plan) if your modified AGI is $50,000 or less. The credit is reduced if your AGI is more than $50,000. See section 45F for more details.

Credit for Employer-Provided Child Care Costs. A general business credit of 25% of the qualified child care facility costs plus 10% of the qualified child care resource and referral costs may be allowed. The maximum credit is $15,000. See section 45G for more details.

Adoption Credit. The maximum adoption credit has increased to $10,000 per adopted child. The credit is allowed only if your modified AGI is less than $190,000.

Certain Credits No Longer Reduce Alternative Minimum Tax (AMT). The credit for child and dependent care expenses, credit for the elderly or the disabled, education credits, mortgage interest credit, and District of Columbia first-time homeowner credit no longer reduce AMT. However, the child tax credit, adoption credit, and the credit for qualified retirement savings contributions may reduce your AMT.

Student Loan Interest Deduction. The 60-month limit no longer applies. But you cannot take the deduction if your modified AGI is $65,000 or more ($130,000 or more if married filing jointly).

Deduction for Qualified Higher Education Expenses. A Form 1068 is used by aliens to determine their United States tax liability for higher education expenses paid for yourself, your spouse, or your dependents. But you cannot take the deduction if your modified AGI is more than $65,000 ($130,000 if married filing jointly). You cannot claim both the deduction for qualified higher education expenses and a Hope or lifetime learning credit for the same student. Also, you usually cannot take the deduction or a credit if you are a nonresident alien for any part of the year. Traditional IRA Deduction Increased. You, and your spouse if filing jointly, each may be able to deduct up to $2,000 ($3,000 if age 50 or older at the end of the year). If you are covered by a retirement plan, your modified AGI must be less than $44,000 (less than $64,000 if married filing jointly or qualifying widow(er)) to take a deduction. Self-Employed Health Insurance Deduction. You may be able to deduct up to 70% of your health insurance expenses. Standard Mileage Rate. The rate for business use of a vehicle has increased to 26 cents a mile. The rate for use of your car to get medical care or for figuring of the United States, specific rules apply to determine if you are a resident or nonresident alien.

Disability Income Exclusion. Gross income does not include amounts received as disability income attributable to injuries incurred as a direct result of any: Taxpayer's personal injury or an injury to another for which the taxpayer is liable. Terrorist activity directed against the United States or any of its allies. Military action involving the U.S. Armed Forces and resulting from violence or aggression against the United States or any of its allies. Disaster Reliefs Payments. Qualified disaster relief payments are excluded from gross income and net earnings from self-employment. Generally, such payments include the following amounts received as a result of a qualified disaster: Payments to cover personal, family, living, or funeral expenses. Payments for the repair or rehabilitation of a personal residence. Payments from common carriers made because of the physical injuries or death of an individual. Disaster payments received from a Federal, state, or local government or agency.

If you are a resident alien, the 2001 Instructions for Form 1040-C, U.S. Individual Income Tax Return, will help you complete Form 1040-C. You can get tax forms, instructions, and publications from the Internal Revenue Service (IRS). If you have a foreign address, send your order to the Eastern Area Distribution Center, P.O. Box 85074, Richmond, VA 23261-5074, USA. Please notify the forms office if you want to receive tax forms in the English language.

Alien status rules. If you are not a citizen of the United States, specific rules apply to determine if you are a resident or nonresident alien. Intent is not important in determining your residency status.

You are considered a resident alien if you meet either the green card test or the substantial presence test. However, even though you may otherwise meet the substantial presence test, you will not be considered a U.S. resident if you qualify for the closer connection to a foreign country exception or you are able to qualify as a nonresident alien by reason of a treaty. The tests for the exception are discussed in the instructions for Part I on page 3.

Additional information. For more information on taxation of resident and nonresident aliens, residency tests, and other special rules, get:


• Pub. 901, U.S. Tax Treaties.

In the United States, you can get tax forms, instructions, and publications from the IRS by calling 1-800-829-3676.

Treaty Benefits

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 file Form 8833, Treaty-Based Return Position Disclosure. Under Section 6114 or 7701(b), with your final U.S. income tax return. See Pub. 519 for more information.

Final Return Required

A Form 1040-C is not a final return. You must file a final income tax return after your tax year ends.

