

2000



Department of the Treasury
Internal Revenue Service

Instructions for Form 1040NR

U.S. Nonresident Alien Income Tax Return

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

General Instructions

What's New for 2000?



For details on these and other changes, see **Pub. 553** or see *What's Hot* at www.irs.gov.

Student Loan Interest Deduction

If you paid interest on a qualified student loan, you may be able to deduct up to \$2,000 of the interest on line 25. See the instructions for line 25 on page 9 for details.

IRA Deduction Allowed to More People Covered by Retirement Plans

You may be able to take an IRA deduction if you were covered by a retirement plan and your modified adjusted gross income is less than the amount shown below that applies to you.

- \$42,000 if you checked filing status box 1, 2, 3, 4, or 5.
- \$62,000 if qualifying widow(er) (filing status box 6).

See the instructions for line 24 on page 9.

Business Standard Mileage Rate

The rate for business use of a vehicle during 2000 is 32½ cents a mile.

Child Tax Credit—New Definition of Foster Child

New rules apply to determine who is a foster child for purposes of the child tax credit. For details, see **Qualifying Child for Child Tax Credit** on page 6.

Paid Preparer Authorization

If you want to allow the IRS to discuss your 2000 tax return with the paid preparer who signed it, check the "Yes" box in the area where you sign your return. See page 17 for details.

Other Information

Did You Convert an IRA to a Roth IRA in 1998?

If you did and you chose to report the taxable amount over 4 years, see **1998 Roth IRA Conversions** on page 8 to find out the taxable amount you must report in 2000 on line 16b.

What To Look for in 2001

Student Loan Interest Deduction. You may be able to deduct up to \$2,500 of the interest you pay on a qualified student loan.

IRA Deduction Allowed to More People Covered by Retirement Plans. You may be able to take an IRA deduction if you are covered by a retirement plan and your 2001 modified adjusted gross income is less than the amount shown below that applies to you.

- \$43,000 if you checked filing status box 1, 2, 3, 4, or 5.
- \$63,000 if qualifying widow(er) (filing status box 6).

Items To Note

Form 1040NR-EZ. You may be able to use Form 1040NR-EZ if your only income from U.S. sources is wages, salaries, tips, taxable refunds of state and local income taxes, and scholarship or fellowship grants. Also, you cannot claim any dependents and, if married, you cannot claim an exemption for your spouse. For more details, see Form 1040NR-EZ and its instructions.

Other Reporting Requirements. If you meet the closer connection to a foreign country exception to the substantial presence test, you must file **Form 8840**. If you exclude days of presence in the United States for purposes of the substantial presence test, you must file **Form 8843**. This rule does not apply to foreign-government-related individuals who exclude days of presence in the United States. Certain dual-resident taxpayers who claim tax treaty benefits must file **Form 8833**. A dual-resident taxpayer is one who is a resident of both the United States and another country under each country's tax laws.

Additional Information

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

Pub. 525, Taxable and Nontaxable Income

Pub. 529, Miscellaneous Deductions

Pub. 552, Recordkeeping for Individuals

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

Pub. 901, U.S. Tax Treaties

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

These free publications and the forms and schedules you will need are available on request from the Internal Revenue Service. You may download them from the IRS Web Site at www.irs.gov. Also see **Taxpayer Assistance** on page 18 for other ways to get them (as well as information on receiving IRS assistance in completing the forms).

Resident Alien or Nonresident Alien

If you are not a citizen of the United States, specific rules apply to determine if you are a resident alien or a nonresident alien for tax purposes. Generally, you are considered a resident alien if you meet either the **green card test** or the **substantial presence test** for 2000. If you do not meet either of these tests for 2000 but you meet the substantial presence test for 2001, you may be able to choose to be treated as a resident alien for part of 2000. But you must have been physically present in the United States for at least 31 days in a row during 2000 to do so. This choice does not apply if you met either the green card test or the substantial presence test for 1999. For more details, see Pub. 519.

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

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

Green Card Test. You are a resident for tax purposes if you were a lawful permanent resident (immigrant) of the United States at any time during 2000.

Substantial Presence Test. You are considered a U.S. resident if you meet the substantial presence test for 2000. You meet this test if you were physically present in the United States for at least:

1. 31 days during 2000 and
2. 183 days during the period 2000, 1999, and 1998, counting all the days of physical presence in 2000 but only ½ the number of days of presence in 1999 and only ¼ the number of days in 1998.

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

Exceptions:

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

- a. Foreign-government-related individual,
- b. Teacher or trainee,
- c. Student, or
- d. Professional athlete who is temporarily in the United States to compete in a charitable sports event.

Note: *Alien individuals with "Q" visas are treated as either students, teachers, or trainees*

and, as such, are exempt individuals for purposes of the substantial presence test if they otherwise qualify. "Q" visas are issued to aliens participating in certain international cultural exchange programs.

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

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

3. Closer connection to foreign country. Even though you would otherwise meet the substantial presence test, you are not treated as having met that test for 2000 if you:

- Were present in the United States for fewer than 183 days during 2000,
- Establish that during 2000 you had a tax home in a foreign country, and
- Establish that during 2000 you had a closer connection to one foreign country in which you had a tax home than to the United States unless you had a closer connection to two foreign countries.

Who Must File

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

- You were a nonresident alien engaged in a trade or business in the United States during 2000. You must file even if—
 - None of your income came from a trade or business conducted in the United States,
 - You have no U.S. source income, or
 - Your income is exempt from U.S. tax.

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

Exception. If you were a nonresident alien student, teacher, or trainee who was temporarily present in the United States under an "F," "J," "M," or "Q" visa, you must file Form 1040NR (or Form 1040NR-EZ) **only** if you have income that is subject to tax under section 871 (that is, the income items listed on lines 8 through 21 on page 1 of Form 1040NR and on lines 70a through 79 on page 4 of Form 1040NR).

2. You were a nonresident alien not engaged in a trade or business in the United States during 2000 and not all U.S. tax that you owe was withheld from your income.

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

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

Exception for Children Under Age 14. If your child was under age 14 on January 1, 2001, had income **only** from interest and dividends that are effectively connected with a U.S. trade or business, and that income totaled less than \$7,000, you may be able to elect to report your child's income on your return. But you must use **Form 8814** to do so. If you make this election, your child does not have to file a return. For more details, see Form 8814.

Filing a Deceased Person's Return. The personal representative must file the return for a deceased person who was required to file a return for 2000. A personal representative can

be an executor, administrator, or anyone who is in charge of the deceased person's property.

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

Simplified Procedure for Claiming Certain Refunds

You may use this procedure **only** if you meet **all** of the following conditions **for the tax year**.

- You were a nonresident alien.
- You were not engaged in a trade or business in the United States at any time.
- You had no income that was effectively connected with the conduct of a U.S. trade or business.
- Your U.S. income tax liability was fully satisfied through withholding of tax at source.
- You are filing Form 1040NR **solely** to claim a refund of U.S. tax withheld at source.

Example. X is a nonresident alien individual. The only U.S. source income he received during the year was dividend income from U.S. stocks. The dividend income was reported to him on Forms 1042-S. On one of the dividend payments, the withholding agent incorrectly withheld at a rate of 30% (instead of 15%). X is eligible to use the simplified procedure.

If you meet **all** of the above conditions for the tax year, complete Form 1040NR as follows.

Page 1. Enter your name, U.S. taxpayer identification number (TIN), country of citizenship, and all address information requested at the top of page 1. Leave the rest of page 1 blank.

Page 4, lines 70a through 79. Enter the amounts of gross income you received from dividends, interest, royalties, pensions, annuities, and other income. If any income you received was subject to backup withholding or withholding at source, you must include all gross income of that type that you received. The amount of each type of income should be shown in the column under the appropriate U.S. tax rate, if any, that applies to that type of income in your particular circumstances.

If you are entitled to a reduced rate of, or exemption from, withholding on the income pursuant to a tax treaty, the applicable rate of U.S. tax is the same as the treaty rate. Use column (e) if the applicable tax rate is 0%.

Example. Y is a nonresident alien individual. The only U.S. source income he received during the year was as follows:

- 4 dividend payments
- 12 interest payments

All payments were reported to Y on Form(s) 1042-S. On one of the dividend payments, the withholding agent incorrectly withheld at a rate of 30% (instead of 15%). There were no other withholding discrepancies. Y must report **all four** dividend payments. He is not required to report any of the interest payments.

Note: Payments of gross proceeds from the sale of securities or regulated futures contracts are generally exempt from U.S. tax. If you received such payments and they were subjected to backup withholding, specify the type of payment on line 79 and show the amount in column (e).

Line 80. Enter the total amount of U.S. tax withheld at source (and not refunded by the payer or withholding agent) for the income you included on lines 70a through 79.

Lines 81 through 83. Complete these lines as instructed on the form.

Page 5. You must answer all questions that apply. For item M, you must identify the income tax treaty **and treaty article(s)** under which you are applying for a refund of tax. Also, enter the type of income (for example, dividends, royalties) and amount in the appropriate space. You must provide the information required for each type of income for which a treaty claim is made.

Note: If you are claiming a reduced rate of, or exemption from, tax based on a tax treaty, you must generally be a resident of the particular treaty country within the meaning of the treaty and you cannot have a permanent establishment or fixed base in the United States.

Page 2, lines 49 and 54. Enter your total income tax liability.

Lines 62a and 64. Enter the total amount of U.S. tax withheld (from line 80).

Lines 65 and 66a. Enter the difference between line 54 and line 64. This is your total refund.

Signature. You must sign and date your tax return. See **Reminders** on page 17.

Documentation. You must attach acceptable proof of the withholding for which you are claiming a refund. If you are claiming a refund of backup withholding tax based on your status as a nonresident alien, you must attach a copy of the Form 1099 that shows the income and the amount of backup withholding. If you are claiming a refund of U.S. tax withheld at source, you must attach a copy of the Form 1042-S that shows the income and the amount of U.S. tax withheld.

Additional Information

Portfolio Interest. If you are claiming a refund of U.S. tax withheld from portfolio interest, include a description of the relevant debt obligation, including the name of the issuer, CUSIP number (if any), interest rate, and the date the debt was issued.

Withholding on Distributions. If you are claiming an exemption from withholding on a distribution from a U.S. corporation with respect to its stock because the corporation had insufficient earnings and profits to support ordinary income treatment, you must attach a statement that identifies the distributing corporation and provides the basis for the claim.

If you are claiming an exemption from withholding on a distribution from a mutual fund or real estate investment trust (REIT) with respect to its stock because the distribution was designated as long-term capital gain or a return of capital, you must attach a statement that identifies the mutual fund or REIT and provides the basis for the claim.

If you are claiming an exemption from withholding on a distribution from a U.S. corporation with respect to its stock because, in your particular circumstances, the transaction qualifies as a redemption of stock under section 302, you must attach a statement that describes the transaction and presents the facts necessary to establish that the payment was either (1) a complete redemption, (2) a disproportional redemption, or (3) not essentially equivalent to a dividend.

When To File

Individuals. If you were an employee and received wages subject to withholding, file Form 1040NR by the 15th day of the 4th month after your tax year ends. A return for the 2000 calendar year is due by April 16, 2001.

If you did not receive wages as an employee subject to U.S. income tax withholding, file Form 1040NR by the 15th day of the 6th month after your tax year ends. A return for the 2000 calendar year is due by June 15, 2001.

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

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

Extension of Time To File. If you cannot file your return by the due date, you should file **Form 4868**. You must file Form 4868 by the regular due date of the return.

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

Where To File


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

Private Delivery Services

You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. The most recent list of designated private delivery services was published by the IRS in August 1999. The list includes only the following:

- Airborne Express (Airborne): Overnight Air Express Service, Next Afternoon Service, and Second Day Service.
- DHL Worldwide Express (DHL): DHL "Same Day" Service, and DHL USA Overnight.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, and FedEx 2Day.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, and UPS 2nd Day Air A.M.

The private delivery service can tell you how to get written proof of the mailing date.

 Private delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.


Election To Be Taxed as a Resident Alien

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

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

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

Your worldwide income for the whole year must be included and will be taxed under U.S. tax laws. You must agree to keep the records, books, and other information needed to figure the tax. If you made the election in an earlier year, you may file a joint return or separate return for 2000. If you file a separate return, use Form 1040 or Form 1040A. Your worldwide income for the whole year must be included whether you file a joint or separate return.

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

Dual-Status Taxpayers

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

Dual-Status Tax Year

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

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

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

What and Where To File for a Dual-Status Year

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

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

Statements. Any statement you file with your return must show your name, address, and identifying number (defined on page 5).

Former U.S. long-term residents are required to file **Form 8854** with their dual-status return for the last year of U.S. residency. To determine if you are a former U.S. long-term resident, see page 5.

Income Subject to Tax for Dual-Status Year

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

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

Restrictions for Dual-Status Taxpayers

Standard Deduction. You may not take the standard deduction.

