

**U.S. Estimated Tax for
Nonresident Alien Individuals****2002****Purpose of This Package**

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

Do not use the payment vouchers in this package to notify the IRS of a **change of address**. Instead, use **Form 8822**, Change of Address.

You can order Form 8822 and other forms and publications by writing to the Eastern Area Distribution Center, P.O. Box 85074, Richmond, VA 23261-5074, USA. Or, if you have a computer and modem, you can access the IRS Web Site 24 hours a day, 7 days a week, at www.irs.gov. For file transfer protocol, connect to ftp.irs.gov.

Who Must Make Estimated Tax Payments

Generally, you must make estimated tax payments if you expect to owe at least \$1,000 in tax for 2002 (after subtracting your withholding and credits) and you expect your withholding and credits to be less than the **smaller** of:

1. 90% of the tax on your 2002 tax return **or**
2. The tax shown on your 2001 tax return (112% of that amount if you are not a farmer or fisherman and the adjusted gross income shown on that return is more than \$150,000 or, if married filing separately for 2002, more than \$75,000).

However, if you did not file a 2001 tax return or that return did not cover all 12 months, item 2 above does not apply.

For this purpose, include household employment taxes (before subtracting advance EIC payments made to your employee(s)) when figuring the tax shown on your tax return if:

1. You will have Federal income tax withheld from wages, pensions, annuities, or other income effectively connected with a U.S. trade or business **or**
2. You would be required to make estimated tax payments to avoid a penalty even if you did not include household employment taxes when figuring your estimated tax.

Changes Effective for 2002

Use your 2001 tax return as a guide in figuring your 2002 estimated tax, but be sure to consider the changes noted in this section. For more information on the changes below and other changes that may affect your 2002 estimated tax, see **Pub. 553**, Highlights of 2001 Tax Changes.

Reduced Tax Rates. Most of the tax rates have decreased by ½% and the rate bracket amounts have increased. See the **2002 Tax Rate Schedules** on page 4.

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

Credit for Pension Plan Startup Costs. A general business credit of 50% of the qualified pension plan startup costs of an eligible employer may be allowed. The maximum credit is \$500. An eligible employer is generally one who had 100 or fewer employees in the preceding tax year. See section 45E for more details.

Credit for Employer-Provided Child Care Costs. A general business credit of 25% of the qualified child care facility costs plus 10% of the qualified child care resource and referral costs may be allowed. The maximum credit is \$150,000. See section 45F for more details.

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

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

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

Traditional IRA Deduction Increased. You may be able to deduct up to \$3,000 (\$3,500 if age 50 or older at the end of 2002). If you are covered by a retirement plan, your modified AGI must be less than \$44,000 (less than \$64,000 if qualifying widow(er)) to take a deduction.

Self-Employed Health Insurance Deduction. You may be able to deduct up to 70% of your health insurance expenses.

Estimated Tax Safe Harbor for Some Taxpayers. The estimated tax safe harbor that is based on the tax shown on your 2001 tax return is 112% of that amount if you are not a farmer or fisherman and the AGI shown on that return is more than \$150,000 or, if married filing separately for 2002, \$75,000.

Standard Mileage Rate. The rate for business use of a vehicle has increased to 36.5 cents a mile. The rate for use of your vehicle for deductible moving expenses has increased to 13 cents a mile.

Disaster Relief Payments. Qualified disaster relief payments are excluded from gross income. Generally, such payments include the following amounts received as a result of a qualified disaster.

- Payments to cover personal, family, living, or funeral expenses.
- Payments for the repair or rehabilitation of a personal residence.
- Payments from common carriers made because of the physical injuries or death of an individual.
- Disaster payments received from a Federal, state, or local government or agency.

However, this exclusion does not apply to the extent any expense compensated by such payments was also compensated for by insurance or otherwise. For more details, see section 139.

Disability Income Exclusion. Gross income does not include amounts received as disability income attributable to injuries incurred as a direct result of any:

- Terrorist activity directed against the United States or any of its allies or
- Military action involving the U.S. Armed Forces and resulting from violence or aggression against the United States or any of its allies.

To Figure Your Estimated Tax, Use:

- The **2002 Estimated Tax Worksheet** on page 3.
- The instructions below for the worksheet on page 3.
- The **2002 Tax Rate Schedules** on page 4 for your filing status.*
- Your 2001 tax return and instructions as a guide to figuring your income, deductions, and credits (but be sure to consider the changes noted earlier).

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

To amend or correct your estimated tax, see **Amending Estimated Tax Payments** on page 2.

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

Instructions for Worksheet on Page 3

Line 1. Adjusted Gross Income. Use your 2001 tax return (Form 1040NR or 1040NR-EZ) and instructions as a guide to figuring the adjusted gross income you expect in 2002 (but be sure to consider the changes noted earlier).