If you are a U.S. citizen or resident alien on the last day of the year, you must file Form 1040, reporting your worldwide income. If you are not a U.S. citizen or resident alien on the last day of the year, you should generally file Form 1040NR or Form 1040NR-EZ. U.S. Income Tax Return for Certain Nonresident Aliens With No
Dependents, whichever applies. However, certain individuals who were resident aliens at the beginning of the tax year but nonresident aliens at the end of the tax year must file a dual-status return. See dual-status tax year on page 3.

Any tax you pay with Form 1040-C counts as a credit against tax on your final return. Any tax shown on Form 1040-C will be refunded only if and to the extent your final return for the tax year shows an overpayment.

Certificate of Compliance

Note: The issuance of a certificate of compliance is not a final determination of your tax liability. If it is later determined that you owe additional tax, you will have to pay the additional tax due.

Form 1040-C or Form 2063. If you are an alien, you should not leave the United States or any of its possessions without getting a certificate of compliance from your IRS Field Assistance Area Director on Form 1040-C or Form 2063, U.S. Departing Alien Income Tax Agreement, unless you meet one of the Exceptions below.

You may file the shorter Form 2063 if you leave the United States before the end of the tax year of nonresident aliens at the end of the tax year special tax treaty benefits. The issuance of a certificate of compliance if: leave the United States and file either Form 1040-C or Form 2063 any income you have received border-crossing identification card. You do not need to carry passports, visas, or border-crossing identification cards because you are visiting for business or pleasure and you are not required to pay in the United States or any of its possessions for more than 90 days during the tax year.

You are an alien admitted on a border-crossing identification card. You are a military trainee admitted for instruction under the Department of Defense and you will leave the United States on official military travel orders.

However, if an exception does not apply if the Area Director believes your leaving would hinder collecting the tax. You are an alien admitted on an F-1 visa. You are an alien admitted on a J-1 visa. You are an alien admitted on an H-1 or H-2 visa. You are on a pleasure trip and have a B-2 visa. You are on a business trip, have a B-1 visa or a combined B-1/B-2 visa, and do not stay in the United States or any of its possessions for more than 90 days during the tax year.

Either of the above. You are an alien passing through the United States or any of its possessions, including travel on a C-1 visa or under a contract, such as a bond agreement, between the transportation line and the U.S. Attorney General.

You are an alien admitted on a border-crossing identification card. You do not need to carry passports, visas, or border-crossing identification cards because you are visiting for business or pleasure and you are not required to pay in the United States or any of its possessions for more than 90 days during the tax year.

You are a resident of Canada or Mexico who commutes frequently to the United States to work and your wages are subject to income tax withholding.

You are a military trainee admitted for instruction under the Department of Defense and you will leave the United States on official military travel orders.

However, if an exception does not apply if the Area Director believes your leaving would hinder collecting the tax.

If you are required to have an income tax and the Area Director determines that your departure will jeopardize the collection of the tax, a compliance certificate on Form 1040-C will be issued only when you pay the tax due or post bond, and the certificate will apply only to the departure for which it is issued.

If you go to the department without a certificate or proof that you do not need one, you may be subject to income tax withholding and examination by an IRS employee. You will then have to complete the returns and any other required documents and either pay any income tax due or post bond.

Specific Instructions

Joint return. Nonresident aliens may not file a joint return. Resident aliens may file a joint return on Form 1040-C only if both of the following apply.

1. The alien and his or her spouse can reasonably expect to be eligible to file a joint return at the close of the tax period for which the return is made.

2. If the tax period of the alien is terminated, the tax period of his or her spouse is terminated at the same time.

If Form 1040-C is filed as a joint return, both spouses should enter their names, identification numbers, and passport or alien registration card numbers in the spaces provided on page 1 of the form. Also, both should include their income and furnish the information requested in Part I of the form. If necessary, a separate Part I should be completed for each spouse.

Identifying number. You are generally required to enter your social security number (SSN). For any SSN, get an SS-5 from a Social Security Administration (SSA) office. 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 individual taxpayer identification number (ITIN). To apply for an ITIN, fill out Form W-7 with the IRS. It usually takes about 4–8 weeks to get an ITIN. Enter your ITIN wherever your SSN is requested on your tax return. If you are married to another person, you must get an individual taxpayer identification number (ITIN). To apply for an ITIN, fill out Form W-7 with the IRS. It usually takes about 4–8 weeks to get an ITIN.
Part I—Explanation of Status—Resident or Nonresident Alien

Generally, you are considered a resident alien if you meet the substantial presence test or the substantial presence test for 2002. You are a nonresident alien for the year if you do not meet either of these tests. For more information on resident and nonresident aliens, see Pub. 519.