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

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

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

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

Special rules apply for exemptions for the part of the tax year a dual-status taxpayer is a nonresident alien if the taxpayer is a resident of Canada, Mexico, Japan, or the Republic of Korea (South Korea); a U.S. national; or a student or business apprentice from India. See Pub. 519.

Education Credits. You may not take an education credit unless your filing status is married filing jointly.

How To Figure Tax for Dual-Status Year

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

All income for the period of residence and all income that is effectively connected with a trade or business in the United States for the period of nonresidence, after allowable

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

If you were a resident alien on the last day of the tax year, add to the tax from the Tax Table, Tax Rate Schedules, Capital Gain Tax Worksheet, Schedule D (Form 1040), or Form 8615 the tax on the noneffectively connected income. Enter the total tax on Form 1040, line 40. Next to line 40 show the two amounts. If you are filing Form 1040NR, enter the tax from the Tax Table, Tax Rate Schedules, Capital Gain Tax Worksheet, Schedule D (Form 1040), or Form 8615 on line 39 and the tax on the noneffectively connected income on line 49.

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

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

When filing Form 1040, show the total tax withheld on line 58. Enter amounts from the attached statement (Form 1040NR, lines 55, 62a, 62b, 63a, and 63b) to the left of line 58 and identify and include in the amount on line 58.

When filing Form 1040NR, show the total tax withheld on lines 55, 62a, 62b, 63a, and 63b. Enter the amount from the attached statement (Form 1040, line 58) to the left of line 55 and identify and include in the amount on line 55.

2. Estimated tax paid with **Form 1040-ES** or **Form 1040-ES (NR).**

3. Tax paid with **Form 1040-C.** When filing Form 1040, include the tax paid with Form 1040-C with the total payments on line 65. Identify the payment in the area to the left of the entry.

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

How To Report Income on Form 1040NR

Community Income

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

- Earned income of a spouse, other than trade or business or partnership distributive share income. The spouse whose services produced the income must report it on his or her separate return.

- Trade or business income, other than partnership income. Treat this income as received by the husband unless the wife exercises substantially all of the management over the trade or business.

- Partnership income (or loss) received from a trade or business carried on by the partnership. Treat this income (or loss) as received by the spouse who is the partner and report it on that spouse's return.

- Income derived from the separate property of one spouse that is not earned income, trade or business income, or partnership distributive share income. The spouse with the separate property must report this income on his or her separate return.

See **Pub. 555** for more details.

Kinds of Income

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

1. Income effectively connected with a U.S. trade or business. This income is taxed at the same rates that apply to U.S. citizens. Report it on page 1 of Form 1040NR. Pub. 519 describes this income in greater detail.

2. U.S. income not effectively connected with a U.S. trade or business. This income is taxed at 30% unless a treaty between your country and the United States has set a lower rate that applies to you. Report this income on page 4 of Form 1040NR and figure the tax on it. Then, report the tax on line 49. Pub. 519 describes this income more fully.

Note: Use line 52 to report the 4% tax on U.S. source gross transportation income.

3. Income exempt from U.S. tax. Complete items L and M on page 5 of Form 1040NR and, if applicable, line 22 on page 1.

Dispositions of U.S. Real Property Interests

Gain or loss on the disposition of a U.S. real property interest by a nonresident alien individual is treated as if the alien individual were engaged in a trade or business in the United States and as if the gain or loss were effectively connected with the conduct of that trade or business. Losses of individuals shall be taken into account only to the extent they would be taken into account under section 165(c). See section 897 and its regulations.

Report gains and losses on the disposition of U.S. real property interests on **Schedule D (Form 1040)** and Form 1040NR, line 14. Also, net gains may be subject to the alternative minimum tax. See the instructions for line 40.

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

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

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

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

- **Land and unsevered natural products of the land,** such as growing crops and timber, and mines, wells, and other natural deposits.
- **Improvements on land,** including buildings, other inherently permanent structures, and structural components of these.

- **Personal property associated with the use of real property,** such as farming, forestry, mining, or construction equipment, or property used in lodging facilities or rented office space. See Pub. 519 for exceptions.

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

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

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

1. Were disposed of in a transaction in which all gain realized was recognized or

2. Ceased to be U.S. real property interests because of the application of section 897(c)(1)(B) to one or more other corporations.

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

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

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

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

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

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

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

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

1. That you are making the election.
2. A complete list of all your real property, or any interest in real property, located in the United States (including location). Give the legal identification of U.S. timber, coal, or iron ore in which you have an interest.
3. The extent of your interest in the real property.
4. A description of any substantial improvements on such real property.

5. Your income from the property.
6. The dates you owned it.
7. Whether the election is under section 871(d) or treaty.
8. Details of any previous elections and revocations of the real property elections.

Foreign Income Taxed by the United States

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

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

Special Rules for Former U.S. Citizens and Former U.S. Long-Term Residents

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

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

You are considered to have tax avoidance as a principal purpose if (1) your average annual net income tax for the last 5 tax years ending before the date of your action to relinquish your citizenship or terminate your residency was more than \$100,000 or (2) your net worth on the date of your action was \$500,000 or more. These amounts are adjusted for inflation if your expatriation action is after 1996 (see chart on this page).

Although there are exceptions to these rules, you will qualify for an exception only if you are eligible to submit a ruling request to the IRS that your renunciation of U.S. citizenship or termination of U.S. residency did not have as one of its principal purposes the avoidance of U.S. tax and you submit such a ruling request in a complete and good faith manner. For more details about these exceptions, see section 877(c); Notice 97-19, 1997-1 C.B. 394; and Notice 98-34, 1998-2 C.B. 29.

If the rules of section 877 apply to you, **check the "Yes" box in item P on page 5 of the form.** You are subject to tax on U.S.

Inflation-Adjusted Amounts for Expatriation Actions After 1996

IF you expatriated during ...	THEN, the rules outlined on this page apply if ...	
	Your 5-year average annual net income tax was more than ...	OR Your net worth equaled or exceeded ...
1997	\$106,000	\$528,000
1998	109,000	543,000
1999	110,000	552,000
2000	112,000	562,000

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

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

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

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

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

You may not claim that a tax treaty in effect on August 21, 1996, prevents the imposition of tax by reason of section 877.

Annual Information Statement

If the expatriation rules apply to you and you are liable for U.S. taxes, you must attach a statement to Form 1040NR that sets forth by category (for example, dividends, interest, etc.) all items of U.S. and foreign source gross income (whether or not taxable in the United States). The statement must identify the source of such income (determined under section 877

as modified by Section V of Notice 97-19, 1997-1 C.B. 394) and those items of income subject to tax under section 877. If the expatriation rules apply to you, you must attach this statement to Form 1040NR, even if you have fully satisfied your U.S. tax liability through withholding of tax at source.

If you fail to furnish a complete statement, as described above, you will not be considered to have filed a true and accurate return. Therefore, you will not be entitled to any deductions or credits if your tax liability for your 2000 taxable year is later adjusted. See section 874(a).

Line Instructions for Form 1040NR

Name, Address, and Identifying Number

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

P.O. Box. Enter your box number instead of your street address **only** if your post office does not deliver mail to your home.

Foreign Address. Enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. **Do not** abbreviate the country name.

Identifying Number. If you are an individual, you are generally required to enter your social security number (SSN). To apply for an SSN, get **Form 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**, file **Form W-7** with the IRS. It usually takes about 30 days to get an ITIN. **Enter your ITIN wherever your SSN is requested on your tax return.** If you are required to include another person's SSN on your return and that person does not have and cannot get a SSN, enter that person's ITIN.

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

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

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

Filing Status

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

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

If your spouse died in 2000, consider yourself married to that spouse for the whole year, unless you remarried before the end of 2000.

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

1. You file a return separate from your spouse.
2. You paid more than half the cost to keep up your home in 2000.
3. You lived apart from your spouse during the last 6 months of 2000.
4. Your home was the principal home of your child, stepchild, adopted child, or foster child for more than half of 2000.
5. You claim this child as your dependent or the child's other parent claims him or her as a dependent under the rules in **Pub. 501** for children of divorced or separated parents.

Line 6—Qualifying Widow(er) With Dependent Child. You may check the box on line 6 and use joint return tax rates for 2000 if **all seven** of the following apply.

1. You were a resident of Canada, Mexico, Japan, or the Republic of Korea (South Korea), or were a U.S. national.
2. Your spouse died in 1998 or 1999 and you did not remarry in 2000.
3. You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent.
4. This child lived in your home for all of 2000. Temporary absences, such as for school, vacation, or medical care, count as time lived in the home.
5. You paid over half the cost of keeping up your home.
6. You were a resident alien or U.S. citizen the year your spouse died. This refers to your actual status, not the election that some nonresident aliens can make to be taxed as U.S. residents.
7. You could have filed a joint return with your spouse the year he or she died, even if you did not actually do so.

Exemptions

Exemptions for estates and trusts are described in the instructions for line 37 on page 11.

Note: *Residents of India who were students or business apprentices may be able to claim*

exemptions for their spouse and dependents. See Pub. 519 for details.

Line 7b—Spouse. If you checked filing status box 3 or 4, you can take an exemption for your spouse only if your spouse had no gross income for U.S. tax purposes and cannot be claimed as a dependent on another U.S. taxpayer's return. (You can do this even if your spouse died in 2000.) In addition, if you checked filing status box 4, your spouse must have lived with you in the United States at some time during 2000. Finally, your spouse must have an SSN or an ITIN. If your spouse is not eligible to obtain an SSN, he or she can file **Form W-7** with the IRS to apply for an ITIN. See **Identifying Number** on page 5 for additional information.

Line 7c—Dependents. Only U.S. nationals and residents of Canada, Mexico, Japan, and the Republic of Korea (South Korea), may claim exemptions for their dependents. If you were a U.S. national (American Samoan) or a resident of Canada or Mexico, you can claim exemptions for your children and other dependents on the same terms as U.S. citizens. See Pub. 501 for more details. If you were a resident of Japan or the Republic of Korea (South Korea), you may claim an exemption for any of your children who lived with you in the United States at some time during 2000.

You can take an exemption for each of your dependents. If you have **more than five** dependents, attach a statement to your return with the required information.

Line 7c, Column (2). You must enter each dependent's identifying number (SSN, ITIN, or adoption taxpayer identification number (ATIN)). If you do not enter the correct identifying number, at the time we process your return we may disallow the exemption claimed for the dependent and reduce or disallow any other tax benefits (such as the child tax credit) based on the dependent. If your dependent child was born and died in 2000 and you do not have an identifying number for the child, attach a copy of the child's birth certificate instead and enter "DIED" in column (2).

Adoption Taxpayer Identification Numbers (ATINs). If you have a dependent who was placed with you by an authorized placement agency and you do not know his or her SSN, you must get an ATIN for the dependent from the IRS. An authorized placement agency includes any person authorized by state law to place children for legal adoption. See **Form W-7A** for details.

Line 7c, Column (4). Check the box in this column if your dependent is a qualifying child for the child tax credit (defined below). If you have at least one qualifying child, you may be able to take the child tax credit on line 44.

Qualifying Child for Child Tax Credit. A qualifying child for purposes of the child tax credit is a child who:

- Is claimed as your dependent on line 7c, **and**
- Was **under age 17** at the end of 2000, **and**
- Is your son, daughter, adopted child, grandchild, stepchild, or foster child, **and**
- Is a U.S. citizen or resident alien.

A child placed with you by an authorized placement agency for legal adoption is an **adopted child** even if the adoption is not final. An authorized placement agency includes any person authorized by state law to place children for legal adoption.

A **grandchild** is any decedent of your son, daughter, or adopted child and includes your great-grandchild, great-great-grandchild, etc.

Beginning in 2000, a **foster child** is any child you cared for as your own child and who:

- Is **(1)** your brother, sister, stepbrother, or stepsister; **(2)** a descendant (such as a child, including an adopted child) of your brother, sister, stepbrother, or stepsister; or **(3)** a child placed with you by an authorized placement agency **and**
- Lived with you for all of 2000. A child who was born or died in 2000 is considered to have lived with you for all of 2000 if your home was the child's home for the entire time he or she was alive during 2000.

To find out who is a **resident alien**, see **Resident Alien or Nonresident Alien** on page 1.

Children Who Did Not Live With You Due to Divorce or Separation. If you checked filing status box 1 or 3 and are claiming a child who did not live with you under the rules in **Pub. 501** for children of divorced or separated parents, attach **Form 8332** or similar statement to your return. But see **Exception** below. If your divorce decree or separation agreement went into effect after 1984 and it states you can claim the child as your dependent without regard to any condition, such as payment of support, you may attach a copy of certain pages from the decree or agreement instead. See **Pub. 504** for details.