Line 8. Include on this line the additional taxes from **Form 4972**, Tax on Lump-Sum Distributions, or **Form 8814**, Parents' Election To Report Child's Interest and Dividends.

Line 9. Credits. See the 2001 Form 1040NR, lines 42 through 46, and the related instructions. However, be sure to see **Certain Credits No Longer Reduce Alternative Minimum Tax (AMT)** on page 1.

Line 11. Other Taxes. Except as noted below, enter any other taxes, such as the taxes on accumulation distribution of trusts, distributions from an Archer MSA, and 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.

Include household employment taxes (before subtracting advance EIC payments made to your employee(s)) on line 11 if:

- You will have Federal income tax withheld from wages, pensions, annuities, or other income effectively connected with a U.S. trade or business **or**
- You would be required to make estimated tax payments (to avoid a penalty) even if you did not include household employment taxes when figuring your estimated tax.

Do not include tax on recapture of a Federal mortgage subsidy, social security and Medicare tax on unreported tip income, or uncollected employee social security and Medicare or RRTA tax on tips or group-term life insurance. These taxes are not required to be paid until the due date of your income tax return (not including extensions).

Payment Due Dates

If you have wages subject to U.S. income tax withholding, you may pay all of your estimated tax by April 15, 2002, or in four equal amounts by the dates shown below.

- 1st payment April 15, 2002
- 2nd payment June 17, 2002
- 3rd payment Sept. 16, 2002
- 4th payment Jan. 15, 2003*

If you **do not** have wages subject to U.S. income tax withholding, you may pay all of your estimated tax by June 17, 2002, or you may pay it in three installments. If you pay the tax in three installments, 1/2 is due by June 17, 2002, 1/4 is due by September 16, 2002, and 1/4 by January 15, 2003.*

*You do not have to make the payment due January 15, 2003, if you file your 2002 Form 1040NR or 1040NR-EZ by January 31, 2003, **and** pay the entire balance due with your return.

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

Even if you are not required to make an estimated tax payment by the first payment due date, you may meet the requirements to make estimated tax payments later. In this case,

you should figure the amount of your estimated tax payments by using the annualized income installment method, explained in Pub. 505. Although your payment due dates will be the same, the payment amounts will vary based on your income, deductions, additional taxes, and credits for the months ending before each payment due date. As a result, this method may allow you to skip or lower the amount due for one or more payments. If you use the annualized income installment method, be sure to file **Form 2210**, Underpayment of Estimated Tax by Individuals, Estates, and Trusts, with your 2002 tax return, even if no penalty is owed.

Farmers and Fishermen. If at least two-thirds of your gross income for 2001 or 2002 is from farming or fishing, you may do one of the following.

- Pay all of your estimated tax by January 15, 2003.
- File your 2002 Form 1040 by March 3, 2003, and pay the total tax due. In this case, 2002 estimated payments are not required to avoid a penalty.

Fiscal Year Taxpayers. Due dates for fiscal year taxpayers are the 15th day of the 4th (if applicable), 6th, and 9th months of your current fiscal year, and the 1st month of the following fiscal year. If any payment date falls on a Saturday, Sunday, or legal holiday, use the next business day.

Name Change

If you changed your name and made estimated tax payments using your old name, attach a statement to the front of your 2002 income tax return. List all of the estimated tax payments you made for 2002, the address where you made the payments, and the name and identifying number under which you made the payments.

Amending Estimated Tax Payments

To change or amend your estimated tax payments, refigure your total estimated tax payments due (line 18 of the worksheet on page 3). Then, use the worksheets under **Amended estimated tax** in chapter 2 of Pub. 505 to figure the payment due for each remaining payment period. If an estimated tax payment for a previous period is less than 1/4 of your amended estimated tax, you may owe a penalty when you file your return.

When a Penalty Is Applied

In some cases, you may owe a penalty when you file your return. The penalty is imposed on each underpayment for the number of days it remains unpaid. A penalty may be applied if you did not pay enough estimated tax for the year or you did not make the payments on time or in the required amount. A penalty may apply even if you have an overpayment on your tax return. The penalty may be waived under certain conditions. See Pub. 505 for details.