You are a resident alien if tax purposes if you are a lawful permanent resident of the United States at any time during 2002. You are a lawful permanent resident of the United States if you have been given the privilege, under U.S. immigration laws, of residing permanently in the United States as an immigrant. You generally have this status if the Immigration and Naturalization Service (INS) has determined that you are an alien registration card, also known as a "green card."

Substantial presence test. You are considered a resident alien for tax purposes if you meet the substantial presence test for 2002. You meet this test if you were physically present in the United States for at least:

• 31 days during 2002 and 183 days during the period 2002, 2001, and 2000, counting all the days of physical presence in 2002. 1/3 of the number of days of presence in 2001, and 1/6 of the number of days of presence in 2000.

Days of presence in the United States.

Generally, you are treated as present in the United States on the day that you are physically present in the country at any time during the day. However, you do not count the following days of presence in the United States for purposes of the substantial presence test.

• Days you regularly commuted to work in the United States from a residence in Mexico or Canada.
• Days you were in the United States for less than 24 hours while you were traveling between two places outside the United States.
• Days you were temporarily present in the United States as a regular member of the crew of a foreign vessel engaged in transportation between the United States and a foreign country or a possession of the United States.
• Days you were unable to leave the United States because of a medical condition or medical-procedure-related blank.
• Days you were an exempt individual, in general, an exempt individual is:
  (a) a foreign-government-related individual, (b) a teacher or trainee, (c) a student, or (d) a professional athlete who is temporarily present in the United States to compete in a charitable sports event.

Note: If you qualify to exclude days of presence in the United States because you are an exempt individual (as defined under a foreign-government-related individual) or because of a medical condition or problem, file Form 8843, Statement for Exempt Individuals and Individuals With a Medical Condition, with your final income tax return.

Closer connection to a foreign country exception. Even though you would otherwise meet the substantial presence test, you are treated as having met that test for 2002 if you: (a) were present in the United States for fewer than 183 days during 2002, (b) established in 2002 that 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.

Note: If you meet this exception, file Form 8843, Closer Connection Exception Statement for Aliens, with your final income tax return.

Residence determined by tax treaty. Even though you would otherwise meet the substantial presence test, you are not treated as having met that test if you qualify as a resident of another country under the residence article of a tax treaty between the United States and that other country.

Dual-status tax year. Generally, if you are a resident alien and you leave the United States during the year with no intent to return, you have a dual-status tax year and are subject to dual-status restrictions in completing Form 1040-C. A dual-status tax year is one in which you have been both a resident alien and a nonresident alien. In figuring your income tax liability, different U.S. income tax rules apply to each status. See the Form 1040NR instructions for details.

Note: Certain resident aliens who leave the United States during the year with no intent to return may owe tax under section 877. These resident aliens must take into account any amounts due for 2002 under section 877 when completing Form 1040-C. See Expatriation Tax in Pub. 519 for more information.

Income effectively connected with a U.S. trade or business—nonresident aliens. If you are a nonresident alien, the tax on your income is determined whether the income is or is not effectively connected with a U.S. trade or business.

Income effectively connected with a U.S. trade or business (including wages earned by an employee) is taxed at the graduated rates that apply to U.S. citizens and resident aliens. Income you receive as a partner in a partnership, as a beneficiary of an estate or trust is considered effectively connected with a U.S. trade or business if the partnership, estate, or trust conducts a U.S. trade or business.

Income from U.S. sources that is not effectively connected with a U.S. trade or business is generally taxed at 30%. Your rate may be lower if the country of which you are a resident and the United States have a treaty setting lower rates. See Pub. 561 for more details.

For a list of the types of income not considered effectively connected with a U.S. trade or business, see the instructions for Schedules A and B on page 4. If you are a nonresident alien in the United States to study or train, see Pub. 519.

Part II—Exemptions

If you are a resident alien, you may claim the following exemptions allowed U.S. citizens on Form 1040.