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

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

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

Rounding Off to Whole Dollars

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

Income Effectively Connected With U.S. Trade or Business

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

Line 8—Wages, Salaries, Tips, etc. Enter the total of your effectively connected wages, salaries, tips, etc. For most people, the amount to enter on this line should be shown in box 1 of their **Form(s) W-2**. However, **do not** include amounts exempted under a tax treaty and reported in Item M on page 5 of Form 1040NR. Also include in this total:

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



You may owe social security and Medicare tax on unreported or allocated tips. See the instructions for line 50 on page 12.

- **Dependent care benefits**, which should be shown in box 10 of your W-2 form(s). But first complete **Form 2441** to see if you may exclude part or all of the benefits.

- **Employer-provided adoption benefits**, which should be shown in box 13 of your W-2 form(s) with code **T**. But first complete **Form 8839** to see if you can exclude part or all of the benefits.

- **Excess salary deferrals**. The amount deferred should be shown in box 13 of your W-2 form and the "Deferred compensation" box in box 15 should be checked. If the total amount you deferred for 2000 under **all** plans was more than \$10,500, include the excess on line 8. But a different limit may apply if amounts were deferred under a tax-sheltered annuity plan or an eligible plan of a state or local government or tax-exempt organization. See **Pub. 525** for details.



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

- **Disability pensions** shown on **Form 1099-R** if you have not reached the minimum retirement age set by your employer. Disability pensions received after you reach that age and other pensions shown on Form 1099-R (other than payments from an IRA*) are reported on lines 17a and 17b. Payments from an IRA are reported on lines 16a and 16b.

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

**This includes a Roth, SEP, SIMPLE, or education IRA.*

Missing or Incorrect Form W-2. If you do not get W-2 form by January 31, 2001, ask your employer for it. Even if you do not get a Form W-2, you must still report your earnings on line 8. If you lose your Form W-2 or it is incorrect, ask your employer for a new one.

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

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

nonresident alien if it is not effectively connected with a U.S. trade or business.

Interest credited in 2000 on deposits that you could not withdraw because of the bankruptcy or insolvency of the financial institution may not have to be included in your 2000 income. For details, see **Pub. 550**.

Line 9b—Tax-Exempt Interest. Certain types of interest income from investments in state and municipal bonds and similar instruments are not taxed by the United States. If you received such tax-exempt interest income, report the amount on line 9b. Include any exempt-interest dividends from a mutual fund or other regulated investment company. But **do not** include interest earned on your IRA, or interest from a U.S. bank, savings and loan association, credit union, or similar institution (or from certain deposits with U.S. insurance companies) that are exempt from tax under a tax treaty or under section 871(i) because the interest is not effectively connected with a U.S. trade or business.

Line 10—Ordinary Dividends. Enter your total ordinary dividends from assets effectively connected with a U.S. trade or business. Each payer should send you a **Form 1099-DIV**.

Capital Gain Distributions. If you received any capital gain distributions, see the instructions for line 14 on this page.

Nontaxable Distributions. Some distributions are nontaxable because they are a return of your cost. They will not be taxed until you recover your cost. You must reduce your cost (or other basis) by these distributions. After you get back all of your cost (or other basis), you must report these distributions as capital gains on **Schedule D (Form 1040)**. For details, see **Pub. 550**.

TIP *Dividends on insurance policies are a partial return of the premiums you paid. Do not report them as dividends. Include them in income only if they exceed the total of all net premiums you paid for the contract.*

Line 11—Taxable Refunds, Credits, or Offsets of State and Local Income Taxes.

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

If you received a refund, credit, or offset of state or local income taxes in 2000, you may receive a **Form 1099-G**. If you chose to apply part or all of the refund to your 2000 estimated state or local income tax, the amount applied is treated as received in 2000.

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

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

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

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

Report the total amount of the grant on line 12 and show any nontaxable part on line 31. If

the grant was reported on **Form 1042-S**, enter the gross amount from column (b) on line 12. However, **do not** include amounts exempted under a tax treaty and reported in item M on page 5 of Form 1040NR. If you are excluding items allowed by section 117 (that is, amounts used for tuition and course-related expenses such as fees, books, supplies, and equipment) that exceed amounts shown on Form 1042-S, attach a statement describing these amounts. See **Pub. 520** for more information.

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

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

Include any income you received as a dealer in stocks, securities, and commodities through your U.S. office. If you dealt in these items through an independent agent, such as a U.S. broker, custodian, or commissioned agent, your income may not be considered effectively connected with a U.S. business.

Line 14—Capital Gain or (Loss). If you had effectively connected capital gains or losses, including any effectively connected **capital gain distributions** from a mutual fund, you must complete and attach **Schedule D (Form 1040)**. But see the **Exception** below. Enter the effectively connected gain or (loss) from Schedule D (Form 1040) on line 14.

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

Exception. You do not have to file Schedule D (Form 1040) if **both** of the following apply.

1. The only amounts you have to report on Schedule D (Form 1040) are effectively connected capital gain distributions.

2. Those distributions do not include 28% rate gains, unrecaptured section 1250 gains, or section 1202 gains.

If both of the above apply, enter your effectively connected capital gain distributions on line 14 and check the box on that line. Also, be sure you use the **Capital Gain Tax Worksheet** on page 12 to figure your tax.

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

Lines 16a and 16b—IRA Distributions.

Note: *If you converted part or all of an IRA to a Roth IRA in 1998 and you chose to report the taxable amount over 4 years, see **1998 Roth IRA Conversions** on page 8.*

You should receive a **Form 1099-R** showing the amount of the distribution from your individual retirement arrangement (IRA). Unless otherwise noted in the line 16a and 16b instructions, an IRA includes a traditional IRA, Roth IRA, education (Ed) IRA, simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA. Leave line 16a blank and enter the total distribution on line 16b.

Exception. Do not enter your total IRA distribution on line 16b if **any** of the following apply.

1. You made nondeductible contributions to any of your traditional or SEP IRAs for 2000 or an earlier year. Instead, use **Form 8606** to figure the amount to enter on line 16b; enter the total distribution on line 16a. If you made nondeductible contributions to these IRAs for 2000, also see **Pub. 590**.


2. You converted part or all of a traditional, SEP, or SIMPLE IRA to a Roth IRA in 2000. Instead, use Form 8606 to figure the amount to enter on line 16b; enter the total distribution on line 16a.

3. You made an excess contribution in 2000 to your IRA and withdrew it during the period of January 1, 2001, through April 16, 2001. Enter the total distribution on line 16a and the taxable part (the earnings) on line 16b.

4. You received a distribution from an Ed or Roth IRA and the total distribution was not rolled over into another IRA of the same type. Instead, use Form 8606 to figure the amount to enter on line 16b; enter the total distribution on line 16a.

5. You rolled your IRA distribution over into another IRA of the same type (for example, from one traditional IRA to another traditional IRA). Enter the total distribution on line 16a and write "Rollover" next to line 16b. If the total on line 16a was rolled over, enter zero on line 16b. If the total was not rolled over, enter the part not rolled over on line 16b. But if 1 above also applies, use Form 8606 to figure the taxable part.

If you rolled over the distribution (a) in 2001 or (b) from a conduit IRA into a qualified plan, attach a statement explaining what you did.

 You may have to pay an additional tax if (1) you received an early distribution from your IRA and the total distribution was not rolled over or (2) you were born before July 1, 1929, and received less than the minimum required distribution. See the instructions for line 51 on page 12 for details.

1998 Roth IRA Conversions. If you converted an IRA to a Roth IRA in 1998 and you chose to report the taxable amount over 4 years, leave line 16a blank and enter on line 16b the amount from your **1998 Form 8606**, line 17. But you may have to enter a different amount on line 16b if **any** of the following apply.


- You received a distribution from a Roth IRA in 2000. Use Form 8606 to figure the amount to enter on line 16b.
- You received a distribution from a Roth IRA in 1998 or 1999. See **Pub. 590** to figure the amount to enter on line 16b.
- The owner of the Roth IRA died in 2000. See **Pub. 590** to figure the amount to enter on line 16b.

Note: If you received a distribution from another type of IRA, figure the taxable amount of the distribution and enter the total of the taxable amounts on line 16b.

Lines 17a and 17b—Pensions and Annuities. Use lines 17a and 17b to report effectively connected pension and annuity payments you received. You should receive a **Form 1099-R** showing the amount you received. See below for details on rollovers and lump-sum distributions. But if this income is not effectively connected with your U.S. trade or business, report it on line 76.

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

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

 If you received a Form 1099-R that shows Federal income tax withheld, attach it to Form 1040NR.

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

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

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

- You did not contribute to the cost (see below) of your pension or annuity **or**
- You got your entire cost back tax free before 2000.

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

Partially Taxable Pensions and Annuities. If your pension or annuity is partially taxable and your Form 1099-R does not show the taxable part, you must use the General Rule to figure the taxable part. The General Rule is explained in **Pub. 939**. However, if your annuity starting date (defined below) was **after** July 1, 1986, you may be able to use the Simplified Method explained below. But if your annuity starting date was **after** November 18, 1996, and items 1, 2, and 3 below under **Simplified Method** apply, you **must** use the Simplified Method to figure the taxable part.

You can ask the IRS to figure the taxable part for you for an \$85 fee. For details, see **Pub. 939**.

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

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

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

Simplified Method. If your annuity starting date (defined above) was **after** July 1, 1986, and **all three** of the following apply, you can use this simpler method. But if your annuity starting date was **after** November 18, 1996, and **all three** of the following apply, you **must** use the Simplified Method.

1. The payments are for (a) your life or (b) your life and that of your beneficiary.
2. The payments are from a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity.

3. At the time the pension or annuity payments began, either you were under age 75 or the number of years of guaranteed payments was fewer than 5. See **Pub. 575** for the definition of guaranteed payments.

If all three apply, use the worksheet on page 9 to figure the taxable part of your pension or annuity. For more details on the Simplified Method, see **Pub. 575**.

Age (or Combined Ages) at Annuity

Starting Date. If you are the retiree, use your age on the annuity starting date. If you are the survivor of a retiree, use the retiree's age on his or her annuity starting date. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, use your combined ages on the annuity starting date.

If you are the beneficiary of an employee who died, see **Pub. 575**. If there is more than one beneficiary, see **Pub. 575** to figure each beneficiary's taxable amount.

Changing Methods. If your annuity starting date was **after** July 1, 1986, and **before** November 19, 1996, you may be able to change from the General Rule to the Simplified Method (or the other way around). For details, see **Pub. 575**.

Cost. Your cost is generally your net investment in the plan as of the annuity starting date. It should be shown in box 9b of Form 1099-R for the first year you received payments from the plan.

Death Benefit Exclusion. If you are the beneficiary of a deceased employee or former employee who died **before** August 21, 1996, amounts paid to you by, or on behalf of, an employer because of the death of the employee may qualify for a death benefit exclusion of up to \$5,000. If you are entitled to this exclusion, add it to the amount you enter on line 2 of the worksheet on page 9. Do this even if the Form 1099-R shows a taxable amount. The payer of the annuity cannot add the death benefit exclusion to your cost when figuring the taxable amount. Special rules apply if you are the survivor under a joint and survivor's annuity. For details, see **Pub. 939**.

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

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

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

Lump-Sum Distributions. If you received a lump-sum distribution from a profit-sharing or retirement plan, your Form 1099-R should have the "Total distribution" box in box 2b checked. You may owe an additional tax if you received an early distribution from a qualified retirement plan and the total amount was not rolled over. For details, see the instructions for line 51 on page 12.

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

Note: If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040NR, line 17b. Enter the total pension or annuity payments received in 2000 on Form 1040NR, line 17a.

1. Enter the total pension or annuity payments received this year. Also, enter this amount on Form 1040NR, line 17a 1. _____
2. Enter your cost in the plan at the annuity starting date plus any death benefit exclusion (see page 8) 2. _____
3. Enter the appropriate number from **Table 1** below. **But** if your annuity starting date was **after 1997 and** the payments are for your life and that of your beneficiary, enter the appropriate number from **Table 2** below 3. _____
4. Divide line 2 by line 3. 4. _____
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was **before 1987**, skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6 5. _____
6. Enter the amount, if any, recovered tax free in years after 1986 6. _____
7. Subtract line 6 from line 2 7. _____
8. Enter the **smaller** of line 5 or line 7 8. _____
9. **Taxable amount.** Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040NR, line 17b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R 9. _____

Table 1 for Line 3 Above

IF the age at annuity starting date (see page 8) was . . .	AND your annuity starting date was—	
	before November 19, 1996, enter on line 3 . . .	after November 18, 1996, enter on line 3 . . .
55 or under	300	360
56–60	260	310
61–65	240	260
66–70	170	210
71 or older	120	160

Table 2 for Line 3 Above

IF the combined ages at annuity starting date (see page 8) were . . .	THEN enter on line 3 . . .
110 or under	410
111–120	360
121–130	310
131–140	260
141 or older	210

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

TIP You may be able to pay less tax on the distribution if you were born before 1936, you meet certain other conditions, and you choose to use **Form 4972** to figure the tax on any part of the distribution. You may also be able to use **Form 4972** if you are the beneficiary of a deceased employee who was born before 1936. For details, see **Form 4972**.
Line 20—Unemployment Compensation. You should receive a **Form 1099-G** showing the total unemployment compensation paid to you in 2000.