Record of Estimated Tax Payments

(see above for payment due dates)

Payment number	(a) Date	(b) Check or money order number	(c) Amount paid	(d) 2001 overpayment credit applied	(e) Total amount paid and credited (add (c) and (d))
1					
2					
3					
4					
Total					

2002 Estimated Tax Worksheet—For Nonresident Alien Individuals (keep for your records)

<p>1 Enter amount of adjusted gross income you expect in 2002 (see instructions). Caution: <i>If this amount is over \$137,300 (\$68,650 if married filing separately), your itemized deductions and your deduction for exemptions may be limited. See Pub. 505 for details</i></p>	1	
<p>2 Enter estimated itemized deductions (use the 2001 Form 1040NR or 1040NR-EZ instructions as a guide)</p>	2	
<p>3 Subtract line 2 from line 1</p>	3	
<p>4 Exemptions. Multiply \$3,000 by the number of personal exemptions (see the 2001 Form 1040NR or 1040NR-EZ instructions)</p>	4	
<p>5 Subtract line 4 from line 3</p>	5	
<p>6 Tax. Figure your tax on the amount on line 5 by using the 2002 Tax Rate Schedules on page 4. Caution: <i>If you have a net capital gain, see Pub. 505 to figure the tax</i></p>	6	
<p>7 Alternative minimum tax from Form 6251</p>	7	
<p>8 Add lines 6 and 7. Also include any tax from Forms 4972 and 8814 (see instructions)</p>	8	
<p>9 Credits (see instructions). Do not include any income tax withholding on this line.</p>	9	
<p>10 Subtract line 9 from line 8. If zero or less, enter -0-</p>	10	
<p>11 Other taxes (see instructions)</p>	11	
<p>12 Estimated 2002 tax on income effectively connected with a U.S. trade or business (add lines 10 and 11)</p>	12	
<p>13 Total expected 2002 income not effectively connected with a U.S. trade or business . 13</p>	13	
<p>14 Multiply line 13 by 30% or lower treaty rate (see the 2001 Form 1040NR instructions)</p>	14	
<p>15a Add lines 12 and 14</p>	15a	
<p>b Credit for Federal tax paid on fuels (from Form 4136) and additional child tax credit</p>	15b	
<p>c Total 2002 Estimated Tax. Subtract line 15b from line 15a ▶</p>	15c	
<p>16a Multiply line 15c by 90% (66⅔% for farmers and fishermen) 16a</p>	16a	
<p>b Enter the tax shown on your 2001 tax return (112% of that amount if you are not a farmer or fisherman and the adjusted gross income shown on line 34 of that return is more than \$150,000 (\$75,000 if married filing separately for 2002)) . . . 16b</p>	16b	
<p>c Required Annual Payment To Avoid a Penalty. Enter the smaller of line 16a or 16b. . . ▶ Caution: <i>If you do not prepay (through income tax withholding and estimated tax payments) at least the amount on line 16c, you may owe a penalty for not paying enough estimated tax. To avoid a penalty, make sure your estimate on line 15c is as accurate as possible. Even if you pay the required annual payment, you may still owe tax when you file your return. If you prefer, you may pay the amount shown on line 15c. For more details, see Pub. 505.</i></p>	16c	
<p>17 Income tax withheld and estimated to be withheld during 2002 plus any amount paid with Form 1040-C</p>	17	
<p>18 Subtract line 17 from line 16c. (Note: <i>If zero or less or line 15c minus line 17 is less than \$1,000, stop here. You are not required to make estimated tax payments.</i>)</p>	18	
<p>19 • If your first payment is due April 15, 2002, enter ¼ of line 18 (minus any 2001 overpayment you are applying to this installment) here and on your payment voucher(s). • If you do not have wages subject to U.S. income tax withholding and your first payment is due June 17, 2002, enter ½ of line 16c on your first voucher and ¼ of line 16c on your second and third vouchers. Reduce each installment by ⅓ of line 17 and any 2001 overpayment you are applying to the installment. Do not enter an amount on line 19.</p>	19	

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

2002 Payment Voucher 4

OMB No. 1545-0087

File only if you are making a payment of estimated tax. Return this voucher with your check or money order payable to the **“United States Treasury.”** Write your identifying number and “2002 Form 1040-ES (NR)” on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due Jan. 15, 2003

Amount of estimated tax you are paying by check or money order.	Dollars	Cents
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Type or print	Your identifying number (SSN or ITIN) (employer identification number for an estate or trust)	
	Your first name and initial	Your last name
	Address (number, street, and apt. no.)	
	City, state, and ZIP code. If a foreign address, enter city, province or state, and country. Include postal code.	

For Disclosure and Paperwork Reduction Act Notices, see instructions on page 4.