Nonresident aliens of Canada, India, Mexico, Japan, the Republic of Korea, or U.S. nationals who are engaged in a trade or business in the United States may claim the same number of exemptions they are entitled to on Form 1040NR. All other nonresident aliens engaged in a U.S. trade or business may claim only one exemption. For more details, see Pub. 519 or the Form 1040NR instructions.

If you are a nonresident alien not engaged in a trade or business in the United States, you cannot take any personal exemptions on income that is not effectively connected with a U.S. trade or business. See Pub. 519.

Line 14c, column (2). You must enter each dependent's SSN or ITIN. See Identifying number exceptions.

Line 14c, column (4). Check the box in this column if your dependent is a qualifying child. For the child to be a qualifying child,

Part III—Figuring Your Income Tax

Read the descriptions on line 1 of Form 1040-C. Group I and II enter the maximum amount of self-employment income subject to Medicare tax. Check the box for the payment tax rate on page 1.

Nonresident aliens of Canada, India, Mexico, Japan, the Republic of Korea, or U.S. nationals who are engaged in a trade or business in the United States may claim the same number of exemptions they are entitled to on Form 1040NR. All other nonresident aliens engaged in a U.S. trade or business may claim only one exemption. For more details, see Pub. 519 or the Form 1040NR instructions.

If you are a nonresident alien not engaged in a trade or business in the United States, you cannot take any personal exemptions on income that is not effectively connected with a U.S. trade or business. See Pub. 519.


If you are a resident alien, you can take the adjustments allowed on Form 1040. The Form 1040 instructions have information on adjustments you can take. Be sure to consider the tax law changes noted on page 1.

If you are a nonresident alien with income not effectively connected with a U.S. trade or business, you cannot take any adjustments.

Line 19. Credits.

If you are a resident alien, you can claim the same credits as on Form 1040. If you are a nonresident alien with income effectively connected with a U.S. trade or business, you can generally claim the same credits as on Form 1040NR. See the Form 1040NR instructions. Be sure to consider the tax law changes noted on page 1.

If you are a nonresident alien with income not effectively connected with a U.S. trade or business, you cannot take any adjustments.

Line 19. Credits.

If you are a resident alien, you can claim the same credits as on Form 1040. If you are a nonresident alien with income effectively connected with a U.S. trade or business, you can generally claim the same credits as on Form 1040NR. See the Form 1040NR instructions. Be sure to consider the tax law changes noted on page 1.

If you are a nonresident alien with income not effectively connected with a U.S. trade or business, you cannot take any adjustments.

Self-employment tax. This tax applies only to resident aliens. Use Schedule SE (Form 1040), Form 1040-PR, or Form 1040-S for self-employment income subject to social security tax is $84,900. There is no limit on the amount of self-employment income subject to the Medicare tax.

Social security and Medicare tax on tips not reported to employer. If you received tips of $20 or more in any month and you do not report the full amount to your employer, you must pay this tax.
the Form 1040 instructions or the Form 1040NR instructions.

• Tax on qualified plans including IRAs, and other tax-favored accounts. If you received a distribution from or made an excess contribution to one of these plans, you may owe this tax. See the Form 1040 instructions or the form 1040NR instructions.

• Tax on accumulation distribution of trusts. Use Form 4970 to figure the tax.

• Tax from recapture of investment credit. Use Form 4225 to figure the tax.

• Tax from recapture of low-income housing credit. Use Form 8611 to figure the tax.

• Tax from recapture of Federal mortgage subsidy. This tax applies only to resident aliens. Use Form 8828 to figure the tax.

• Tax from recapture of qualified electric vehicle credit. For details on how to figure the tax, see Pub. 535, Business Expenses.

Line 24. Tax. Enter 30% of the amount on line 23. If you are entitled to a lower rate or an exemption from tax because of a treaty between your country and the United States, attach a statement showing your computation. Also include the applicable treaty and article(s).

Line 28. Other payments. Include on line 28 any of the following payments. See the instructions for Form 1040 or Form 1040NR for details on other payments to include on this line.

• Earned income credit (EIC). This credit applies only to resident aliens. Enter any EIC that is due to you.

• Additional child tax credit to which you are entitled.

• U.S. income tax paid at previous departure during the tax period. Enter any tax paid if you previously departed the U.S. during the tax period.