If you received an overpayment of unemployment compensation in 2000 and you repaid any of it in 2000, subtract the amount you repaid from the total amount you received. Enter the result on line 20. Also, enter "Repaid" and the amount you repaid on the dotted line next to line 20. If, in 2000, you repaid unemployment compensation that you included in gross income in an earlier year, you may deduct the amount repaid on Schedule A (Form 1040NR), line 11. But if you repaid more than \$3,000, see **Repayments** in **Pub. 525** for details on how to report the repayment.

Line 21—Other Income. Use this line to report any other income effectively connected with your U.S. business that is not reported

elsewhere on your return or other schedules. List the type and amount of income. If necessary, show the required information on an attached statement. For more details, see **Miscellaneous Taxable Income** in **Pub. 525**.

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

Line 22. Use line 22 to report your total effectively connected income that is exempt from tax by a tax treaty. Do not include this exempt income on line 23 or line 31. Also, you must complete item M on page 5 of Form 1040NR.

Adjusted Gross Income

Line 24—IRA Deduction.

TIP If you make any nondeductible contributions to a traditional IRA for 2000, you must report them on **Form 8606**.

If you made contributions to a traditional IRA for 2000, you may be able to take an IRA deduction. But you must have had earned income to do so. You should receive a statement by May 31, 2001, that shows all contributions to your traditional IRA for 2000.

Were You Covered by a Retirement Plan? If you were covered by a retirement plan (qualified pension, profit-sharing (including 401(k)), annuity, SEP, SIMPLE, etc.) at work or through self-employment, your IRA deduction may be reduced or eliminated. But you can still make contributions to an IRA even if you cannot deduct them. In any case, the income earned on your IRA contributions is not taxed until it is paid to you.

The "Pension plan" box in box 15 of your W-2 form should be checked if you were covered by a plan at work even if you were not vested in the plan. You are also covered by a plan if you were self-employed and had a SEP, SIMPLE, or qualified retirement plan.

Special Rule for Married Individuals. If you checked filing status box 3, 4, or 5 and you were not covered by a retirement plan but your spouse was, you are considered covered by a plan unless you **lived apart** from your spouse for all of 2000.

See **Pub. 590** for more details.

Line 25—Student Loan Interest Deduction.

Use the worksheet on page 10 to figure this deduction if **all five** of the following apply.

1. You paid interest in 2000 on a qualified student loan (see page 10).
2. At least part of the interest paid in 2000 was paid during the first 60 months that interest payments were required to be made. See **Example** below.
3. You checked filing status box 1, 2, or 6.
4. Your modified adjusted gross income (AGI) is less than \$55,000. Use lines 3 through 5 of the worksheet on page 10 to figure your modified AGI.
5. You are not claimed as a dependent on someone's (such as your parent's) 2000 tax return.

Example. You took out a qualified student loan in 1993 while in college. You had 6 years to repay the loan and your first monthly payment was due July 1995, after you graduated. You made a payment every month as required. If you meet items 3 through 5 above, you may use only the interest you paid for January through June 2000 to figure your

Student Loan Interest Deduction Worksheet—Line 25 (keep for your records)

- Before you begin:**
- Complete Form 1040NR, lines 26 through 31, if they apply to you.
 - Figure any amount to be entered on the dotted line next to line 32 (see the instructions for line 32 that begin on this page).
 - See the instructions for line 25 that begin on page 9.

1. Enter the total interest you paid in 2000 on qualified student loans (defined below). Do not include interest that was required to be paid after the first 60 months 1. _____
2. Enter the **smaller** of line 1 or \$2,000 2. _____
3. Enter the amount from Form 1040NR, line 23 3. _____
4. Enter the total of the amounts from Form 1040NR, line 24, lines 26 through 31, plus any amount you entered on the dotted line next to line 32 4. _____
5. Modified AGI. Subtract line 4 from line 3 5. _____
6. Is line 5 more than \$40,000?
 No. Skip lines 6 and 7, enter -0- on line 8, and go to line 9.
 Yes. Subtract \$40,000 from line 5 6. _____
7. Divide line 6 by \$15,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000" 7. _____
8. Multiply line 2 by line 7 8. _____
9. **Student loan interest deduction.** Subtract line 8 from line 2. Enter the result here and on Form 1040NR, line 25. **Do not** include this amount in figuring any other deduction on your return (such as on Schedule A (Form 1040NR), Schedule C (Form 1040), Schedule E (Form 1040), etc.) 9. _____

deduction. June is the end of the 60-month period (July 1995–June 2000).

Qualified student loan. This is any loan you took out to pay the qualified higher education expenses for yourself, your spouse, or anyone who was your dependent when the loan was taken out. The person for whom the expenses were paid must have been an eligible student (see below). However, a loan is not a qualified student loan if (1) any of the proceeds were used for other purposes or (2) the loan was from either a related person or a person who borrowed the proceeds under a qualified employer plan or a contract purchased under such a plan. To find out who is a related person, see **Pub. 970**.

Qualified higher education expenses generally include tuition, fees, room and board, and related expenses such as books and supplies. The expenses must be for education in a degree, certificate, or similar program at an eligible educational institution. An eligible educational institution includes most colleges, universities, and certain vocational schools. You must reduce the expenses by the following nontaxable benefits.

- Employer-provided educational assistance benefits that are not included in box 1 of your W-2 form(s).
- Qualified distributions from an education IRA.
- Any scholarship, educational assistance allowance, or other payment (but **not** gifts, inheritances, etc.) excluded from income.

For more details on these expenses, see **Pub. 970**.

An **eligible student** is a person who:

- Was enrolled in a degree, certificate, or other program (including a program of study abroad that was approved for credit by the institution at which the student was enrolled) leading to a recognized educational credential at an eligible educational institution **and**
- Carried at least half the normal full-time work load for the course of study he or she was pursuing.

Line 26—Medical Savings Account (MSA) Deduction.

If you made contributions to an MSA for 2000, you may be able to take this deduction. See **Form 8853** for details.

Line 27—Moving Expenses. Employees and self-employed persons (including partners) can deduct certain moving expenses. The move must be in connection with employment that generates effectively connected income.

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

Line 28—Self-Employed Health Insurance Deduction. If you were self-employed and had a net profit for the year, you may be able to deduct part of the amount paid for health

insurance for yourself, your spouse, and dependents. The insurance plan must be established under your business. But if you were also eligible to participate in any subsidized health plan maintained by your or your spouse's employer for any month or part of a month in 2000, amounts paid for health insurance coverage for that month cannot be used to figure the deduction. For example, if you were eligible to participate in a subsidized health plan maintained by your spouse's employer from September 30 through December 31, you cannot use amounts paid for health insurance coverage for September through December to figure your deduction. For more details, see **Pub. 535**.

If you qualify to take the deduction, use the worksheet below to figure the amount you can deduct.

Exception. Use **Pub. 535** instead of the worksheet below to find out how to figure your deduction if **either** of the following applies.

- You had more than one source of income subject to self-employment tax.
- You are using amounts paid for qualified long-term care insurance to figure the deduction.

Line 29—Self-Employed SEP, SIMPLE, and Qualified Plans.

If you were self-employed or a partner, you may be able to take this deduction. See **Pub. 560** or, if you were a minister, **Pub. 517**.

Line 30—Penalty on Early Withdrawal of Savings. The **Form 1099-INT** or **Form 1099-OID** you received will show the amount of any penalty you were charged.

Line 31—Scholarship and Fellowship Grants Excluded. If you received a scholarship or fellowship grant and were a degree candidate, enter amounts used for tuition and course-related expenses (such as fees, books, supplies, and equipment). **Do not** include any amount shown on line 22. See **Pub. 520** for more information.

Line 32. Include in the total on line 32 any of the following adjustments that are **related to your effectively connected income**. To find out if you can take the deduction, see the form or publication indicated. On the dotted line next to line 32, enter the amount of your deduction and identify it as indicated.

- Performing-arts-related expenses (see **Form 2106** or **Form 2106-EZ**). Identify as "QPA."
- Reforestation amortization (see **Pub. 535**). Identify as "RFST."

Self-Employed Health Insurance Deduction Worksheet—Line 28 (keep for your records)

- Before you begin:**
- Be sure you have read the **Exception** above to see if you can use this worksheet instead of **Pub. 535** to figure your deduction.
 - Complete Form 1040NR, line 29, if it applies to you.

1. Enter the total amount paid in 2000 for health insurance coverage established under your business for 2000 for you, your spouse, and dependents. But do not include amounts for any month you were eligible to participate in an employer-sponsored health plan 1. _____
2. Multiply line 1 by 60% (.60) 2. _____
3. Enter your net profit and any other earned income* from the business under which the insurance plan is established, minus any deduction you claim on Form 1040NR, line 29 3. _____
4. **Self-employed health insurance deduction.** Enter the **smaller** of line 2 or line 3 here and on Form 1040NR, line 28 4. _____

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

Deduction for Exemptions Worksheet—Line 37 (keep for your records)

See the instructions for line 37 below.

1. Is the amount on Form 1040NR, line 34, more than the amount shown on line 4 below for your filing status?
 No. Stop. Multiply \$2,800 by the total number of exemptions claimed on Form 1040NR, line 7d, and enter the result on line 37.
 Yes. Continue.
2. Multiply \$2,800 by the total number of exemptions claimed on Form 1040NR, line 7d 2. _____
3. Enter the amount from Form 1040NR, line 34 3. _____
4. Enter the amount shown below for the filing status box you checked on page 1 of Form 1040NR:
 - Box 1 or 2, enter \$128,950
 - Box 3, 4, or 5, enter \$96,700
 - Box 6, enter \$193,400 4. _____
5. Subtract line 4 from line 3 5. _____
- Note:** If line 5 is more than: \$122,500 if you checked filing status box 1, 2, or 6; \$61,250 if you checked filing status box 3, 4, or 5, **stop here.** You **cannot** take a deduction for exemptions. Enter -0- on Form 1040NR, line 37.
6. Divide line 5 by: \$2,500 if you checked filing status box 1, 2, or 6; \$1,250 if you checked filing status box 3, 4, or 5. If the result is not a whole number, increase it to the next higher whole number (for example, increase 0.0004 to 1) 6. _____
7. Multiply line 6 by 2% (.02) and enter the result as a decimal amount 7. _____
8. Multiply line 2 by line 7 8. _____
9. **Deduction for exemptions.** Subtract line 8 from line 2. Enter the result here and on Form 1040NR, line 37 9. _____

- Repayment of supplemental unemployment benefits under the Trade Act of 1974 (see **Pub. 525**). Identify as "Sub-Pay TRA."
- Contributions to section 501(c)(18) pension plans (see **Pub. 525**). Identify as "501(c)(18)."
- Contributions by certain chaplains to section 403(b) plans (see **Pub. 517**). Identify as "403(b)."
- Deduction for clean-fuel vehicles (see **Pub. 535**). Identify as "Clean-Fuel."

Line 33—Adjusted Gross Income. If line 33 is less than zero, you may have a net operating loss that you can carry to another tax year. See **Pub. 536**.

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

Line 35—Itemized Deductions. Enter the total itemized deductions from Schedule A.
Note: *Residents of India who were students or business apprentices may be able to take the standard deduction instead of their itemized deductions. See Pub. 519 for details.*

Line 37—Deduction for Exemptions. You can claim exemptions only to the extent of your income that is effectively connected with a U.S. trade or business.

If you file as an **individual**, multiply \$2,800 by the total number of exemptions entered on line 7d. (If you were a resident of Japan or the Republic of Korea (South Korea), you must figure the exemptions for your spouse and children according to the proportion your U.S. income bears to your total income. For details, see Pub. 519.) But use the worksheet above

to figure the amount, if any, to enter on line 37 if your adjusted gross income from line 34 is more than \$128,950 if you checked filing status box 1 or 2; \$96,700 if you checked filing status box 3, 4, or 5; \$193,400 if you checked filing status box 6.

If you are filing for an **estate**, enter \$600 on line 37. If you are filing for a **trust** whose governing instrument requires it to distribute all its income currently, enter \$300 on line 37. Any other trust is allowed an exemption of \$100.

Line 39—Tax. Use one of the following methods to figure your tax. Also, include in the total on line 39 any tax from **Form 4972** or **Form 8814**. Be sure to check the appropriate box.

Tax Table or Tax Rate Schedules. If your taxable income (line 38) is less than \$100,000, you **must** use the Tax Table, which starts on page 19, to figure your tax. Be sure you use the correct column. If you checked filing status box 3, 4, or 5, you must use the *Married filing separately* column. If your taxable income is \$100,000 or more **or** you are filing for an estate or trust, use the Tax Rate Schedules on page 31.