How To Complete and Use the Payment Voucher

There is a separate payment voucher for each due date. The due date is shown in the upper right corner. Be sure you use the voucher with the correct due date for each payment you make. To complete the voucher:

- Type or print your name, address, and social security number (SSN) in the space provided on the voucher. If you do not have, and are not eligible to obtain, an SSN, enter your IRS-issued individual taxpayer identification number (ITIN). To apply for an ITIN, get **Form W-7**, Application for IRS Individual Taxpayer Identification Number.
- Enter on the payment line of the voucher only the amount you are sending. When making payments of estimated tax, be sure to take into account any 2001 overpayment that you choose to credit against your 2002 tax, but **do not** include the overpayment amount on the payment line.
- Make your check or money order payable to the **"United States Treasury."** Do not send cash. 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 $\frac{XX}{100}$ ").
- Write your identifying number (SSN or ITIN) and "2002 Form 1040-ES (NR)" on your check or money order.
- Enclose, but do not staple or attach, your payment with the voucher.
- Mail your payment voucher to the Internal Revenue Service, P.O. Box 80102, Cincinnati, OH 45280-0002.
- Fill in the **Record of Estimated Tax Payments** on page 2 for your files.

2002 Tax Rate Schedules

Caution: Do not use these Tax Rate Schedules to figure your 2001 taxes. Use only to figure your 2002 estimated taxes.

Schedule X—Single

If line 5 is:		The tax is:	of the amount over—
Over—	But not over—		
\$0	\$6,000	----- 10%	\$0
6,000	27,950	\$600.00 + 15%	6,000
27,950	67,700	3,892.50 + 27%	27,950
67,700	141,250	14,625.00 + 30%	67,700
141,250	307,050	36,690.00 + 35%	141,250
307,050	-----	94,720.00 + 38.6%	307,050

Schedule Y—Married filing separately

If line 5 is:		The tax is:	of the amount over—
Over—	But not over—		
\$0	\$6,000	----- 10%	\$0
6,000	23,350	\$600.00 + 15%	6,000
23,350	56,425	3,202.50 + 27%	23,350
56,425	85,975	12,132.75 + 30%	56,425
85,975	153,525	20,997.75 + 35%	85,975
153,525	-----	44,640.25 + 38.6%	153,525

Schedule Z—Qualifying widows and widowers

If line 5 is:		The tax is:	of the amount over—
Over—	But not over—		
\$0	\$12,000	----- 10%	\$0
12,000	46,700	\$1,200.00 + 15%	12,000
46,700	112,850	6,405.00 + 27%	46,700
112,850	171,950	24,265.50 + 30%	112,850
171,950	307,050	41,995.50 + 35%	171,950
307,050	-----	89,280.50 + 38.6%	307,050

Disclosure and Paperwork Reduction Act Notices. 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. 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 stated in Internal Revenue Code 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 the worksheets and prepare and file the payment vouchers will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 40 min.; **Learning about the law**, 12 min.; **Preparing the worksheets and payment vouchers**, 59 min.; **Copying, assembling, and sending the payment voucher to the IRS**, 10 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this package simpler, we would be happy to hear from you. You can e-mail us your suggestions and comments through the IRS Internet Web Site (www.irs.gov/help/email2.html) or write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send the payment vouchers to this address. Instead, see **How To Complete and Use the Payment Voucher** above.

2002 Payment Voucher 3

File only if you are making a payment of estimated tax. Return this voucher with your check or money order payable to the **"United States Treasury."** Write your identifying number and "2002 Form 1040-ES (NR)" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due Sept. 16, 2002

Amount of estimated tax you are paying by check or money order.	Dollars	Cents
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Type or print	Your identifying number (SSN or ITIN) (employer identification number for an estate or trust)	
	Your first name and initial	Your last name
	Address (number, street, and apt. no.)	
	City, state, and ZIP code. If a foreign address, enter city, province or state, and country. Include postal code.	

For Disclosure and Paperwork Reduction Act Notices, see instructions on page 4.

 Tear off here

2002 Payment Voucher 2

File only if you are making a payment of estimated tax. Return this voucher with your check or money order payable to the **"United States Treasury."** Write your identifying number and "2002 Form 1040-ES (NR)" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due June 17, 2002

Amount of estimated tax you are paying by check or money order.	Dollars	Cents
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Type or print	Your identifying number (SSN or ITIN) (employer identification number for an estate or trust)	
	Your first name and initial	Your last name
	Address (number, street, and apt. no.)	
	City, state, and ZIP code. If a foreign address, enter city, province or state, and country. Include postal code.	

For Disclosure and Paperwork Reduction Act Notices, see instructions on page 4.

 Tear off here

2002 Payment Voucher 1

File only if you are making a payment of estimated tax. Return this voucher with your check or money order payable to the **"United States Treasury."** Write your identifying number and "2002 Form 1040-ES (NR)" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due April 15, 2002

Amount of estimated tax you are paying by check or money order.	Dollars	Cents
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Type or print	Your identifying number (SSN or ITIN) (employer identification number for an estate or trust)	
	Your first name and initial	Your last name
	Address (number, street, and apt. no.)	
	City, state, and ZIP code. If a foreign address, enter city, province or state, and country. Include postal code.	

For Disclosure and Paperwork Reduction Act Notices, see instructions on page 4.