• Excess social security and RRTA tax withheld. If you had two or more employers in 2002 who together paid you more than $84,900 in wages, too much social security tax and tier 1 railroad retirement (RRTA) tax may have been withheld. See Pub. 505, Tax Withholding and Estimated Tax. For 2002, the maximum social security tax and tier 1 RRTA tax is $5,263.80.

• U.S. income tax paid on fuels. Use Form 4136 to figure the credit.

Signature

Form 1040-C is not considered a valid return unless you sign it. You may have an agent in the United States prepare and sign your return if you are sick or otherwise unable to sign. However, you must have IRS approval of the signature. If IRS approval is necessary, file a statement with the IRS office where you file Form 1040-C explaining why you have signed.

If an agent (including your spouse) signs for you, your authorization of the signature must be filed with the return.

Paid preparers must sign. 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 also give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return.

If you have questions about whether a preparer is required to sign your return, please contact the IRS office.

Schedule A—Income

Line 1, column (c). Enter amounts shown as Federal income tax withheld on your Forms W-2, 1099, 1042-S, etc. Be sure to include any amount withheld on line 3 which was paid as an amount to figure Gain or loss on the disposition of a U.S. real property interest.

Line 1, column (d). Enter the amount shown on line 1, column (c) that was paid as an amount to figure Gain or loss on the disposition of a U.S. real property interest.

Line 1, column (e). Enter amounts shown on line 1, column (d) that were paid as an amount to figure Gain or loss on the disposition of a U.S. real property interest.

Schedule B—Gains and Losses From Sales or Exchanges of Nonresident Alien’s Property Not Effectively Connected With a U.S. Trade or Business

If you are a nonresident alien, use Schedule B to figure your gain or loss from the sale or exchange of property not effectively connected with a U.S. trade or business. Include the following types of income. For more details, see Pub. 519 and the Instructions for Form 1040NR.

1. Capital gains. Capital gains in excess of capital losses if you were in the United States at least 183 days during the year.

2. Income other than capital gains. Gains on the disposal of timber, coal, or iron ore with a retained economic interest.

3. Gains from the sale or exchange of patents, copyrights, secret processes and formulas, goodwill, trademarks, trade names, franchises, and other like property, or of any interest in any such property. The gains must result from payments for the productivity, use, or disposition of the property or interest.

Original issue discount (OID). If you sold an obligation issued after July 18, 1984, it is effectively connected with a U.S. trade or business. Certain portfolio interest on obligations issued after July 18, 1984, is also effectively connected.

b. Withhold due to lack of documentation) and attachment to Form 1040NR.

If an agent (including your spouse) signs for you, your authorization of the signature must be filed with the return.

Paid preparers must sign. 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 also give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return.

If you have questions about whether a preparer is required to sign your return, please contact the IRS office.

Schedule A—Income

Line 1, column (c). Enter amounts shown as Federal income tax withheld on your Forms W-2, 1099, 1042-S, etc. Be sure to include any amount withheld on line 3 which was paid as an amount to figure Gain or loss on the disposition of a U.S. real property interest.

Line 1, column (d). Enter the amount shown on line 1, column (c) that was paid as an amount to figure Gain or loss on the disposition of a U.S. real property interest.

Line 1, column (e). Enter amounts shown on line 1, column (d) that were paid as an amount to figure Gain or loss on the disposition of a U.S. real property interest.

Schedule B—Gains and Losses From Sales or Exchanges of Nonresident Alien’s Property Not Effectively Connected With a U.S. Trade or Business

If you are a nonresident alien, use Schedule B to figure your gain or loss from the sale or exchange of property not effectively connected with a U.S. trade or business. Include the following types of income. For more details, see Pub. 519 and the Instructions for Form 1040NR.

1. Capital gains. Capital gains in excess of capital losses if you were in the United States at least 183 days during the year.

2. Income other than capital gains. Gains on the disposal of timber, coal, or iron ore with a retained economic interest.

3. Gains from the sale or exchange of patents, copyrights, secret processes and formulas, goodwill, trademarks, trade brands, franchises, and other like property, or of any interest in any such property. The gains must result from payments for the productivity, use, or disposition of the property or interest.

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If an agent (including your spouse) signs for you, your authorization of the signature must be filed with the return.

Paid preparers must sign. 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 also give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return.

If you have questions about whether a preparer is required to sign your return, please contact the IRS office.

