

# Closer Connection Exception Statement for Aliens

Department of the Treasury  
Internal Revenue Service

▶ Attach to Form 1040NR or Form 1040NR-EZ.

**1995**

For the year January 1—December 31, 1995, or other tax year  
beginning , 1995, and ending , 19 .

Attachment  
Sequence No. **101**

Your first name and initial Last name Your U.S. taxpayer identification number, if any

**Fill in your addresses only if you are filing this form by itself and not with your U.S. tax return**

Address in country of residence

Address in the United States

## Part I General Information

- 1 Enter your U.S. visa number, if any ▶ .....
- 2 Of what country or countries were you a citizen during the tax year? .....
- 3 What country or countries issued you a passport? .....
- 4 Enter your passport number(s) ▶ .....
- 5 Enter the number of days you were present in the United States during:  
1995 \_\_\_\_\_ 1994 \_\_\_\_\_ 1993 \_\_\_\_\_ .
- 6 During 1995, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to change your status to that of a lawful permanent resident of the United States (see instructions)? . . . . .  Yes  No

## Part II Closer Connection to One Foreign Country

- 7 Where was your tax home during 1995? .....
  - 8 Enter the name of the foreign country to which you had a closer connection than to the United States during 1995  
▶ .....
- Next, complete Part IV on the back.**

## Part III Closer Connection to Two Foreign Countries

- 9 Where was your tax home on January 1, 1995? .....
- 10 After changing your tax home from its location on January 1, 1995, where was your tax home for the remainder of 1995?  
.....  
.....
- 11 Did you have a closer connection to each foreign country listed on lines 9 and 10 than to the United States for the period during which you maintained a tax home in that foreign country? . . . . .  Yes  No  
If "No," attach an explanation.
- 12 Were you subject to tax as a resident under the internal laws of (a) either of the countries listed on lines 9 and 10 during all of 1995, or (b) both of the countries listed on lines 9 and 10 for the period during which you maintained a tax home in each country? . . . . .  Yes  No
- 13 Have you filed or will you file tax returns for 1995 in the countries listed on lines 9 and 10? . . . . .  Yes  No  
If "Yes" to either line 12 or line 13, attach verification.  
If "No" to either line 12 or line 13, please explain ▶ .....

**Next, complete Part IV on the back.**



## 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. Internal Revenue Code section 7701(b) and its regulations require that you give us the information. We need it to determine if you meet the closer connection exception to the substantial presence test. If you do not give us the information, you may be treated as a U.S. resident for U.S. income tax purposes.

We may give this information to the Department of Justice as provided by law. We may also give it to cities, states, and the District of Columbia for use in administering their tax laws.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

<b>Recordkeeping</b> . . . . .	13 min.
<b>Learning about the law or the form</b> . . . . .	7 min.
<b>Preparing the form</b> . . . . .	1 hr., 14 min.
<b>Copying, assembling, and sending the form to the IRS</b> . . . . .	35 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 form to this address. Instead, see **How To File** on page 4.

## General Instructions

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

### Purpose of Form

Use Form 8840 to claim the closer connection to a foreign country(ies) exception to the substantial presence test. The exception is described in Regulations section 301.7701(b)-2.

**Note:** You are not eligible for the closer connection exception if (1) you were present in the United States 183 days or more in calendar year 1995, or (2) you are a lawful

permanent resident of the United States (i.e., green card holder).

### Who Must File

If you are an alien individual and you meet the closer connection exception to the substantial presence test, you must file Form 8840 or a similar statement with the IRS to establish your claim that you are a nonresident of the United States by reason of that exception.

For more details on the substantial presence test and the closer connection exception, get **Pub. 519**, U.S. Tax Guide for Aliens.

### Substantial Presence Test

You are considered a U.S. resident if you meet the substantial presence test for 1995. You meet this test if you were physically present in the United States for at least:

- 31 days during 1995, and
- 183 days during the period 1995, 1994, and 1993, counting all the days of physical presence in 1995 but only 1/3 the number of days of presence in 1994 and only 1/6 the number of days in 1993.