Exceptions. Do not use the Tax Table or Tax Rate Schedules to figure your tax if **either** of the following applies.

- You are required to use **Form 8615**, **Schedule D (Form 1040)**, or the **Capital Gain Tax Worksheet** on page 12 **or**
- You use **Schedule J (Form 1040)** (for farm income).

Form 8615. You must generally use Form 8615 to figure the tax for any child who was under age 14 on January 1, 2001, and who had more than \$1,400 of investment income, such as taxable interest, ordinary dividends, or

capital gains (including capital gain distributions), that is effectively connected with a U.S. trade or business. But if neither of the child's parents was alive on December 31, 2000, do not use Form 8615 to figure the child's tax.

Schedule D (Form 1040). If you had a net capital gain on Schedule D (both lines 16 and 17 of that schedule are gains) and the amount on Form 1040NR, line 38, is more than zero, use Part IV of Schedule D to figure your tax.

Capital Gain Tax Worksheet. If you received capital gain distributions but you are not required to file Schedule D (Form 1040), use the worksheet on page 12 to figure your tax.

Schedule J (Form 1040). If you had income from farming, your tax may be less if you choose to figure it using income averaging on Schedule J.


Line 40—Alternative Minimum Tax. The tax law gives special treatment to some kinds of income and allows special deductions and credits for some kinds of expenses. If you benefit from these provisions, you may have to pay a minimum amount of tax through the alternative minimum tax. This tax is figured on **Form 6251** for individuals. If you are filing for an estate or trust, get **Schedule I (Form 1041)** and its instructions to see if you owe this tax.

If you have any of the adjustments or preferences from the list below or you are claiming a net operating loss deduction or the foreign tax credit, you must complete Form 6251. Otherwise, to see if you should complete Form 6251, add the amount on line 36 of Form 1040NR to the amounts on lines 3 and 15 of Schedule A (Form 1040NR). If the total is more than the dollar amount shown below that applies to you, fill in Form 6251.

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

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

- Adjustments and Preferences:**
1. Accelerated depreciation.
 2. Stock by exercising an incentive stock option and you did not dispose of the stock in the same year.
 3. Tax-exempt interest from private activity bonds.
 4. Intangible drilling, circulation, research, experimental, or mining costs.
 5. Amortization of pollution-control facilities or depletion.
 6. Income or (loss) from tax-shelter farm activities or passive activities.
 7. Percentage-of-completion income from long-term contracts.
 8. Alternative minimum tax adjustments from an estate, trust, electing large partnership, or a cooperative.
 9. Section 1202 exclusion.

 **Form 6251 should be filled in for a child under age 14 if the child's adjusted gross income from Form 1040NR, line 34, exceeds the child's earned income by more than \$5,200.**

Capital Gain Tax Worksheet—Line 39 (keep for your records)

Before you begin:

- Be sure you do not have to file Schedule D (Form 1040) (see the instructions for Form 1040NR, line 14, on page 7).
- Be sure you checked the box on line 14 of Form 1040NR.

1. Enter the amount from Form 1040NR, line 38 1. _____

2. Enter the amount from Form 1040NR, line 14 2. _____

3. Subtract line 2 from line 1. If zero or less, enter -0- 3. _____

4. Figure the tax on the amount on line 3. Use the Tax Table or Tax Rate Schedules, whichever applies 4. _____

5. Enter the **smaller** of:

- The amount on line 1 or
- \$26,250 if you checked filing status box 1 or 2; \$21,925 if you checked filing status box 3, 4, or 5; or \$43,850 if you checked filing status box 6. } 5. _____

6. Is the amount on line 3 equal to or more than the amount on line 5?

Yes. Leave lines 6 through 8 blank; go to line 9 and check the "No" box.

No. Enter the amount from line 3 6. _____

7. Subtract line 6 from line 5 7. _____

8. Multiply line 7 by 10% (.10) 8. _____

9. Are the amounts on lines 2 and 7 the same?

Yes. Leave lines 9 through 12 blank; go to line 13.

No. Enter the **smaller** of line 1 or line 2 9. _____

10. Enter the amount, if any, from line 7 10. _____

11. Subtract line 10 from line 9. If zero or less, enter -0- 11. _____

12. Multiply line 11 by 20% (.20) 12. _____

13. Add lines 4, 8, and 12 13. _____

14. Figure the tax on the amount on line 1. Use the Tax Table or Tax Rate Schedules, whichever applies 14. _____

15. **Tax on all taxable income (including capital gain distributions).** Enter the **smaller** of line 13 or line 14 here and on Form 1040NR, line 39 15. _____

Credits

Line 42—Foreign Tax Credit. If you paid income tax to a foreign country, you may be able to take this credit. But only if you:

1. Report income from foreign sources (see **Foreign Income Taxed by the United States** on page 5) and
2. Have paid or owe foreign tax on that income.

You must complete and attach **Form 1116** to take this credit.

Exception. You do not have to file Form 1116 to take this credit if **all five** of the following apply.

1. Form 1040NR is being filed for a nonresident alien individual and **not** an estate or trust.
2. All of your gross foreign-source income is from interest and dividends and all of that income and the foreign tax paid on it is reported to you on **Form 1099-INT** or **Form 1099-DIV** (or substitute statement).
3. If you have dividend income from shares of stock, you held those shares for at least 16 days.
4. The total of your foreign taxes paid is not more than \$300.
5. All of your foreign taxes were:
 - Legally owed and not eligible for a refund and

- Paid to countries that are recognized by the United States and do not support terrorism.


Note: If you need more information about these requirements, see the instructions for Form 1116.

If you meet all five requirements, enter on line 42 the **smaller** of your total foreign tax or the amount on Form 1040NR, line 39. If you do not meet all five requirements, see Form 1116 to find out if you can take the credit.

Line 43—Credit for Child and Dependent Care Expenses. You may be able to take this credit if you paid someone to care for your child under age 13 or your dependent who could not care for himself or herself. For details, see **Form 2441**.

Line 44—Child Tax Credit.

What is the Child Tax Credit? This credit is for people who have a qualifying child as defined in the instructions for line 7c, column (4), on page 6. It is in addition to the credit for child and dependent care expenses on Form 1040NR, line 43.

 **If you only have one or two qualifying children and the amount on Form 1040NR, line 41, is zero, you cannot take this credit. You also cannot take the additional child tax credit on Form 1040NR, line 58.**

How Do You Figure the Credit? Answer the questions in the Instructions for Form 1040 to see if you may use the **Child Tax Credit Worksheet** in the 1040 instructions or if you must use **Pub. 972**.



Make sure you checked the box in column (4) of line 7c for each qualifying child.

Line 45—Adoption Credit. You may be able to take this credit if you paid expenses in 2000 to adopt a child. See **Form 8839** for details.

Line 46—Other Credits. Include in the total on line 46 any of the following credits and check the appropriate box(es). If box **d** is checked, also enter the form number. To find out if you can take the credit, see the form or publication indicated.

- Mortgage interest credit. If a state or local government gave you a mortgage credit certificate, see **Form 8396**.
- Credit for prior year minimum tax. If you paid alternative minimum tax in a prior year, see **Form 8801**.
- Qualified electric vehicle credit. If you placed a new electric vehicle in service in 2000, see **Form 8834**.
- General business credit. This credit consists of a number of credits that usually apply only to individuals who are partners, self-employed, or who have rental property. See **Form 3800** or **Pub. 334**.
- Empowerment zone employment credit. See **Form 8844**.
- District of Columbia first-time homebuyer credit. See **Form 8859**.

Line 47. If you sold fuel produced from a nonconventional source, see section 29 to find out if you can take the **nonconventional source fuel credit**. If you can, attach a schedule showing how you figured the credit. Include the credit in the total on line 47. Enter the amount and "FNS" on the dotted line next to line 47.

Other Taxes

Line 50—Social Security and Medicare Tax on Tip Income Not Reported to Employer.

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

To figure the tax, use **Form 4137**. To pay the RRTA tax, contact your employer. Your employer will figure and collect the tax.



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

Line 51—Tax on IRAs, Other Retirement Plans, and MSAs. If any of the following apply, see **Form 5329** and its instructions to find out if you owe this tax and if you must file Form 5329.

1. You received any early distributions from (a) an IRA or other qualified retirement plan, (b) an annuity, or (c) a modified endowment contract entered into after June 20, 1988.
2. You made excess contributions to your IRA or MSA.
3. You were born before July 1, 1929, and did not take the minimum required distribution from your IRA or other qualified retirement plan.

Exception. If only item 1 applies to you and distribution code 1 is correctly shown in box 7

of your **Form 1099-R**, you do not have to file Form 5329. Instead, multiply the taxable amount of the distribution by 10% (.10) and enter the result on line 51. The taxable amount of the distribution is the part of the distribution you reported on line 16b or line 17b of Form 1040NR or on Form 4972. Also, enter "No" on the dotted line next to line 51 to indicate that you do not have to file Form 5329. **But** if distribution code 1 is incorrectly shown in box 7, you must file Form 5329.

Line 52—Transportation Tax. Nonresident alien individuals are subject to a 4% tax on U.S. source gross transportation income that is not effectively connected with a U.S. trade or business. However, the term U.S. source gross transportation income does not include any such income that is taxable in a possession of the United States under the provisions of the Internal Revenue Code as applied to that possession.

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

1. You had a fixed place of business in the United States involved in the earning of transportation income and
2. At least 90% of your U.S. source gross transportation income was attributable to regularly scheduled transportation. Or, in the case of income from the leasing of a vessel or aircraft, it was attributable to a fixed place of business in the United States. See sections 887 and 863 for rules, definitions, and exceptions.

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

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

Line 53—Household Employment Taxes. If any of the following apply, see **Schedule H (Form 1040)** and its instructions to find out if you owe these taxes.

1. You paid **any one** household employee (defined below) cash wages of \$1,200 or more in 2000. Cash wages include wages paid by checks, money orders, etc.
2. You withheld Federal income tax during 2000 at the request of any household employee.
3. You paid **total** cash wages of \$1,000 or more in **any** calendar **quarter** of 1999 or 2000 to household employees.

TIP For purposes of item 1, do not count amounts paid to an employee who was under age 18 at any time in 2000 and was a student.

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

Line 54—Total Tax. Include in the total on line 54 any of the following taxes. To find out if you owe the tax, see the form or publication indicated. On the dotted line next to line 54, enter the amount of the tax and identify it as indicated.

Recapture of the following credits.

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

Recapture of Federal Mortgage Subsidy. If you sold your home in 2000 and it was financed (in whole or in part) from the proceeds of any tax-exempt qualified mortgage bond or you claimed the mortgage interest credit, see **Form 8828**. Identify as "FMSR."

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

Uncollected Social Security and Medicare or RRTA Tax on Tips or Group-Term Life Insurance. This tax should be shown in box 13 of your Form W-2 with codes **A** and **B** or **M** and **N**. Identify as "UT."

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

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

Payments

Line 55—Federal Income Tax Withheld. Add the amounts shown as Federal income tax withheld on your **Forms W-2, W-2G, and 1099-R**. Enter the total on line 55. The amount withheld should be shown in box 2 of Form W-2 or W-2G, and in box 4 of Form 1099-R. If line 55 includes amounts withheld as shown on Form 1099-R, attach the Form 1099-R to the front of your return. Also, include in the total for line 55 any tax withheld on scholarship or fellowship grants from Form 1042-S.

If you received a 2000 Form 1099 showing Federal income tax withheld on dividends, interest income, or other income you received, include the amount withheld in the total on line 55. This should be shown in box 4 of the 1099 form.

Line 56—2000 Estimated Tax Payments. Enter any payments you made on your estimated Federal income tax (**Form 1040-ES (NR)**) for 2000. Include any overpayment from your 1999 return that you applied to your 2000 estimated tax.

Name Change. If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name, attach a statement to the front of Form 1040NR. On the statement, list all the payments you made in 2000 and show the name(s) and identifying number(s) under which you made them.

Line 57—Excess Social Security and RRTA Tax Withheld. If you had more than one employer for 2000 and total wages of more than \$76,200, too much social security tax may

have been withheld. You can take a credit on this line for the amount withheld in excess of \$4,724.40. But if any one employer withheld more than \$4,724.40, you must ask that employer to refund the excess to you. You cannot claim it on your return.

If you had more than one railroad employer for 2000 and your total compensation was over \$56,700, too much railroad retirement (RRTA) tax may have been withheld.

For more details, see **Pub. 505**.

Line 58—Additional Child Tax Credit. This credit is for certain people who have three or more qualifying children as defined in the instructions for line 7c, column (4), on page 6. The additional child tax credit may give you a refund even if you do not owe any tax.

How Do You Take the Credit?

1. Be sure you figured the amount, if any, of your child tax credit. See the instructions for line 44 on page 12.

2. Read the **TIP** at the end of your Child Tax Credit Worksheet. Use **Form 8812** to see if you can take the additional child tax credit only if you meet the two conditions given in that **TIP**.