Schedule A—Income

Line 1, column (c). Enter amounts shown as Federal income tax withheld on your Forms W-2, 1099, 1042-S, etc. Be sure to include any amount withheld on line 3 which was paid as an amount to figure Gain or loss on the disposition of a U.S. real property interest.

Line 1, column (d). Enter the amount shown on line 1, column (c) that was paid as an amount to figure Gain or loss on the disposition of a U.S. real property interest.

Line 1, column (e). Enter amounts shown on line 1, column (d) that were paid as an amount to figure Gain or loss on the disposition of a U.S. real property interest.

Schedule B—Gains and Losses From Sales or Exchanges of Nonresident Alien’s Property Not Effectively Connected With a U.S. Trade or Business

If you are a nonresident alien, use Schedule B to figure your gain or loss from the sale or exchange of property not effectively connected with a U.S. trade or business. Include the following types of income. For more details, see Pub. 519 and the Instructions for Form 1040NR.

1. Capital gains. Capital gains in excess of capital losses if you were in the United States at least 183 days during the year.

2. Income other than capital gains. Gains on the disposal of timber, coal, or iron ore with a retained economic interest.

3. Gains from the sale or exchange of patents, copyrights, secret processes and formulas, goodwill, trademarks, trade brands, franchises, and other like property, or of any interest in any such property. The gains must result from payments for the productivity, use, or disposition of the property or interest.

Original issue discount (OID). If you sold an obligation issued after July 18, 1984, it is effectively connected with a U.S. trade or business. Certain portfolio interest on obligations issued after July 18, 1984, is also effectively connected.
Note: Nonresident aliens of India who were students or business apprentices may be as their contents may become material in trade or business, you cannot take any unless the form displays a valid OMB control 1040NR) instructions. If you do not have information requested on a form that is income effectively connected with a U.S. subject to the Paperwork Reduction Act 1040NR. See the Schedule A (Form You are not required to provide the Lines 6 and 14

If the amount on Form 1040-C, line section 6103.amount for the elderly or the blind.17, is over $137,300 ($68,650 if married filing separately or its instructions must be retained as long your standard deduction is the higher one. If you turn age 65 on January 1, 2002, you are considered to be age 65 for 2002. Limited standard deduction for dependents. If you can be claimed as a dependent on another person’s 2002 return, your standard deduction is the greater of 1) $750 or 2) Your earned income plus $250 (up to the standard deduction amount). To this amount add any additional amount for the elderly or the blind.

Lines 6 and 14 Include in the total on line 6 or line 14, whichever applies, any tax from Form 4972, Tax on Lump-Sum Distributions and Form 6814, Parent’s Election To Report Child’s Interest and Dividends.

Lines 7 and 15 Enter on line 7 or 15, whichever applies, any tax from Form 6251, Alternative Minimum Tax for Individuals.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Sections 6001, 6011, 6012(a), 6851, and their regulations require that you 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.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to Federal, state, or local agencies that investigate or respond to acts or threats of terrorism or participate in intelligence or counterintelligence activities concerning terrorism. If you do not give the information asked for, you may be charged penalties and, in certain cases, you may be subject to criminal prosecution.

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, 2 hr., 4 min.; Learning about the law or the form, 48 min.; Preparing the form, 1 hr., 16 min.; and Copying, assembling, and sending the form to the IRS, 39 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. Do not send the tax form to this address. Instead, see How To Get the Certificate on page 2.

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**Schedule C—Itemized Deductions**

If you are a resident alien, you can take the deductions allowed on Schedule A of Form 1040. If you are a nonresident alien and have income effectively connected with a U.S. trade or business, you can take the deductions allowed on Schedule A of Form 1040NR. See the Schedule A (Form 1040) instructions. If you do not have income effectively connected with a U.S. trade or business, you cannot take any deductions.

Note: Nonresident aliens of India who were students or business apprentices may be as their contents may become material in trade or business, you cannot take any unless the form displays a valid OMB control 1040NR) instructions. If you do not have information requested on a form that is income effectively connected with a U.S. subject to the Paperwork Reduction Act 1040NR. See the Schedule A (Form You are not required to provide the Lines 6 and 14

If the amount on Form 1040-C, line section 6103.amount for the elderly or the blind.17, is over $137,300 ($68,650 if married filing separately or its instructions must be retained as long your standard deduction is the higher one. If you turn age 65 on January 1, 2002, you are considered to be age 65 for 2002. Limited standard deduction for dependents. If you can be claimed as a dependent on another person’s 2002 return, your standard deduction is the greater of 1) $750 or 2) Your earned income plus $250 (up to the standard deduction amount). To this amount add any additional amount for the elderly or the blind.