### Days of Presence in the United States.—

Generally, you are treated as being present in the United States on any 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.

1. Days you regularly commuted to work in the United States from a residence in Canada or Mexico.
2. Days you were in the United States for less than 24 hours when you were traveling between two places outside the United States.
3. Days you were unable to leave the United States because of a medical condition or medical problem that developed while you were in the United States.

4. Days you were an exempt individual.

In general, an **exempt individual** is a (a) foreign government-related individual, (b) teacher or trainee, (c) student, or (d) professional athlete competing in a charitable sports event. For more details, see Pub. 519.

**Note:** If you qualify to exclude days of presence in the United States because you were an exempt individual (other than a foreign government-related individual) or because of a medical condition or medical problem (see **item 3** earlier), you must file **Form 8843**, *Statement for Exempt Individuals and Individuals With a Medical Condition*, or a similar statement.

### Closer Connection Exception

Even though you would otherwise meet the substantial presence test, you will not be treated as a U.S. resident for 1995 if:

- You were present in the United States for fewer than 183 days during 1995,
- You establish that during 1995 you had a tax home in a foreign country, and
- You establish that during 1995 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.

### Closer Connection To Two Foreign Countries

You may demonstrate that you have a closer connection to two foreign countries (but not more than two) if **all five** of the following apply.

1. You maintained a tax home as of January 1, 1995, in one foreign country.
2. You changed your tax home during 1995 to a second foreign country.
3. You continued to maintain your tax home in the second foreign country for the rest of 1995.
4. You had a closer connection to each foreign country than to the United States for the period during which you maintained a tax home in that foreign country.
5. You are subject to tax as a resident under the tax laws of either foreign country for all of 1995 or subject to tax as a resident in both foreign countries for the period during which you maintained a tax home in each foreign country.

### Tax Home

Your tax home is your main place of business, employment, or post of duty regardless of where you maintain your family home. If you do not have a regular or main place of

business because of the nature of your work, then your tax home is the place where you regularly live. If you do not fit either of these categories, you are considered an itinerant and your tax home is wherever you work.

### Establishing A Closer Connection

You will be considered to have a closer connection to a foreign country than to the United States if you or the IRS establishes that you have maintained more significant contacts with the foreign country than with the United States.

### How To File

Attach Form 8840 to your 1995 income tax return. If you do not have to file a return, send the form to the Internal Revenue Service Center, Philadelphia, PA 19255 by the due date (including extensions) for filing Form 1040NR or Form 1040NR-EZ. See the Instructions for Form 1040NR or Form 1040NR-EZ.

### Penalty for Not Filing Form 8840 or a Similar Statement

If you do not timely file Form 8840 or a similar statement, you will not be eligible to claim the closer connection exception and may be treated as a U.S. resident.

You will not be penalized if you can show by clear and convincing evidence that you took reasonable actions to become aware of the filing requirements and significant steps to comply with those requirements.

### Specific Instructions

#### Line 6

If you answered "Yes" on line 6, do not complete this form. You are not eligible for the closer connection exception. However, you may qualify for nonresident status by reason of a treaty. See Pub. 519 for details. If so, file **Form 8833**, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b), or a similar statement, with your Form 1040NR or Form 1040NR-EZ.

If you do not qualify for nonresident status by reason of a treaty, file your U.S. income tax return using Form 1040.

#### Line 14

A "permanent home" is a dwelling unit (whether a house owned or rented, an apartment, or a furnished room) that is available at all times, continuously and not solely for short stays.

#### Line 30

For intangible assets, such as stocks and bonds, indicate the country of origin of the stock company or debtor. For example, if you own shares of a U.S. publicly traded corporation, the investment would be considered located in the United States, even though the shares of stock are stored in a safe deposit box in a foreign country.