Line 59—Amount Paid With Form 4868 (Request for Extension). If you filed **Form 4868** to get an automatic extension of time to file Form 1040NR, enter any amount you paid with that form. Also, include any amounts paid with **Form 2688**.

Line 60—Other Payments. Check the box(es) on line 60 to report any credit from **Form 2439** or **Form 4136**.

Line 61—Credit for Amount Paid With Form 1040-C. Enter any amount you paid with Form 1040-C for 2000.

Lines 62a and 62b—U.S. Tax Withheld at Source. Enter on line 62a the amount you show on line 80. Enter on line 62b any tax withheld by a partnership under section 1446. Be sure to attach a copy of **Form(s) 1042-S, SSA-1042S, RRB-1042S, 8805**, or similar form.

Lines 63a and 63b—U.S. Tax Withheld on Dispositions of U.S. Real Property Interests. Enter on line 63a any tax withheld on dispositions of U.S. real property interests from **Form(s) 8288-A**. Enter on line 63b any tax withheld on dispositions of U.S. real property interests from **Form(s) 1042-S**.

Refund

Line 65—Amount Overpaid. If line 65 is under \$1, we will send a refund only on written request.

TIP If the amount you overpaid is large, you may want to decrease the amount of income tax withheld from your pay. See **Income Tax Withholding and Estimated Tax Payments for Individuals for 2001** on page 17.

Refund Offset. If you owe past-due Federal tax, state income tax, child support, spousal support, or certain Federal nontax debts, such as student loans, all or part of the overpayment on line 65 may be used (offset) to pay the past-due amount. Offsets for Federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). You will receive a notice from FMS showing the amount of the offset and the agency receiving it. To find out if you may have an offset or if you have any

**BARRY MAPLE
DEBORAH MAPLE**
123 Main Street
Anyplace, MD 21000

PAY TO THE ORDER OF \$

ANYPLACE BANK
Anyplace, MD 21000

For

1: (250250025) : 20202086 : 1234

1234
15-00000000

Routing Number (line 66b)
Account Number (line 66d)

Do not include the check number

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

questions about it, contact the agency(ies) to which you owe the debt.

Lines 66b Through 66d—Direct Deposit of Refund. Complete lines 66b through 66d if you want us to directly deposit the amount shown on line 66a into your account at a U.S. bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) in the United States instead of sending you a check.

Why Use Direct Deposit?

- You get your refund fast.
- Payment is more secure—there is no check to get lost.
- More convenient. No trip to the bank to deposit your check.
- Saves tax dollars. A refund by direct deposit costs less than a check.

TIP You can check with your financial institution to make sure your deposit will be accepted and to get the correct routing and account numbers. The IRS is not responsible for a lost refund if you enter the wrong account information.

Line 66b. The routing number **must** be nine digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead. On the sample check above, the routing number is 250250025.

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

Line 66d. The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. On the sample check above, the account number is 20202086. Be sure **not** to include the check number.

Line 67—Applied to 2001 Estimated Tax. Enter on line 67 the amount, if any, of the overpayment on line 65 you want applied to your estimated tax for 2001. This election cannot be changed later.

Amount You Owe

Line 68—Amount You Owe. Include any estimated tax penalty from line 69 in the amount you enter on line 68.

Make your check or money order payable to the “United States Treasury” for the full amount due. **Do not** send cash. **Do not** attach the payment to your return. Write “2000 Form 1040NR,” and your name, address, and SSN or ITIN on your payment. You do not have to pay if line 68 is under \$1.

To help us process your payment, enter the amount on the right side of the check like this: \$ XXX.XX. Do not use dashes or lines (for example, do not enter “\$ XXX-” or “\$ XXX ^{XX}/₁₀₀”).

Do not include any estimated tax payment in your check or money order. Instead, make the estimated tax payment separately.

TIP You may need to (a) increase the amount of income tax withheld from your pay or (b) make estimated tax payments for 2001. See **Income Tax Withholding and Estimated Tax Payments for Individuals for 2001** on page 17.

What if You Cannot Pay? If you cannot pay the full amount shown on line 68 when you file, you may ask to make monthly **installment payments**. You may have up to 60 months to pay. However, you will be charged interest and may be charged a late payment penalty on the tax not paid by the date due, even if your request to pay in installments is granted. You must also pay a fee. To limit the interest and penalty charges, pay as much of the tax as possible when you file. But before requesting an installment agreement, you should consider other less costly alternatives, such as a bank loan.

To ask for an installment agreement, use **Form 9465**. You should receive a response to your request for installments within 30 days. But if you file your return after March 31, it may take us longer to reply.

Line 69—Estimated Tax Penalty.

CAUTION You must include household employment taxes reported on line 53 to see if you owe the penalty if line 55 is more than zero or you would owe the penalty even if you did not include those taxes. But if you entered an amount on Schedule H (Form 1040), line 7, include the total of that amount plus the amount on Form 1040NR, line 53.

You may owe this penalty if:

- Line 68 is at least \$1,000 and it is more than 10% of the tax shown on your return or
- You did not pay enough estimated tax by any of the due dates. This is true even if you are due a refund.

Exception. You will not owe the penalty if your 1999 tax return was for a tax year of 12 full months and the total of lines 55, 56, 57, and 61 through 63b on your 2000 return is at least as much as the tax liability shown on your 1999 return. Your estimated tax payments for 2000 must have been made on time and for the required amount.

CAUTION If your 1999 adjusted gross income was over \$150,000 (over \$75,000 if you checked filing status box 3, 4, or 5 for 2000), the above applies only if the total of lines 55, 56, 57, and 61 through 63b on your 2000 tax return is at least 108.6% of the tax liability shown on your 1999 return. This rule does not apply to farmers and fishermen.

Figuring the Penalty. If the **Exception** above does not apply and you choose to figure the penalty yourself, see **Form 2210** (or **Form 2210-F** for farmers and fishermen) to find out if you owe the penalty. If you do, you can use the form to figure the amount. In certain situations, you may be able to lower your penalty. For details, see the Instructions for Form 2210 (or 2210-F). Enter the penalty on Form 1040NR, line 69. Add the penalty to any tax due and enter the total on line 68. If you are due a refund, subtract the penalty from the overpayment you show on line 65. **Do not** file Form 2210 with your return unless Form 2210 indicates that you must do so. Instead, keep it for your records.

TIP Because Form 2210 is complicated, if you want to, you can leave line 69 blank and the IRS will figure the penalty and send you a bill. We will not charge you interest on the penalty if you pay by the date specified on the bill.

Signature

See **Reminders** on page 17 after you complete pages 3, 4, and 5 of the form.

Instructions for Schedule A, Itemized Deductions

State and Local Income Taxes

Lines 1 Through 3

You can deduct state and local income taxes you paid or that were withheld from your salary during 2000 on income connected with a U.S. trade or business. If, during 2000, you received any refunds of, or credits for, income tax paid in earlier years, do not subtract them from the amount you deduct here. Instead, see the instructions for Form 1040NR, line 11, on page 7.

Gifts to U.S. Charities

Lines 4 Through 7

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

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

Contributions You May Deduct.

Contributions may be in cash (keep canceled checks, receipts, or other reliable written records showing the name of the organization and the date and amount given), property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described earlier. If you drove to and from the volunteer work, you may take **14 cents a mile** or the actual cost of gas and oil. Add parking and tolls to the amount you claim under either method. But do not deduct any amounts that were repaid to you.

Gifts From Which You Benefit. If you made a gift and received a benefit in return, such as food, entertainment, or merchandise, you may generally only deduct the amount that is more than the value of the benefit. But this rule does not apply to certain membership benefits provided in return for an annual payment of \$75 or less. For details, see **Pub. 526**.

Example. You paid \$70 to a charitable organization to attend a fund-raising dinner and the value of the dinner was \$40. You may deduct only \$30.

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

In figuring whether a gift is \$250 or more, do not combine separate donations. For example, if you gave your church \$25 each week for a total of \$1,300, treat each \$25 payment as a separate gift. If you made donations through payroll deductions, treat each deduction from each paycheck as a separate gift. See Pub. 526 if you made a separate gift of \$250 or more through payroll deduction.

1. The amount of any money contributed and a description (but not value) of any property donated.

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

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

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

- Your cash contributions or contributions of ordinary income property are more than 30% of the amount on Form 1040NR, line 34.
- Your gifts of capital gain property are more than 20% of the amount on Form 1040NR, line 34.
- You gave gifts of property that increased in value or gave gifts of the use of property.

You May Not Deduct as Contributions:

- Travel expenses (including meals and lodging) while away from home unless there was no significant element of personal pleasure, recreation, or vacation in the travel.
- Political contributions.

- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
- Cost of raffle, bingo, or lottery tickets.
- Cost of tuition.
- Value of your time or services.
- Value of blood given to a blood bank.
- The transfer of a future interest in tangible personal property (generally, until the entire interest has been transferred).
- Gifts to individuals and groups that are run for personal profit.
- Gifts to foreign organizations. But you may be able to deduct gifts to certain U.S. organizations that transfer funds to foreign charities and certain Canadian, Israeli, and Mexican charities. See Pub. 526 for details.
- Gifts to organizations engaged in certain political activities that are of direct financial interest to your trade or business. See section 170(f)(9).
- Gifts to groups whose purpose is to lobby for changes in the laws.
- Gifts to civic leagues, social and sports clubs, labor unions, and chambers of commerce.
- Value of benefits received in connection with a contribution to a charitable organization. See Pub. 526 for exceptions.

Line 4. Enter the total contributions you made in cash or by check (including out-of-pocket expenses).

Line 5. Enter your contributions of property. If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale.

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

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

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

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

Line 6. Enter any carryover of contributions that you could not deduct in an earlier year

because they exceeded your adjusted gross income limit. See Pub. 526 for details.

Casualty and Theft Losses

Line 8

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

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

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

- 1.** The amount of **each** separate casualty or theft loss is more than \$100 and
- 2.** The total amount of **all** losses during the year is more than 10% of the amount shown on Form 1040NR, line 34.

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

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

For information on Federal disaster area losses, see **Pub. 547**.

Job Expenses and Most Other Miscellaneous Deductions

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

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

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

- Political contributions.
 - Personal legal expenses.
 - Lost or misplaced cash or property.
 - Expenses for meals during regular or extra work hours.
 - The cost of entertaining friends.
 - Commuting expenses. See Pub. 529 for the definition of commuting.
 - Travel expenses for employment away from home if that period of employment exceeds 1 year.
 - Travel as a form of education.
 - Expenses of attending a seminar, convention, or similar meeting unless it is related to your employment.
 - Club dues. See Pub. 529 for exceptions.
 - Expenses of adopting a child. But you may be able to take a credit for your expenses. See **Form 8839** for details.
 - Fines and penalties.
 - Expenses of producing tax-exempt income.
- Line 9.** Enter the total job expenses you paid for which you were not reimbursed. (Amounts your employer included in box 1 of your W-2 form are not considered reimbursements.) But you **must** fill in and attach **Form 2106** if:

- 1.** You claim any travel, transportation, meal, or entertainment expenses for your job or
- 2.** Your employer paid you for any of your job expenses reportable on line 9.

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

1. Add the amounts on Schedule A, lines 3, 7, 8, 15, and 16 1. _____
2. Enter the total of the amount on Schedule A, line 8, plus any casualty or theft losses included on line 16 2. _____
Caution: Be sure your casualty or theft losses are clearly identified on the dotted lines to the left of the entry space for line 16.
3. Is the amount on line 2 less than the amount on line 1?
 No. Stop. Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 17.
 Yes. Subtract line 2 from line 1 3. _____
4. Multiply line 3 above by 80% (.80) 4. _____
5. Enter the amount from Form 1040NR, line 34 5. _____
6. Enter: \$128,950 if you checked filing status box 1, 2, or 6; \$64,475 if you checked filing status box 3, 4, or 5 6. _____
7. Is the amount on line 6 less than the amount on line 5?
 No. Stop. Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 17.
 Yes. Subtract line 6 from line 5 7. _____
8. Multiply line 7 above by 3% (.03) 8. _____
9. Enter the **smaller** of line 4 or line 8 9. _____
10. **Total itemized deductions.** Subtract line 9 from line 1. Enter the result here and on Schedule A, line 17 10. _____

TIP If you used your own vehicle and item 2 does not apply, you may be able to file Form 2106-EZ instead.

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

Examples of other expenses to include on line 9 are:

- Safety equipment, small tools, and supplies you needed for your job.
- Uniforms required by your employer, and which you may not usually wear away from work.
- Protective clothing required in your work, such as hard hats, safety shoes, and glasses.
- Physical examinations your employer said you must have.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and other costs to look for a new job in your present occupation, even if you do not get a new job.
- Certain business use of part of your home. For details, including limits that apply, see **Pub. 587**.
- Certain educational expenses. For details, see **Pub. 508**.