Lines 6 and 14 Include in the total on line 6 or line 14, whichever applies, any tax from Form 4972, Tax on Lump-Sum Distributions and Form 6814, Parent’s Election To Report Child’s Interest and Dividends.

Lines 7 and 15 Enter on line 7 or 15, whichever applies, any tax from Form 6251, Alternative Minimum Tax for Individuals.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Sections 6001, 6011, 6012(a), 6851, and their regulations require that you 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.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to Federal, state, or local agencies that investigate or respond to acts or threats of terrorism or participate in intelligence or counterintelligence activities concerning terrorism. If you do not give the information asked for, you may be charged penalties and, in certain cases, you may be subject to criminal prosecution.

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, 2 hr., 4 min.; Learning about the law or the form, 48 min.; Preparing the form, 1 hr., 16 min.; and Copying, assembling, and sending the form to the IRS, 39 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. Do not send the tax form to this address. Instead, see How To Get the Certificate on page 2.

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**Schedule D—Tax Computation**

**Standard Deduction (Group I only)**

If you do not itemize your deductions, you may take the 2002 standard deduction listed below for your filing status.

<table>
<thead>
<tr>
<th>Filing Status</th>
<th>Standard Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married filing jointly or Qualifying widower</td>
<td>$7,850*</td>
</tr>
<tr>
<td>Head of household</td>
<td>$6,900*</td>
</tr>
<tr>
<td>Single</td>
<td>$4,700*</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>$3,925*</td>
</tr>
</tbody>
</table>

*To these amounts, add the additional amount shown next.

**Addition for the elderly or the blind.** An additional standard deduction amount of $900 is allowed for a married individual (whether filing jointly or separately) or a qualifying widow(er) who is age 65 or older or blind ($1,150 is allowed for an unmarried individual (single or head of household) who is age 65 or older or blind). Additional standard deduction amount of $1,150 is allowed for an unmarried individual (single or head of household) who is age 65 or older or blind ($2,300 if the individual is both age 65 or older and blind).

**Notes:**

- You are not required to provide the information on this schedule if you are not filing a return. You may be asked to provide the information if you are filing a return to request an extension of time to file or to allow us to figure and collect the right amount of tax.

**References:**

- The laws and regulations that govern these deductions and limitations can be found in the Internal Revenue Code (IRC) and the Code of Federal Regulations (CFR). You can find these laws and regulations in the Code of Federal Regulations at 26 CFR Part 1.

**How To Get The Certificate**

You can get a copy of the certificate by mailing a request to the IRS. The certificate is numbered and must be used to claim the standard deduction. You can use the certificate to claim the standard deduction on your tax return.

**How To Get The Certificate**

You can get a copy of the certificate by mailing a request to the IRS. The certificate is numbered and must be used to claim the standard deduction. You can use the certificate to claim the standard deduction on your tax return.
Deduction for Exemptions Worksheet (keep for your records)

1. Is the amount on Schedule D, line 1 or line 9, more than the amount shown on line 4 below for your filing status?
   No. Stop. Multiply $3,000 by the total number of exemptions claimed on Form 1040-C, line 14d, and enter the result on Schedule D, line 4 or line 12, whichever applies.
   Yes. Go to line 2.

2. Multiply $3,000 by the total number of exemptions claimed on Form 1040-C, line 14d.
3. Enter the amount from Schedule D, line 1 or line 9.
4. Enter the amount shown below for your filing status.
   ● Single, enter $137,300
   ● Married filing jointly or Qualifying widow(er), enter $206,000
   ● Married filing separately, enter $103,000
   ● Head of household, enter $171,650
5. Subtract line 4 from line 3.
6. Divide line 5 by: $2,500 if single, married filing jointly, head of household, or qualifying widow(er); $1,250 if married filing separately. If the result is not a whole number, increase it to the next higher whole number (for example, increase 0.0004 to 1).
7. Multiply line 6 by 2% (.02) and enter the result as a decimal.
8. Multiply line 2 by line 7.
9. Deduction for exemptions. Subtract line 8 from line 2. Enter the result here and on Schedule D, line 4 or line 12, whichever applies.