Line 10. Enter the fees you paid for preparation of your tax return, including fees paid for filing your return electronically.

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

Examples of expenses to include on line 11 are:

- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (for example, trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on nonfederally insured deposits in an insolvent or bankrupt financial institution. For details, including limits that apply, see **Pub. 529**.
- Casualty and theft losses from property used in performing services as an employee from **Form 4684**, lines 32 and 38b, or **Form 4797**, line 18b(1).
- Deduction for repayment of amounts under a claim of right if \$3,000 or less.

Other Miscellaneous Deductions

Line 16

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

- Casualty and theft losses from income-producing property from **Form 4684**, lines 32 and 38b, or **Form 4797**, line 18b(1).
- Deduction for repayment of amounts under a claim of right if over \$3,000. See **Pub. 525** for details.
- Impairment-related work expenses of a disabled person.

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

Total Itemized Deductions

Line 17

Use the worksheet above to figure the amount to enter on line 17 if the amount on Form 1040NR, line 34, is over \$128,950 if you checked filing status box 1, 2, or 6; \$64,475 if you checked filing status box 3, 4, or 5.

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

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

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

The following list gives only a general idea of the type of income to include on page 4. (For more information, see **Pub. 519**.) Include the following only to the extent the amount received is not effectively connected with the conduct of a trade or business in the United States.

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

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

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

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

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

4. Capital gains in excess of capital losses from U.S. sources during 2000. Include these gains only if you were in the United States at least 183 days during 2000. They are not subject to U.S. tax if you were in the United States less than 183 days during the tax year. In determining your net gain, do not use the capital loss carryover.

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

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

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

Note: *Residents of Canada may claim gambling losses, but only to the extent of gambling winnings. They should report both their total gambling winnings and their total gambling losses on the dotted line on line 79 (or attach a separate schedule if more space*

is needed). If they have net gambling winnings (after offsetting their total gambling losses against their total gambling winnings), they should include this net amount on line 79, column (d).

Social Security Benefits (and Tier 1 Railroad Retirement Benefits Treated as Social Security). 85% of the U.S. social security and equivalent railroad retirement benefits you received are taxable. This amount is treated as U.S. source income not effectively connected with a U.S. trade or business. It is subject to the 30% tax rate, unless exempt or taxed at a reduced rate under a U.S. tax treaty. Social security benefits include any monthly benefit under title II of the Social Security Act or the part of a tier 1 railroad retirement benefit treated as a social security benefit. They do not include any Supplemental Security Income (SSI) payments.

By January 31, 2001, you should receive a **Form SSA-1042S** showing the total social security benefits paid to you in 2000, and the amount of any benefits you repaid in 2000. If you received railroad retirement benefits treated as social security, you should receive a **Form RRB-1042S**.

Enter 85% of the total amount from box 5 of all your Forms SSA-1042S and Forms RRB-1042S on line 77 of Form 1040NR. Attach a copy of each Form SSA-1042S and RRB-1042S to Form 1040NR.

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

Other Information (Page 5)

Item M

Reporting of Treaty Benefits Claimed

If you take the position that a treaty of the United States overrides or modifies any provision of the Internal Revenue Code and that position reduces (or potentially reduces) your tax, you must report certain information on **Form 8833** and attach it to Form 1040NR.

You can be charged a \$1,000 penalty for each failure to report the required information. For more details, see Form 8833 and Regulations section 301.6114-1.

Exceptions. You do not have to file Form 8833 for any of the following situations.

1. You claim a reduced rate of withholding tax under a treaty on interest, dividends, rents, royalties, or other fixed or determinable annual or periodic income ordinarily subject to the 30% rate.

2. You claim a treaty reduces or modifies the taxation of income from dependent personal services, pensions, annuities, social security and other public pensions, or income of artists, athletes, students, trainees, or teachers. This includes taxable scholarship and fellowship grants.

3. You claim a reduction or modification of taxation of income under an International Social Security Agreement or a Diplomatic or Consular Agreement.

4. You are a partner in a partnership or a beneficiary of an estate or trust and the partnership, estate, or trust reports the required information on its return.

5. The payments or items of income that are otherwise required to be disclosed total no more than \$10,000.

Item P

See **Special Rules for Former U.S. Citizens and Former U.S. Long-Term Residents** on page 5 for details on how to answer the question in item P and for information that must be included in the annual information statement, if required.

Reminders

Sign and Date Your Return

Form 1040NR 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 could not do so for one of the following reasons:

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

A return prepared by an agent must be accompanied by a power of attorney. **Form 2848** may be used for this purpose.

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

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

Paid Preparers Must Sign Your Return.

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

Paid Preparer Authorization

If you want to allow the IRS to discuss your 2000 tax return with the paid preparer who signed it, check the "Yes" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the "Paid Preparer's Use Only" section of your return. It does not apply to the firm, if any, shown in that section.

If you check the "Yes" box, you are authorizing the IRS to call the preparer to answer any questions that may arise during the processing of your return. You are also authorizing the preparer to:

- Give the IRS any information that it is missing from your return,
- Call the IRS for information about the processing of your return or the status of your refund or payment(s), and

• Respond to certain IRS notices that you have shared with the preparer about math errors, offsets, and return preparation. The notices will not be sent to the preparer.

You are not authorizing the preparer to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the IRS. If you want to expand the preparer's authorization, see **Pub. 947**.


The authorization cannot be revoked. However, the authorization will automatically end no later than the due date (without regard to extensions) for filing your 2001 tax return.

Income Tax Withholding and Estimated Tax Payments for Individuals for 2001

If the amount you owe or the amount you overpaid is large, you may want to file a new **Form W-4** with your employer to change the amount of income tax withheld from your 2001 pay. In general, you do not have to make estimated tax payments if you expect that your 2001 Form 1040NR will show a tax refund or a tax balance due the IRS of less than \$1,000. If your total estimated tax (including any household employment taxes or alternative minimum tax) for 2001 is \$1,000 or more, see **Form 1040-ES (NR)**. It has a worksheet you can use to see if you have to make estimated tax payments. However, if you expect to be a resident of Puerto Rico during all of 2001 and you must pay estimated tax, use **Form 1040-ES**.

Gift To Reduce the Public Debt

If you wish to make such a gift, make a check payable to "Bureau of the Public Debt." You can send it to: Bureau of the Public Debt, Department G, P.O. Box 2188, Parkersburg, WV 26106-2188. Or, you can enclose the check with your income tax return when you file. Do not add your gift to any tax you may owe. See page 14 for details on how to pay any tax you owe.

 You may be able to deduct this gift on your 2001 tax return as a charitable contribution.

Address Change

If you move after you file, always notify the IRS in writing of your new address. To do this, you can use **Form 8822**.

How Long Should Records Be Kept?

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

Amended Return

File **Form 1040X** to change a return you already filed. Also, use Form 1040X if you filed Form 1040NR and you should have filed a Form 1040, 1040A, or 1040EZ, or vice versa. Generally, Form 1040X must be filed within 3 years after the date the original return was filed or within 2 years after the date the tax was

paid, whichever is later. But you may have more time to file Form 1040X if you are physically or mentally unable to manage your financial affairs. See **Pub. 556** for details.

Requesting a Copy of Your Tax Return

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

Interest and Penalties



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

If you include interest or penalties (other than the estimated tax penalty) with your payment, identify and enter the amount in the bottom margin of Form 1040NR, page 2. **Do not** include interest or penalties (other than the estimated tax penalty) in the **amount you owe** on line 68.

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

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

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

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

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

Taxpayer Assistance

IRS assistance is available to help you prepare your return. But you should know that you are

responsible for the accuracy of your return. If we do make an error, you are still responsible for the payment of the correct tax.

In the United States, call **1-800-829-1040**.

If you wish to write instead of call, please address your letter to: Internal Revenue Service, International Returns Section, P.O. Box 920, Bensalem, PA 19020-8518. Make sure you include your identifying number (defined on page 5) when you write.

Assistance in answering tax questions and filling out tax returns is also available in person from Internal Revenue Service offices in: Berlin, Germany; London, England; Mexico City, Mexico; Paris, France; Rome, Italy; Singapore; and Tokyo, Japan. The offices generally are located in the U.S. embassies or consulates.

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

How Can You Get IRS Tax Forms and Publications?

- You can download them from the IRS Web Site at **www.irs.gov**.
- In the United States, you can call **1-800-829-1040**.
- If you have a foreign address, you can send your order to the Eastern Area Distribution Center, P.O. Box 85074, Richmond, VA 23261-5074, U.S.A.
- You can pick them up in person from our U.S. embassies and consulates abroad (but only during the tax return filing period).

Help With Unresolved Tax Issues

If you have attempted to deal with an IRS problem unsuccessfully, you should contact the Taxpayer Advocate.

The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels.

While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

To contact a Taxpayer Advocate:

- In the United States, call their toll-free number **1-877-777-4778**.
- Write to the Taxpayer Advocate at the IRS office that last contacted you (or contact one of the overseas IRS offices listed above).

For more information about the Taxpayer Advocate, see **Pub. 1546**.

Disclosure and Paperwork Reduction Act Notice. The IRS Restructuring and Reform Act of 1998 requires that we tell you the conditions under which return information may be disclosed to any party outside the Internal Revenue Service. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to

give us the information. We need the information to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

This notice applies to all papers you file with us, including this tax return. It also applies to any questions we need to ask you so we can complete, correct, or process your return; figure your tax; and collect tax, interest, or penalties.

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. However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information you write on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice, to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, U.S. commonwealths or possessions, and certain foreign governments to carry out their tax laws. We may disclose your tax information to the Department of Treasury and contractors for tax administration purposes; and to other persons as necessary to obtain information that we cannot get in any other way in order to determine the amount of or to collect the tax you owe. We may disclose your tax information to the Comptroller General of the United States to permit the Comptroller General to review the Internal Revenue Service. We may also disclose your tax information to Committees of Congress; Federal, state, and local child support agencies; and to other Federal agencies for purposes of determining entitlement for benefits or the eligibility for and the repayment of loans.

Keep this notice with your records. It may help you if we ask you for other information. If you have any questions about the rules for filing and giving information, call or visit any Internal Revenue Service office.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 6 hr., 33 min.; **Learning about the law or the form**, 2 hr., 12 min.; **Preparing the form**, 5 hr., 59 min.; and **Copying, assembling, and sending the form to the IRS**, 1 hr., 16 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 e-mail us your suggestions and comments through the IRS Web Site Home Page (www.irs.gov/help/email.html) or write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send your return to this address. Instead, see **Where To File** on page 3.

2000 Tax Table

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

Example. Mr. Green is filing as a qualifying widower. His taxable income on line 38 of Form 1040NR is \$25,300. First, he finds the \$25,300–25,350 income line. Next, he finds the column for qualifying widower and reads down the column. The amount shown where the income line and filing status column meet is \$3,799. This is the tax amount he must enter on line 39 of his Form 1040NR.

At least	But less than	Single	Qualifying widow(er)	Married filing separately
Your tax is—				
25,200	25,250	3,784	3,784	4,213
25,250	25,300	3,791	3,791	4,227
25,300	25,350	3,799	3,799	4,241
25,350	25,400	3,806	3,806	4,255