2002 Tax Rate Schedules (Groups I and II)
Do not use these Tax Rate Schedules to figure your 2001 taxes. Use only to figure your 2002 taxes.

Schedule X—Single Taxpayers (Groups I and II)

<table>
<thead>
<tr>
<th>Over—</th>
<th>but not over</th>
<th>of the amount</th>
<th>of the amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$6,000</td>
<td>$-0-</td>
<td>$0</td>
</tr>
<tr>
<td>6,000</td>
<td>$600.00</td>
<td>$-0-</td>
<td>$0</td>
</tr>
<tr>
<td>27,950</td>
<td>$3,892.50</td>
<td>$27%</td>
<td>$27,950</td>
</tr>
<tr>
<td>67,700</td>
<td>$14,625.00</td>
<td>$30%</td>
<td>$67,700</td>
</tr>
<tr>
<td>141,250</td>
<td>$36,690.00</td>
<td>$35%</td>
<td>$141,250</td>
</tr>
<tr>
<td>307,050</td>
<td>$94,720.00</td>
<td>$38.6%</td>
<td>$307,050</td>
</tr>
</tbody>
</table>

Schedule Z—Head of Household (Group I only)

<table>
<thead>
<tr>
<th>Over—</th>
<th>but not over</th>
<th>of the amount</th>
<th>of the amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$10,000</td>
<td>$-0-</td>
<td>$0</td>
</tr>
<tr>
<td>10,000</td>
<td>$1,000.00</td>
<td>$15%</td>
<td>$10,000</td>
</tr>
<tr>
<td>37,450</td>
<td>$96,700</td>
<td>$27%</td>
<td>$37,450</td>
</tr>
<tr>
<td>96,700</td>
<td>$156,600</td>
<td>$30%</td>
<td>$96,700</td>
</tr>
<tr>
<td>156,600</td>
<td>$39,085.00</td>
<td>$35%</td>
<td>$156,600</td>
</tr>
<tr>
<td>307,050</td>
<td>$91,742.50</td>
<td>$38.6%</td>
<td>$307,050</td>
</tr>
</tbody>
</table>

Schedule Y—Married Taxpayers and Qualifying Widows and Widowers

Married Filing Joint Return (Group I only) and Qualifying Widows and Widowers (Groups I and II)

<table>
<thead>
<tr>
<th>Over—</th>
<th>but not over</th>
<th>of the amount</th>
<th>of the amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$12,000</td>
<td>$-0-</td>
<td>$0</td>
</tr>
<tr>
<td>12,000</td>
<td>$1,200.00</td>
<td>$15%</td>
<td>$12,000</td>
</tr>
<tr>
<td>46,700</td>
<td>$6,405.00</td>
<td>$27%</td>
<td>$46,700</td>
</tr>
<tr>
<td>75,925</td>
<td>$15,385.00</td>
<td>$30%</td>
<td>$75,925</td>
</tr>
<tr>
<td>112,850</td>
<td>$24,265.00</td>
<td>$35%</td>
<td>$112,850</td>
</tr>
<tr>
<td>171,950</td>
<td>$41,995.00</td>
<td>$38.6%</td>
<td>$171,950</td>
</tr>
<tr>
<td>307,050</td>
<td>$99,280.50</td>
<td>$38.6%</td>
<td>$307,050</td>
</tr>
</tbody>
</table>

Married Filing Separate Return (Groups I and II)

<table>
<thead>
<tr>
<th>Over—</th>
<th>but not over</th>
<th>of the amount</th>
<th>of the amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$6,000</td>
<td>$-0-</td>
<td>$0</td>
</tr>
<tr>
<td>6,000</td>
<td>$600.00</td>
<td>$15%</td>
<td>$6,000</td>
</tr>
<tr>
<td>23,350</td>
<td>$5,642.50</td>
<td>$27%</td>
<td>$23,350</td>
</tr>
<tr>
<td>56,425</td>
<td>$8,597.50</td>
<td>$30%</td>
<td>$56,425</td>
</tr>
<tr>
<td>85,975</td>
<td>$153,525</td>
<td>$35%</td>
<td>$85,975</td>
</tr>
<tr>
<td>153,525</td>
<td>$44,640.25</td>
<td>$38.6%</td>
<td>$153,525</td>
</tr>
</tbody>
</table>