If Form 1040NR, line 38, is—		And you are—			If Form 1040NR, line 38, is—		And you are—			If Form 1040NR, line 38, is—		And you are—		
At least	But less than	Single	Qualifying widow(er)	Married filing separately	At least	But less than	Single	Qualifying widow(er)	Married filing separately	At least	But less than	Single	Qualifying widow(er)	Married filing separately
		Your tax is—					Your tax is—					Your tax is—		
0	5	0	0	0	1,300	1,325	197	197	197	2,700	2,725	407	407	407
5	15	2	2	2	1,325	1,350	201	201	201	2,725	2,750	411	411	411
15	25	3	3	3	1,350	1,375	204	204	204	2,750	2,775	414	414	414
25	50	6	6	6	1,375	1,400	208	208	208	2,775	2,800	418	418	418
50	75	9	9	9	1,400	1,425	212	212	212	2,800	2,825	422	422	422
75	100	13	13	13	1,425	1,450	216	216	216	2,825	2,850	426	426	426
100	125	17	17	17	1,450	1,475	219	219	219	2,850	2,875	429	429	429
125	150	21	21	21	1,475	1,500	223	223	223	2,875	2,900	433	433	433
150	175	24	24	24	1,500	1,525	227	227	227	2,900	2,925	437	437	437
175	200	28	28	28	1,525	1,550	231	231	231	2,925	2,950	441	441	441
200	225	32	32	32	1,550	1,575	234	234	234	2,950	2,975	444	444	444
225	250	36	36	36	1,575	1,600	238	238	238	2,975	3,000	448	448	448
250	275	39	39	39	1,600	1,625	242	242	242	3,000				
275	300	43	43	43	1,625	1,650	246	246	246	3,000	3,050	454	454	454
300	325	47	47	47	1,650	1,675	249	249	249	3,050	3,100	461	461	461
325	350	51	51	51	1,675	1,700	253	253	253	3,100	3,150	469	469	469
350	375	54	54	54	1,700	1,725	257	257	257	3,150	3,200	476	476	476
375	400	58	58	58	1,725	1,750	261	261	261	3,200	3,250	484	484	484
400	425	62	62	62	1,750	1,775	264	264	264	3,250	3,300	491	491	491
425	450	66	66	66	1,775	1,800	268	268	268	3,300	3,350	499	499	499
450	475	69	69	69	1,800	1,825	272	272	272	3,350	3,400	506	506	506
475	500	73	73	73	1,825	1,850	276	276	276	3,400	3,450	514	514	514
500	525	77	77	77	1,850	1,875	279	279	279	3,450	3,500	521	521	521
525	550	81	81	81	1,875	1,900	283	283	283	3,500	3,550	529	529	529
550	575	84	84	84	1,900	1,925	287	287	287	3,550	3,600	536	536	536
575	600	88	88	88	1,925	1,950	291	291	291	3,600	3,650	544	544	544
600	625	92	92	92	1,950	1,975	294	294	294	3,650	3,700	551	551	551
625	650	96	96	96	1,975	2,000	298	298	298	3,700	3,750	559	559	559
650	675	99	99	99	2,000					3,750	3,800	566	566	566
675	700	103	103	103	2,000	2,025	302	302	302	3,800	3,850	574	574	574
700	725	107	107	107	2,025	2,050	306	306	306	3,850	3,900	581	581	581
725	750	111	111	111	2,050	2,075	309	309	309	3,900	3,950	589	589	589
750	775	114	114	114	2,075	2,100	313	313	313	3,950	4,000	596	596	596
775	800	118	118	118	2,100	2,125	317	317	317	4,000				
800	825	122	122	122	2,125	2,150	321	321	321	4,000	4,050	604	604	604
825	850	126	126	126	2,150	2,175	324	324	324	4,050	4,100	611	611	611
850	875	129	129	129	2,175	2,200	328	328	328	4,100	4,150	619	619	619
875	900	133	133	133	2,200	2,225	332	332	332	4,150	4,200	626	626	626
900	925	137	137	137	2,225	2,250	336	336	336	4,200	4,250	634	634	634
925	950	141	141	141	2,250	2,275	339	339	339	4,250	4,300	641	641	641
950	975	144	144	144	2,275	2,300	343	343	343	4,300	4,350	649	649	649
975	1,000	148	148	148	2,300	2,325	347	347	347	4,350	4,400	656	656	656
1,000					2,325	2,350	351	351	351	4,400	4,450	664	664	664
1,000	1,025	152	152	152	2,350	2,375	354	354	354	4,450	4,500	671	671	671
1,025	1,050	156	156	156	2,375	2,400	358	358	358	4,500	4,550	679	679	679
1,050	1,075	159	159	159	2,400	2,425	362	362	362	4,550	4,600	686	686	686
1,075	1,100	163	163	163	2,425	2,450	366	366	366	4,600	4,650	694	694	694
1,100	1,125	167	167	167	2,450	2,475	369	369	369	4,650	4,700	701	701	701
1,125	1,150	171	171	171	2,475	2,500	373	373	373	4,700	4,750	709	709	709
1,150	1,175	174	174	174	2,500	2,525	377	377	377	4,750	4,800	716	716	716
1,175	1,200	178	178	178	2,525	2,550	381	381	381	4,800	4,850	724	724	724
1,200	1,225	182	182	182	2,550	2,575	384	384	384	4,850	4,900	731	731	731
1,225	1,250	186	186	186	2,575	2,600	388	388	388	4,900	4,950	739	739	739
1,250	1,275	189	189	189	2,600	2,625	392	392	392	4,950	5,000	746	746	746
1,275	1,300	193	193	193	2,625	2,650	396	396	396	Continued on next page				
					2,650	2,675	399	399	399					
					2,675	2,700	403	403	403					

2000 Tax Table—Continued

Table with columns for 'If Form 1040NR, line 38, is—', 'And you are—', and 'Your tax is—'. Rows are organized by tax brackets: 5,000, 6,000, 7,000, 8,000, 9,000, 10,000, 11,000, 12,000, 13,000.

Continued on next page

2000 Tax Table—Continued

If Form 1040NR, line 38, is—		And you are—			If Form 1040NR, line 38, is—		And you are—			If Form 1040NR, line 38, is—		And you are—		
At least	But less than	Single	Qualifying widow(er)	Married filing separately	At least	But less than	Single	Qualifying widow(er)	Married filing separately	At least	But less than	Single	Qualifying widow(er)	Married filing separately
Your tax is—		Your tax is—			Your tax is—		Your tax is—			Your tax is—		Your tax is—		
95,000					97,000					99,000				
95,000	95,050	24,139	20,907	25,733	97,000	97,050	24,759	21,467	26,453	99,000	99,050	25,379	22,027	27,173
95,050	95,100	24,154	20,921	25,751	97,050	97,100	24,774	21,481	26,471	99,050	99,100	25,394	22,041	27,191
95,100	95,150	24,170	20,935	25,769	97,100	97,150	24,790	21,495	26,489	99,100	99,150	25,410	22,055	27,209
95,150	95,200	24,185	20,949	25,787	97,150	97,200	24,805	21,509	26,507	99,150	99,200	25,425	22,069	27,227
95,200	95,250	24,201	20,963	25,805	97,200	97,250	24,821	21,523	26,525	99,200	99,250	25,441	22,083	27,245
95,250	95,300	24,216	20,977	25,823	97,250	97,300	24,836	21,537	26,543	99,250	99,300	25,456	22,097	27,263
95,300	95,350	24,232	20,991	25,841	97,300	97,350	24,852	21,551	26,561	99,300	99,350	25,472	22,111	27,281
95,350	95,400	24,247	21,005	25,859	97,350	97,400	24,867	21,565	26,579	99,350	99,400	25,487	22,125	27,299
95,400	95,450	24,263	21,019	25,877	97,400	97,450	24,883	21,579	26,597	99,400	99,450	25,503	22,139	27,317
95,450	95,500	24,278	21,033	25,895	97,450	97,500	24,898	21,593	26,615	99,450	99,500	25,518	22,153	27,335
95,500	95,550	24,294	21,047	25,913	97,500	97,550	24,914	21,607	26,633	99,500	99,550	25,534	22,167	27,353
95,550	95,600	24,309	21,061	25,931	97,550	97,600	24,929	21,621	26,651	99,550	99,600	25,549	22,181	27,371
95,600	95,650	24,325	21,075	25,949	97,600	97,650	24,945	21,635	26,669	99,600	99,650	25,565	22,195	27,389
95,650	95,700	24,340	21,089	25,967	97,650	97,700	24,960	21,649	26,687	99,650	99,700	25,580	22,209	27,407
95,700	95,750	24,356	21,103	25,985	97,700	97,750	24,976	21,663	26,705	99,700	99,750	25,596	22,223	27,425
95,750	95,800	24,371	21,117	26,003	97,750	97,800	24,991	21,677	26,723	99,750	99,800	25,611	22,237	27,443
95,800	95,850	24,387	21,131	26,021	97,800	97,850	25,007	21,691	26,741	99,800	99,850	25,627	22,251	27,461
95,850	95,900	24,402	21,145	26,039	97,850	97,900	25,022	21,705	26,759	99,850	99,900	25,642	22,265	27,479
95,900	95,950	24,418	21,159	26,057	97,900	97,950	25,038	21,719	26,777	99,900	99,950	25,658	22,279	27,497
95,950	96,000	24,433	21,173	26,075	97,950	98,000	25,053	21,733	26,795	99,950	100,000	25,673	22,293	27,515
96,000					98,000					<div style="border: 1px solid black; border-radius: 50%; padding: 20px; text-align: center;"> <p>\$100,000 or over — use Tax Rate Schedules on page 31</p> </div>				
96,000	96,050	24,449	21,187	26,093	98,000	98,050	25,069	21,747	26,813					
96,050	96,100	24,464	21,201	26,111	98,050	98,100	25,084	21,761	26,831					
96,100	96,150	24,480	21,215	26,129	98,100	98,150	25,100	21,775	26,849					
96,150	96,200	24,495	21,229	26,147	98,150	98,200	25,115	21,789	26,867					
96,200	96,250	24,511	21,243	26,165	98,200	98,250	25,131	21,803	26,885					
96,250	96,300	24,526	21,257	26,183	98,250	98,300	25,146	21,817	26,903					
96,300	96,350	24,542	21,271	26,201	98,300	98,350	25,162	21,831	26,921					
96,350	96,400	24,557	21,285	26,219	98,350	98,400	25,177	21,845	26,939					
96,400	96,450	24,573	21,299	26,237	98,400	98,450	25,193	21,859	26,957					
96,450	96,500	24,588	21,313	26,255	98,450	98,500	25,208	21,873	26,975					
96,500	96,550	24,604	21,327	26,273	98,500	98,550	25,224	21,887	26,993					
96,550	96,600	24,619	21,341	26,291	98,550	98,600	25,239	21,901	27,011					
96,600	96,650	24,635	21,355	26,309	98,600	98,650	25,255	21,915	27,029					
96,650	96,700	24,650	21,369	26,327	98,650	98,700	25,270	21,929	27,047					
96,700	96,750	24,666	21,383	26,345	98,700	98,750	25,286	21,943	27,065					
96,750	96,800	24,681	21,397	26,363	98,750	98,800	25,301	21,957	27,083					
96,800	96,850	24,697	21,411	26,381	98,800	98,850	25,317	21,971	27,101					
96,850	96,900	24,712	21,425	26,399	98,850	98,900	25,332	21,985	27,119					
96,900	96,950	24,728	21,439	26,417	98,900	98,950	25,348	21,999	27,137					
96,950	97,000	24,743	21,453	26,435	98,950	99,000	25,363	22,013	27,155					

2000 Tax Rate Schedules

If you cannot use the Tax Table because your taxable income is \$100,000 or more, or if you are filing for an estate or trust, figure your tax on the amount on Form 1040NR, line 38, by using the appropriate Tax Rate Schedule below. Enter the tax on Form 1040NR, line 39. Even though Form 1040NR filers cannot use the Tax Rate Schedules below if their taxable incomes are less than \$100,000 (unless they are filing for an estate or trust), all levels of taxable income are shown so filers can see the tax rate that applies to each level.

Schedule W			
Estates or Trusts			
Use this schedule for a nonresident alien estate or trust—			
If the amount on Form 1040NR, line 38, is:	<i>But not over—</i>	Enter on Form 1040NR, line 39	<i>of the amount over—</i>
<i>Over—</i>	<i>over—</i>		<i>over—</i>
\$0	\$1,750	.....15%	\$0
1,750	4,150	\$262.50 + 28%	1,750
4,150	6,300	934.50 + 31%	4,150
6,300	8,650	1,601.00 + 36%	6,300
8,650	.....	2,447.00 + 39.6%	8,650

Schedule X			
Single Taxpayers			
Use this schedule if you checked Filing Status Box 1 or 2 on Form 1040NR—			
If the amount on Form 1040NR, line 38, is:	<i>But not over—</i>	Enter on Form 1040NR, line 39	<i>of the amount over—</i>
<i>Over—</i>	<i>over—</i>		<i>over—</i>
\$0	\$26,250	.....15%	\$0
26,250	63,550	\$3,937.50 + 28%	26,250
63,550	132,600	14,381.50 + 31%	63,550
132,600	288,350	35,787.00 + 36%	132,600
288,350	.....	91,857.00 + 39.6%	288,350

Schedule Y			
Married Filing Separate Returns			
Use this schedule if you checked Filing Status Box 3, 4, or 5 on Form 1040NR—			
If the amount on Form 1040NR, line 38, is:	<i>But not over—</i>	Enter on Form 1040NR, line 39	<i>of the amount over—</i>
<i>Over—</i>	<i>over—</i>		<i>over—</i>
\$0	\$21,925	.....15%	\$0
21,925	52,975	\$3,228.75 + 28%	21,925
52,975	80,725	11,982.75 + 31%	52,975
80,725	144,175	20,585.25 + 36%	80,725
144,175	.....	43,427.25 + 39.6%	144,175

Schedule Z			
Qualifying Widows and Widowers			
Use this schedule if you checked Filing Status Box 6 on Form 1040NR—			
If the amount on Form 1040NR, line 38, is:	<i>But not over—</i>	Enter on Form 1040NR, line 39	<i>of the amount over—</i>
<i>Over—</i>	<i>over—</i>		<i>over—</i>
\$0	\$43,850	.....15%	\$0
43,850	105,950	\$6,577.50 + 28%	43,850
105,950	161,450	23,965.50 + 31%	105,950
161,450	288,350	41,170.50 + 36%	161,450
288,350	.....	86,854.50 + 39.6%	288,350

